



**IMPERIAL GROUP (PROPRIETARY) LIMITED**  
*(Incorporated with limited liability in the Republic of South Africa under Registration Number 1983/009088/07)*  
**Guaranteed by**  
**IMPERIAL HOLDINGS LIMITED**  
*(Incorporated with limited liability in the Republic of South Africa under Registration Number 1946/021048/06)*

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**ZAR10,000,000,000**  
**Domestic Medium Term Note Programme**

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On 5 July 2001, Imperial Group (Proprietary) Limited (the "Issuer") established a ZAR5,000,000,000 Domestic Medium Term Note Programme (the "Programme") pursuant to a programme memorandum dated 5 July 2001, as amended and restated on 9 March 2007 (the "Previous Programme Memorandum"). This Programme Memorandum (this "Programme Memorandum") will apply to all Notes (as defined below) issued under the Programme on or after 22 September 2010 (the "Programme Date") and will in respect of such Notes, supersede and replace the Previous Programme Memorandum in its entirety. This Programme Memorandum will not apply to any Notes issued under the Programme before the Programme Date, and the Previous Programme Memorandum will continue to apply to such Notes.

Under this Programme Memorandum, the Issuer may from time to time issue notes (the "Notes"), which expression shall include Senior Notes and Subordinated Notes (each as defined below) denominated in any currency agreed by the Issuer and the Relevant Dealer(s) (as defined below) and further subject to all applicable laws and, in the case of Notes listed on the Interest Rate Market of the JSE (as defined herein) or such other Financial Exchange(s) (as defined herein) as may be determined by the Issuer and the relevant authority, the listings requirements of the JSE or such other Financial Exchange(s) (as defined herein), that are subject to the terms and conditions (the "Terms and Conditions") contained in this Programme Memorandum. Any other terms and conditions not contained in the Terms and Conditions that are applicable to any Notes, replacing or modifying the Terms and Conditions, will be set forth in a pricing supplement (the "Applicable Pricing Supplement").

Capitalised terms used in this Programme Memorandum are defined in the section of this Programme Memorandum headed "Terms and Conditions of the Notes", unless separately defined, and/or in relation to a Tranche of Notes, in the Applicable Pricing Supplement.

As at the Programme Date, the Programme Amount is ZAR10,000,000,000. This Programme Memorandum will apply to the Notes issued under the Programme (including Notes issued under the Programme pursuant to the Previous Programme Memorandum) in an aggregate outstanding Nominal Amount which will not exceed ZAR10,000,000,000 unless such amount is increased by the Issuer as set out in the section of this Programme Memorandum headed "General Description of the Programme".

Imperial Holdings Limited (the "Guarantor") irrevocably and unconditionally guarantees to the holders of the Notes (the "Noteholders") the due and punctual fulfilment of all obligations and the payment by the Issuer of all amounts owing by the Issuer in respect of the Notes arising under the Programme.

The Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes and/or such combination of the foregoing Notes and/or such other type of Notes as may be determined by the Issuer and the Relevant Dealer(s) (as defined below) and specified in the Applicable Pricing Supplement. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

This Programme Memorandum has been approved by the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to all applicable laws. Unlisted Notes may also be issued under the Programme. Claims against the BESA Guarantee Fund may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE in accordance with the listings requirements of the BESA Guarantee Fund. The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the BESA Guarantee Fund. Unlisted Notes are not regulated by the JSE. A copy of the Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on the Interest Rate Market of the JSE will be delivered to the JSE and the CSD, on or before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the CSD. The placement of a Tranche of unlisted Notes may (at the sole discretion of the Issuer) be reported through the JSE reporting system, in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE. The settlement and redemption procedures for a Tranche of Notes listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified under the section headed "Summary of the Programme" and any additional Dealers appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Programme Memorandum to the "Relevant Dealer(s)" shall, in the case of Notes being (or intended to be) placed by more than 1 (one) Dealer, be to all Dealers agreeing to place such Notes.

As at the Programme Date, the Issuer and the Programme are rated. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, as well as the Rating Agency or Rating Agencies which assigned such Rating(s).

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*Arrangers*

Absa Capital, a division of Absa Bank Limited  
Rand Merchant Bank, a division of FirstRand Bank Limited

*Dealers*

Absa Capital, a division of Absa Bank Limited  
Deutsche Bank AG, Johannesburg Branch  
Investec Bank Limited  
Nedbank Capital, a division of Nedbank Limited  
Rand Merchant Bank, a division of FirstRand Bank Limited  
The Standard Bank of South Africa Limited

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Programme Memorandum dated 22 September 2010

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## GENERAL

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

The Issuer and the Guarantor accept full responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer and the Guarantor (who have taken all reasonable care to ensure that such is the case) the information contained in this Programme Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that this Programme Memorandum contains or incorporates all information which is material in the context of the issue and the offering of 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 the 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 of such information or expression of any such opinions or intentions misleading in any material respect.

This document is to be read and construed with any amendment or supplement thereto (this document, as amended or supplemented, the "**Programme Memorandum**") and in conjunction with any other documents which are deemed to be incorporated herein by reference (see the section headed "*Documents Incorporated by Reference*") and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

The Arrangers and the Dealers or any of their respective subsidiaries or holding companies or a subsidiary of their holding company (their "**Affiliates**"), the Sponsor, other professional advisers or the JSE have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arrangers and the Dealers or their Affiliates, the Sponsor, other professional advisers or the JSE as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer or the Guarantor. The Arrangers and the Dealers or their Affiliates, the Sponsor, other professional advisers or the JSE do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other document entered into in relation to the Programme or any other information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, the Arrangers and the Dealers or their Affiliates, the Sponsor, other professional advisers or the JSE.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Guarantor, the Arrangers and the Dealers or their Affiliates, the Sponsor, other professional advisers or the JSE 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 the subscription for, or purchase of, any Notes should determine for itself the relevance of the information contained in this Programme Memorandum and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor and its subscription for, or purchase of, Notes should be based upon any such investigation as it deems necessary. Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, the Arrangers and the Dealers or their Affiliates, the Sponsor, other professional advisers or the JSE to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Programme Memorandum nor any Applicable Pricing Supplement nor the offering, sale or delivery of any Note shall at any time imply that the information contained herein is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same. The Arrangers and the Dealers or their Affiliates, the Sponsor, other professional advisers or the JSE expressly do not undertake to review the financial condition or affairs of the Issuer and the Guarantor during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements, if any, of the Issuer and the Guarantor, when deciding whether or not to subscribe for, or purchase, any Notes.

Neither this Programme Memorandum nor any Applicable Pricing Supplement constitutes an offer to sell or the solicitation of an offer to buy or an invitation to subscribe for or purchase any Notes. The distribution of this Programme Memorandum and any Applicable Pricing Supplement and the issue, sale or offer of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Applicable Pricing Supplement or any Notes come are required by the Issuer, the Guarantor, the Arrangers and the Dealers or their respective Affiliates, the Sponsor, other professional advisers or the JSE to inform themselves about, and observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Programme Memorandum or any Applicable Pricing Supplement and other offering materially relating to the Notes, see the section headed "*Subscription and Sale*".

None of the Issuer, the Guarantor, the Arrangers and the Dealers or their Affiliates, the Sponsor, other professional advisers nor the JSE represents that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Arrangers and the Dealers or their Affiliates, the Sponsor, other professional advisers or the JSE which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement nor 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. The Dealers have represented that all offers and sales by them will be made on the same terms.

**The Notes have not been and will not be registered under the United States Securities Act, 1933 (as amended) (the "Securities Act"). Notes may not be offered, sold or delivered within the United States or to U.S. persons except in accordance with Regulation S under the Securities Act.**

**In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the listings requirements of the JSE and approved by the JSE, 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. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.**

The price/yield and amount of a Tranche of Notes to be issued under the Programme will be determined by the Issuer and the Relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

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## DOCUMENTS INCORPORATED BY REFERENCE

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*Words used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.*

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

- (a) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time;
- (b) the Guarantee executed by the Guarantor in favour of the Noteholders;
- (c) in respect of any issue of Notes under the Programme, the audited annual financial statements (together with reports and notes thereto) of the Issuer for its 3 (three) financial years prior to the date of such issue, and the audited annual financial statements (together with reports and notes thereto) of the Issuer for all financial years post the date of such issue as and when such statements become available);
- (d) in respect of any issue of Notes under the Programme, the published annual report (incorporating its audited annual financial statements together with reports and the notes thereto) of the Guarantor and attached to or intended to be read with such financial statements of the Issuer for its 3 (three) financial years prior to the date of such issue;
- (e) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme; and
- (f) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which will be submitted electronically through the Securities Exchange News Service ("SENS") or similar service established by the JSE, to SENS subscribers, if required,

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

The Issuer will, in addition to the Programme Memorandum, provide at the registered office of the Issuer as set out at the end of this Programme Memorandum, without charge, to each person to whom a copy of the Programme Memorandum has been delivered, upon request of such person, a copy of any or all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents, and if required, the Programme Memorandum, should be directed to the Issuer at its registered office as set out at the end of this Programme Memorandum. The audited annual financial statements and unaudited interim financial statements of Imperial Holdings Limited are also available on Imperial Holdings Limited's website, [www.imperial.co.za](http://www.imperial.co.za).

The Issuer will, for so long as any Note remains outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if:

- (a) a change in the condition (financial or otherwise) of the Issuer or the Guarantor has occurred which is material in the context of the Notes or the Guarantee and the Issuer's or Guarantor's, as the case may be, payment obligations thereunder; or
- (b) an event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or
- (c) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or
- (d) this Programme Memorandum no longer contains all the material correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (c) and (d) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Guarantor and Issuer's consolidated audited annual financial statements if such consolidated audited annual financial

statements are incorporated by reference into this Programme Memorandum and such consolidated audited annual financial statements are published, as required by the Companies Act, and submitted to the JSE within 6 (six) months after the financial year end of the Issuer.

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## GENERAL DESCRIPTION OF THE PROGRAMME

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

The Issuer may from time to time issue 1 (one) or more Tranches of Notes under the Programme, pursuant to this Programme Memorandum, provided that the aggregate outstanding Nominal Amount of all of the Notes issued under the Programme (including Notes issued under the Programme pursuant to the Previous Programme Memorandum) from time to time does not exceed the Programme Amount.

A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to applicable laws. Unlisted Notes may also be issued under the Programme. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange. If the Issuer issues a Tranche of unlisted Notes or a Tranche of Notes is listed on any Financial Exchange other than (or in addition to) the JSE, the Issuer will, by no later than the last day of the month of issue of that Tranche of Notes, inform the JSE in writing of the aggregate Nominal Amount and the Maturity Date (if any) of that Tranche of Notes.

This Programme Memorandum and any supplement will only be valid for the issue of Notes in an aggregate Nominal Amount which, when added to the aggregate Nominal Amount then outstanding of all the Notes previously or simultaneously issued under the Programme (including Notes issued under the Programme pursuant to the previous Programme Memorandum), does not exceed ZAR10,000,000,000 or its equivalent in other currencies. For the purpose of calculating the South African Rand equivalent of the aggregate Nominal Amount of the Notes issued under the Programme from time to time, the South African Rand equivalent of the Notes denominated in another Specified Currency (as specified in the Applicable Pricing Supplement) shall be determined as of the date of agreement to issue such Notes (the "Agreement Date") on the basis of the spot rate for the sale of the South African Rand against the purchase of such Specified Currency in the South African foreign exchange market quoted by any leading bank selected by the Issuer on the Agreement Date (the "Conversion Rate") and in respect of:

- (a) Zero Coupon Notes and other Notes, the Conversion Rate shall be applied to the net subscription proceeds received by the Issuer for the relevant issue; and
- (b) Partly-Paid Notes and Index-Linked Notes, the Conversion Rate shall be applied to the Nominal Amount regardless of the amount paid up on such Notes.

From time to time the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures, all applicable laws and the Programme Agreement (as defined in the section headed "*Subscription and Sale*"), the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering a notice thereof to the JSE, CSD, Arrangers and the Dealer(s). Upon such notice being given and the conditions set out in the Programme Agreement to the exercise of this right having been met, all references in this Programme Memorandum (and each agreement, deed or document relating to the Programme and/or this Programme Memorandum) to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount set out in such notice.

As at the Programme Date, the Issuer and the Programme are rated. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. 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. Neither a Rating of the Programme nor a Rating of a Tranche of Notes is a recommendation to subscribe for, buy, sell or hold any Notes. A Rating of the Programme and/or a Rating of a Tranche of Notes may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

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

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

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## SUMMARY OF THE PROGRAMME

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*The following summary does not purport to be complete and is taken from and is qualified in its entirety by the remainder of this Programme Memorandum and, in relation to the Terms and Conditions of any particular Tranche of Notes, the Applicable Pricing Supplement. Words and expressions defined in the Terms and Conditions shall have the same meanings in this summary.*

### **PARTIES**

<b>Issuer</b>	Imperial Group (Proprietary) Limited (Registration Number 1983/009088/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa.
<b>Guarantor</b>	Imperial Holdings Limited (Registration Number 1946/021048/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa, of which the Issuer is a Wholly Owned Subsidiary.
<b>Arrangers</b>	Absa Capital, a division of Absa Bank Limited (Registration Number 1986/004794/06) (“Absa Capital”) and Rand Merchant Bank, a division of FirstRand Bank Limited (Registration Number 1929/001225/06) (“RMB”), each a public company with limited liability duly incorporated in accordance with the laws of South Africa.
<b>Dealers</b>	Absa Capital; Deutsche Bank AG, Johannesburg Branch (Registration Number 1998/003298/10); Investec Bank Limited (Registration Number 1969/004763); Nedbank Capital, a division of Nedbank Limited (Registration Number 1951/000009/06); RMB; and The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), each a public company with limited liability duly incorporated in accordance with the laws of South Africa, and any other additional Dealer(s) appointed under the Programme by the Issuer from time to time which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of such Dealer(s);
<b>Sponsor</b>	RMB, or such other entity appointed by the Issuer from time to time;
<b>Transfer Agent</b>	Computershare Investor Services (Proprietary) Limited (Registration Number 2004/003647/07), or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement.
<b>Paying Agent</b>	Nedbank Capital, or such other entity appointed by the Issuer as Paying Agent, in which event that other entity will act as Paying Agent, as specified in the Applicable Pricing Supplement.
<b>Calculation Agent</b>	Nedbank Capital, or such other entity appointed by the Issuer as Calculation Agent, in which event that other entity will act as Calculation Agent, as specified in the Applicable Pricing Supplement.



<b>CSD</b>	Strate Limited (Registration Number 1998/022242/06), registered as a central securities depository in terms of the Securities Services Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the Relevant Dealer(s).
<b>JSE</b>	the JSE Limited (Registration Number 2005/022939/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE.
<b>GENERAL</b>	
<b>Blocked Rand</b>	Blocked Rand may be used to subscribe for, or purchase, Notes, subject to the Exchange Control Regulations.
<b>Clearing and Settlement</b>	Each Tranche of Notes which is held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. The CSD acts as the approved electronic clearing house, and carries on the role of matching, clearing and facilitation of settlement of all transactions carried out on the JSE. Each Tranche of Notes which is held in the CSD will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD (see the section of this Programme Memorandum headed " <i>Settlement, Clearing and Transfers of Notes</i> ").
<b>Cross-Default</b>	The terms of the Notes will contain a cross-default provision relating to indebtedness for money borrowed having an aggregate outstanding amount of at least ZAR150,000,000 (or its equivalent in any other currency or currencies), or any guarantee of or indemnity in respect of any such indebtedness as further described in Condition 17.1.4 ( <i>Events of Default</i> ).
<b>Denomination</b>	Notes will be issued in such denominations as may be agreed by the Issuer and the Relevant Dealer(s) and as indicated in the Applicable Pricing Supplement, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank or regulator or any laws or regulations applicable to the Notes.
<b>Description of Programme</b>	Imperial Group (Proprietary) Limited ZAR10,000,000,000 Domestic Medium Term Note Programme.
<b>Distribution</b>	Notes may be distributed by way of private placement, auction, bookbuild or any other means permitted under South African law, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and the Relevant Dealer(s) and reflected in the Applicable Pricing Supplement.
<b>Form of Notes</b>	Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Notes will be issued in uncertificated form, and will be held in the CSD. The holder of a Beneficial Interest may exchange such Beneficial Interest for Notes in certificated form represented by an Individual Certificate (see the section of this Programme Memorandum headed " <i>Form of the Notes</i> ").
<b>Governing Law</b>	The Notes will be governed by and construed in accordance with the laws of South Africa in force from time to time.
<b>Guarantee</b>	The Guarantor unconditionally and irrevocably guarantees to the Noteholders the due and punctual fulfilment of all obligations and payment, in South African Rand, by the Issuer

of all amounts owing by the Issuer in respect of the Notes arising under the Programme pursuant to this Programme Memorandum on or after the Programme Date. The obligations of the Guarantor under the Guarantee constitute its unconditional and unsecured obligations and will rank (subject to any obligations preferred by law) *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor. (See the section headed “*Terms and Conditions of the Guarantee*” on pages 58 to 60).

**Interest**

Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, and the method of calculating interest may vary between the Issue Date and the Maturity Date.

**Interest Period(s)/Interest Payment Date(s)**

The Interest Rate, Interest Payment Date(s) and Interest Period(s), if any, applicable to a Tranche of Notes will be specified in the Applicable Pricing Supplement.

**Issue and Transfer Taxes**

As at the Programme Date, no securities transfer tax or any similar tax is payable in respect of the issue, transfer or redemption of the Notes (see the section of this Programme Memorandum headed “*South African Taxation*”). Any future transfer duties and/or taxes that may be introduced in respect of (or may be applicable to) the transfer of Notes will be for the account of Noteholders.

**Issue Price**

Notes may be issued on a fully paid or a partly paid basis and at their Nominal Amount or at a discount or premium to their Nominal Amount as specified in the Applicable Pricing Supplement.

**Listing**

This Programme has been approved by the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to all applicable laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange(s).

**Maturities of Notes**

Such maturity(ies) as specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum maturity.

**Negative Pledge**

Senior Notes will have the benefit of a negative pledge as described in Condition 8 (*Negative Pledge*) of the Terms and Conditions.

**Notes**

Notes may comprise:

**Fixed Rate Notes**

Fixed Rate interest will be payable in arrears on such date or dates as may be agreed between the Issuer and the Relevant Dealer(s), as indicated in the Applicable Pricing Supplement and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the Relevant Dealer(s).

<b>Floating Rate Notes</b>	<p>Floating Rate Notes will bear interest calculated at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quoting service; or (iii) on such other basis as may be agreed between the Issuer and the Relevant Dealer(s).</p> <p>The Margin (if any) relating to such floating rate will be agreed between the Issuer and the Relevant Dealer(s) for each issue of Floating Rate Notes.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p> <p>The Interest Period for Floating Rate Notes may be 1 (one), 2 (two), 3 (three), 6 (six) or 12 (twelve) months or such other period as the Issuer and the Relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.</p>
<b>Zero Coupon Notes</b>	<p>Zero Coupon Notes will be issued at their Nominal Amount or at a discount to it and will not bear interest (except in the case of late payment as specified).</p>
<b>Index-Linked Notes</b>	<p>Payments (whether in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes and whether at maturity or otherwise) will be calculated by reference to such index and/or formula as the Issuer and the Relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.</p>
<b>Dual Currency Notes</b>	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the Relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.</p>
<b>Mixed Rate Notes</b>	<p>Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index-Linked Notes or Dual Currency Notes, each as specified in the Applicable Pricing Supplement.</p>
<b>Instalment Notes</b>	<p>The Applicable Pricing Supplement will set out the dates on which, and the amounts in which, Instalment Notes may</p>

be redeemed.

<b>Partly Paid Notes</b>	The Issue Price will be payable in 2 (two) or more instalments as set out in the Applicable Pricing Supplement.
<b>Exchangeable Notes</b>	Exchangeable Notes may be redeemed by the Issuer in cash or by the delivery of securities as specified in the Applicable Pricing Supplement.
<b>Other Notes</b>	Terms applicable to any other type of Notes that are approved by the JSE, or its successor, or such other or further exchange or exchanges as may be selected by the Issuer in relation to an issue of listed Notes, or as agreed between the Issuer and the Relevant Dealer(s) in respect of unlisted Notes, will be set out in the Applicable Pricing Supplement.

**Noteholders**

The holders of Notes which are recorded as the registered Noteholders of those Notes in the Register. The CSD's Nominee will be named in the Register as the registered Noteholder of each Tranche of Notes which is held in the CSD. Each holder of Notes which is represented by an Individual Certificate will be named in the Register as the registered Noteholder of such Notes.

**Rating**

As at the Programme Date, the Issuer and the Programme are rated. A Tranche of Notes may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, as well as the Rating Agency or Rating Agencies which assigned such Rating(s).

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. Any adverse change in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, could adversely affect the trading price of all or any of the Notes.

**Redemption**

A Tranche of Notes will, subject to the Applicable Pricing Supplement, be redeemed on the Maturity Date, as set out in Condition 11 (*Redemption and Purchase*).

If so specified in the Applicable Pricing Supplement, the Issuer may redeem the Notes of any Tranche at any time prior to the Maturity Date following the occurrence of a change in law and/or for tax reasons.

If "*Early Redemption at the Option of the Issuer*" is specified as applicable in the Applicable Pricing Supplement or pursuant to Condition 11.3 (*Redemption at the Option of the Issuer*), the Issuer may (having given not less than 30 (thirty) days' notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) to the Noteholders in accordance with Condition 19 (*Notices*)) redeem the Notes of any Tranche on any Optional Redemption Date.

If "*Early Redemption at the Option of Senior Noteholders*" is specified as applicable in the Applicable Pricing Supplement, the

Noteholders of any Tranche of Notes may (having given not less than 30 (thirty) days' notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) require the Issuer to redeem Notes on any Optional Redemption Date in the manner specified in Condition 11.4 (*Redemption at the Option of the Senior Noteholders*) and the Applicable Pricing Supplement.

If "*Redemption in the event of a Change of Control*" is specified as being applicable in the Applicable Pricing Supplement and (a) a Change of Control occurs; and (b) within the Change of Control Period (i) a Rating Downgrade occurs in relation to the Issuer and/or the Programme and/or any Tranche of Notes rated by a Rating Agency, as the case may be (a "**Change of Control Event**"); and (ii) and the relevant Class of Noteholders resolve by way of an Extraordinary Resolution to have their Notes redeemed by the Issuer, then each Noteholder in that Class of Noteholders shall have the option to require the Issuer to redeem each Note held by that Noteholder at its Early Redemption Amount together with accrued interest (if any) on the Mandatory Redemption Date, in accordance with Condition 11.5 (*Redemption in the event of a Change of Control*).

#### **Selling Restrictions**

The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and any offering or sale of or subscription for a Tranche of Notes may be restricted by law in certain jurisdictions, and is restricted by law in the United States of America, the United Kingdom, the European Economic Area and South Africa (see the section of this Programme Memorandum headed "*Subscription and Sale*"). Any other or additional restrictions which are applicable to the placing of a Tranche of Notes will be set out in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.

#### **Size of the Programme**

As at the Programme Date, the Programme Amount is ZAR10,000,000,000. This Programme Memorandum will only apply to Notes issued under the Programme (including Notes issued under the Programme pursuant to the Previous Programme Memorandum) in an aggregate outstanding Nominal Amount which does not exceed the Programme Amount. The Issuer may increase the Programme Amount in the manner set out in the section of this Programme Memorandum headed "*General Description of the Programme*".

#### **Specified Currency**

South African Rand or, subject to all applicable laws and, in the case of Notes listed on the Interest Rate Market of the JSE and the listings requirements of the JSE, such other currency as is specified in the Applicable Pricing Supplement.

#### **Status of Senior Notes**

The Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

#### **Status and Characteristics relating to Subordinated Notes**

The Subordinated Notes constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* among themselves and will rank at least *pari passu* with all other present and future unsecured and subordinated obligations of the

Issuer.

Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound up, then and in any such event the claims of the persons entitled to be paid amounts due in respect of the Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness of the Issuer, to the extent that, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the persons entitled to be paid amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution, liquidation or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

#### **Stabilisation**

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the listings requirements of the JSE and approved by the JSE, 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. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

#### **Taxation**

A summary of the applicable Tax legislation in respect of the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed "*South African Taxation*". The summary does not constitute tax advice. Potential investors in the Notes should, before making an investment in the Notes, consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.

#### **Use of Proceeds**

The Issuer will use the issue proceeds of the Notes for its general corporate purposes, or as may otherwise be described in the Applicable Pricing Supplement.

#### **Withholding Taxes**

As at the Programme Date, all payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of any Taxes levied in South Africa. In the event that any such withholding or deduction is required by applicable law, then the Issuer will, subject to certain exceptions as provided in Condition 12 (*Taxation*), pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.

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## FORM OF THE NOTES

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

### ***Notes issued in certificated form***

A Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or lodged and immobilised in the CSD may, subject to applicable laws and the Applicable Procedures, be issued in certificated form. If applicable, each such Tranche of Notes will be represented by a single Global Certificate in registered form, and the CSD's Nominee will be named in the Register as the registered Noteholder of such Tranche of Notes (see "*Beneficial Interests in Notes held in the CSD*" below). Unlisted notes may be lodged and immobilised in the CSD, in the form of a Global Certificate.

Each Global Certificate will be physically deposited with and lodged in the CSD.

All certificated Notes which are not represented by a Global Certificate, will be represented by a single Individual Certificate in registered form. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Title to Notes represented by Certificates will pass upon registration of transfer in accordance with Condition 15.2 (*Transfer of Notes represented by Certificates*) of the Terms and Conditions.

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

Payments of all amounts due and payable in respect of Notes represented by Certificates will be made in accordance with Condition 10 (*Payments*) of the Terms and Conditions to the person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African time) on the Last Day to Register, and the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

### ***Notes issued in uncertificated form***

A Tranche of Notes which is listed on the Interest Rate Market of the JSE may, subject to applicable laws and Applicable Procedures, be issued in uncertificated form in terms of section 37 of the Securities Services Act.

Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be held by the CSD, and the CSD's Nominee will be named in the Register as the registered Noteholder of that Tranche of Notes.

### ***Beneficial Interests in Notes held in the CSD***

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will either be issued in certificated form and lodged in the CSD under a Global Certificate or be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be lodged in the CSD. While a Tranche of Notes is held in the CSD, the CSD's Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche.

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

The CSD maintains central securities accounts only for Participants. As at the date of the Programme Memorandum, the Participants are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

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

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

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

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 13 (*Exchange of Beneficial Interests and Replacement of Certificates*) of the Terms and Conditions.



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**PRO FORMA APPLICABLE PRICING SUPPLEMENT**

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



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

**Under its ZAR10,000,000,000 Domestic Medium Term Note Programme**

**IMPERIAL GROUP (PROPRIETARY) LIMITED**

*(Incorporated with limited liability in the Republic of South Africa under Registration Number 1983/009088/07)*

**Guaranteed by**

**IMPERIAL HOLDINGS LIMITED**

*(Incorporated with limited liability in the Republic of South Africa under Registration Number 1946/021048/06)*

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 22 September 2010, prepared by Imperial Group (Proprietary) Limited in connection with the Imperial Group (Proprietary) Limited ZAR10,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the “Programme Memorandum”).

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 “*Terms and Conditions of the Notes*”.

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. 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.

**PARTIES**

1. Issuer	Imperial Group (Proprietary) Limited
2. Guarantor	Imperial Holdings Limited
3. Dealer	[ ]
4. Managers	[ ]
5. Paying Agent	[ ]
Specified Address	[ ]
6. Calculation Agent	[ ]
Specified Address	[ ]
7. Transfer Agent	[ ]
Specified Address	[ ]

**PROVISIONS RELATING TO THE NOTES**

8. Status of Notes	[Senior/Subordinated] [Secured/Unsecured]
9. Form of Notes	[Listed/Unlisted] Registered Notes
10. Series Number	[ ]
11. Tranche Number	[ ]
12. Aggregate Nominal Amount:	
(a) Series	[ ]

- (b) Tranche [ ]
13. Interest [Interest-bearing/Non-interest-bearing]
14. Interest Payment Basis [[Fixed Rate/Floating Rate/Zero Coupon/Index-Linked/Dual Currency/Partly Paid /Instalment] Notes/other]
15. Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another [Insert details including date for conversion]
16. Form of Notes [Registered Notes: [The Notes in this Tranche are issued in uncertificated form and held by the CSD]. [The Notes in this Tranche are issued in certificated form and lodged in the CSD under a single Global Certificate]]
17. Issue Date [ ]
18. Nominal Amount per Note [ ]
19. Specified Denomination [ ]
20. Specified Currency [ ]
21. Issue Price [ ]
22. Interest Commencement Date [ ]
23. Maturity Date [ ]
24. Applicable Business Day Convention [Floating Rate Business Day / Following Business Day / Modified Following Business Day / Preceding Business Day / other convention – insert details]
25. Final Redemption Amount [ ]
26. Last Day to Register [ ]
27. Books Closed Period(s) The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date
28. Default Rate [ ]

#### FIXED RATE NOTES

29. (a) Fixed Rate of Interest [ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
- (b) Fixed Interest Payment Date(s) [ ] in each year up to and including the Maturity Date/other
- (c) Fixed Coupon Amount(s) [ ] per [ ] in Nominal Amount
- (d) Initial Broken Amount [ ]
- (e) Final Broken Amount [ ]
- (f) Determination Date(s) [ ] in each year
- (g) Day Count Fraction [ ]
- (h) Any other terms relating to the particular method of calculating interest [ ]

#### FLOATING RATE NOTES

30. (a) Floating Interest Payment Date(s) [ ]
- (b) Interest Period(s) [ ]

- (c) Definition of Business Day (if different from that set out in Condition 1) (*Interpretation*) [ ]
- (d) Minimum Rate of Interest [ ] per cent per annum
- (e) Maximum Rate of Interest [ ] per cent per annum
- (f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) [ ]
31. Manner in which the Rate of Interest is to be determined [ISDA Determination / Screen Rate Determination/other – insert details]
32. Margin [(...) basis points to be added to/subtracted from the relevant ISDA Rate / Reference Rate]
33. If ISDA Determination:
- (a) Floating Rate [ ]
- (b) Floating Rate Option [ ]
- (c) Designated Maturity [ ]
- (d) Reset Date(s) [ ]
- (e) ISDA Definitions to apply [ ]
34. If Screen Determination:
- (a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated) [ ]
- (b) Interest Rate Determination Date(s) [ ]
- (c) Relevant Screen Page and Reference Code [ ]
35. If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/Fallback provisions [ ]
36. Calculation Agent responsible for calculating amount of principal and interest [ ]
- ZERO COUPON NOTES**
37. (a) Implied Yield [ ]
- (b) Reference Price Percent [NACA] [NACM] [NACQ] [NACS] [other method of compounding]
- (c) Any other formula or basis for determining amount(s) payable [ ]

### PARTLY PAID NOTES

38. (a) Amount of each payment comprising the Issue Price [ ]
- (b) Dates upon which each payment is to be made by Noteholder [ ]
- (c) Consequences (if any) of failure to make any such payment by Noteholder [ ]
- (d) Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments [ ] per cent per annum

### INSTALMENT NOTES

39. Instalment Dates [ ]
40. Instalment Amounts (expressed as a percentage of the aggregate Nominal Amount of the Notes) [ ]

### MIXED RATE NOTES

41. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:
- (a) Fixed Rate Notes [ ]
- (b) Floating Rate Notes [ ]
- (c) Index-Linked Notes [ ]
- (d) Dual Currency Notes [ ]
- (e) Other Notes [ ]
42. The interest rate and other pertinent details are set out under the headings relating to the applicable forms of Notes

### INDEX-LINKED NOTES

43. (a) Type of Index-Linked Notes [Indexed Interest Notes / Indexed Redemption Amount Notes]
- (b) Index/Formula by reference to which Interest Rate / Interest Amount is to be determined [ ]
- (c) Manner in which the Interest Rate / Interest Amount is to be determined [ ]
- (d) Interest Period(s) [ ]
- (e) Interest Payment Date(s) [ ]
- (f) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable [ ]
- (g) Definition of Business Day (if different from that set out in Condition 1 (*Interpretation*)) [ ]
- (h) Minimum Rate of Interest [ ] per cent per annum

- (i) Maximum Rate of Interest [ ] per cent per annum
- (j) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) [ ]

**DUAL CURRENCY NOTES**

- 44. (a) Type of Dual Currency Notes [Dual Currency Interest/Dual Currency Redemption Amount] Notes
- (b) Rate of Exchange/method of calculating Rate of Exchange [ ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable [ ]
- (d) Person at whose option Specified Currency(ies) is/are payable [ ]

**EXCHANGEABLE NOTES**

- 45. (a) Mandatory Exchange applicable? [Yes/No]
- (b) Noteholders' Exchange Right applicable? [Yes/No]
- (c) Exchange Securities [ ]
- (d) Manner of determining Exchange Price [ ]
- (e) Exchange Period [ ]
- (f) Other [ ]

**OTHER NOTES**

- 46. If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Index-linked Notes, Dual Currency Notes or Exchangeable Notes or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional Terms and Conditions relating to such Notes. [ ]

**PROVISIONS REGARDING REDEMPTION/MATURITY**

- 47. Redemption at the Option of the Issuer: [Yes/No]
  - If yes:
    - (a) Optional Redemption Date(s) [ ]
    - (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) [ ]
    - (c) Minimum period of notice (if different from Condition 11.3 (*Redemption at the Option of the Issuer*)) [ ]

- (d) If redeemable in part: [     ]  
     Minimum Redemption Amount(s) [     ]  
     Higher Redemption Amount(s) [     ]  
 (e) Other terms applicable on Redemption [     ]
48. Redemption at the Option of the Senior Noteholders: [Yes/No]  
 if yes:  
 (a) Optional Redemption Date(s) [     ]  
 (b) Optional Redemption Amount(s) [     ]  
 (c) Minimum period of notice (if different from Condition 11.4 (*Redemption at the Option of the Senior Noteholders*)) [     ]  
 (d) If redeemable in part:  
     Minimum Redemption Amount(s) [     ]  
     Higher Redemption Amount(s) [     ]  
 (e) Other terms applicable on Redemption [     ]  
 (f) Attach *pro forma* put notice(s)
49. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). [Yes/No]  
 If no:  
 (a) Amount payable; or [     ]  
 (b) Method of calculation of amount payable [     ]
50. Redemption in the event of a Change of Control [Yes/No]
- GENERAL**
51. Financial Exchange [     ]  
 52. Additional selling restrictions [     ]  
 53. ISIN No. [     ]  
 54. Stock Code [     ]  
 55. Stabilising manager [     ]  
 56. Provisions relating to stabilisation [     ]  
 57. The notice period required for exchanging uncertificated Notes for Certificates [     ]  
 58. Method of distribution [     ]  
 59. Rating assigned to the [Issuer] / [Programme] / [Notes] (if any) [     ]  
 60. Rating Agency [     ]  
 61. Governing law (if the laws of South [     ]

Africa are not applicable)

62. Surrendering of Notes in the case of Notes represented by a Certificate [ ] days after the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Issuer
63. Other provisions [ ]

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

64. Paragraph 3(5)(a)

The “ultimate borrower” (as defined in the Commercial Paper Regulations) is the [Issuer].

65. Paragraph 3(5)(b)

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

66. Paragraph 3(5)(c)

The auditor of the Issuer is [Insert].

67. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has issued [ZAR•,000,000,000] Commercial Paper (as defined in the Commercial Paper Regulations) (which amount includes Notes issued under the Previous Programme Memorandum); and
- (ii) the Issuer estimates that it may issue [ZAR•,000,000,000] of Commercial Paper during the current financial year, ending [date].

68. Paragraph 3(5)(e)

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

69. Paragraph 3(5)(f)

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

70. Paragraph 3(5)(g)

The Notes issued will be [listed/unlisted].

71. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for its [general corporate purposes/funding of its business operations/other].

72. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured.

73. Paragraph 3(5)(j)

[Insert], the statutory auditors of the Issuer, have confirmed that nothing has come to their attention to cause them to believe that this issue of Notes issued under the Programme does not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

**Responsibility:**

The Issuer accepts responsibility for the information contained in this Applicable Pricing Supplement. Application [is hereby]/[will not be] made to list this issue of Notes [on • • • • •].

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 20●●

For and on behalf of  
**IMPERIAL GROUP (PROPRIETARY) LIMITED**

\_\_\_\_\_  
Name:  
Capacity: Director  
Who warrants his/her authority hereto

\_\_\_\_\_  
Name:  
Capacity: Director  
Who warrants his/her authority hereto



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## TERMS AND CONDITIONS OF THE NOTES

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*The following are the Terms and Conditions of the Notes to be issued by the Issuer which will be incorporated by reference into each Note. A Tranche of Notes will be issued on, and subject to, the below Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.*

Before the Issuer issues any Tranche of listed Notes, the Issuer shall complete, sign and deliver to the JSE or such other or further exchange or exchanges and the CSD a pricing supplement based on the *pro forma* Applicable Pricing Supplement included in the Programme Memorandum setting out details of such Notes. The Issuer may determine that particular Notes will not be listed on the Interest Rate Market of the JSE or such other Financial Exchanges and, in that case, no Applicable Pricing Supplement will be delivered to JSE or such other or further Financial Exchange or Exchanges.

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

Words and expressions used in the Applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. Any reference to legislation or a statute shall be to such legislation or statute as amended, varied or re-enacted from time to time.

### 1. INTERPRETATION

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

“Absa Capital”	Absa Capital, a division of Absa Bank Limited (Registration Number 1986/004794/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa;
“Affected Subsidiary”	a Subsidiary of the Guarantor, save that every reference to a “majority” under section 1(3) of the Companies Act shall be deemed to be a reference to “90%”;
“Applicable Pricing Supplement”	in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Notes, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the <i>pro forma</i> pricing supplement which is set out in the section of the Programme Memorandum headed “ <i>Pro Forma Applicable Pricing Supplement</i> ”;
“Applicable Procedures”	the rules and operating procedures for the time being of the CSD, the Participants and the listings requirements of the JSE and/or any other Financial Exchange;
“Banks Act”	the Banks Act, 1990;
“Beneficial Interest”	in relation to a Tranche of Notes which is held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 41(1) of the Securities Services Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the proportion that the aggregate outstanding Nominal Amount of such number of Notes bears to the aggregate outstanding Nominal Amount of all of the Notes in that Tranche, as provided in section 41(3) of the Securities Services Act;
“BESA Guarantee Fund”	The guarantee fund established and operated by the Bond Exchange of South Africa Limited (“BESA”), prior to its merger with the JSE on 1 July 2009 and, as at the Programme Date, operated by the JSE as a separate guarantee fund, in terms of the listings requirements of the JSE and sections 9(1)(e) and 18(2)(x) of the Securities Services Act or any successor fund;
“Books Closed Period”	in relation to a Tranche of Notes, the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during

	which transfer of the Notes will not be registered, or such shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive interest;
<b>“Borrowed Money”</b>	any present or future borrowed money or other arrangement with the same commercial effect as borrowed money denominated or containing a right or requirement for any payment in respect thereof to be made in any currency and amounting in aggregate to not less than ZAR150,000,000 (or its equivalent in other currencies);
<b>“Business Day”</b>	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) on which commercial banks settle ZAR payments in Johannesburg, save further that if the Applicable Pricing Supplement so provides, “ <i>Business Day</i> ” shall include a Saturday;
<b>“Calculation Agent”</b>	Nedbank Capital, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
<b>“Certificate”</b>	a Global Certificate and/or an Individual Certificate, as the context requires;
<b>“Class of Noteholders”</b>	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
<b>“Commercial Paper Regulations”</b>	the commercial paper regulations of 14 December 1994 issued pursuant to paragraph (cc) of the definition of “the business of a bank” in the Banks Act, set out in Government Notice 2172 and published in Government Gazette 16167 of 14 December 1994;
<b>“Common Monetary Area”</b>	South Africa, Lesotho, Namibia, and Swaziland;
<b>“Companies Act”</b>	the Companies Act, 1973;
<b>“CSD”</b>	Strate Limited (Registration Number 1998/022242/06), or its nominee, licensed as a central securities depository in terms of the Securities Services Act or any successor depository, or any additional or alternate depository approved by the Issuer;
<b>“CSD’s Nominee”</b>	a wholly owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Securities Services Act, and any reference to “ <i>CSD’s Nominee</i> ” shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Securities Services Act;
<b>“Day Count Fraction”</b>	in relation to a Tranche of Notes (where applicable) and the calculation of an amount for any period of time (the “ <b>Calculation Period</b> ”), the day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and: <ul style="list-style-type: none"> <li>(a) if “<b>Actual/365</b>”, “<b>Act/365</b>”, “<b>Actual/Actual</b>” or “<b>Act/Act</b>” is so specified, means the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of the Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);</li> <li>(b) if “<b>Actual/Actual (ICMA)</b>” is so specified, means: <ul style="list-style-type: none"> <li>1. where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2)</li> </ul> </li> </ul>

the number of Regular Periods in any year; and

2. where the calculation Period is longer than 1 Regular Period, the sum of:
  - a. the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - b. the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods normally ending in any year;
- (c) if “**Actual/Actual**” or “**Actual/Actual (ISDA)**” is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (d) if “**Actual/365 (Fixed)**” is so specified, means the actual number of days in the Calculation Period divided by 365;
- (e) if “**Actual/360**” is so specified, means the actual number of days in the Calculation Period divided by 360;
- (f) if “**30/360**”, “**360/360**” or “**Bond Basis**” is so specified, means the number of days in the Calculation period divided by 360, calculated on a formula basis as follows:

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Day count fraction =

where:

“**Y<sub>1</sub>**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the first day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (g) if “**30E/360**” or “**Eurobond Basis**” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Day count fraction =

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (h) if “30E/360 (ISDA)” is so specified, means the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Day Count Fraction =

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30;

**“Determination Date”**

in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;

**“Dealers”**

Absa Capital, Deutsche Bank, Investec Bank, Nedbank Capital, RMB and SBSA and any other entity appointed as Dealer by the Issuer, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any such Dealer, as

	indicated in the Applicable Pricing Supplement;
<b>“Default Rate”</b>	in relation to a Tranche of Notes, the default rate specified as such in the Applicable Pricing Supplement;
<b>“Determination Period”</b>	in relation to a Tranche of Notes, the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);
<b>“Deutsche Bank”</b>	Deutsche Bank AG, Johannesburg Branch (Registration Number 1998/003298/10), a public company with limited liability duly incorporated in Germany and registered as an external company in accordance with the laws of South Africa;
<b>“Dual Currency Notes”</b>	Notes which pay interest in a base currency and the principal in a non-base currency or <i>vice versa</i> , as indicated in the Applicable Pricing Supplement;
<b>“Early Redemption Amount”</b>	in relation to a Tranche of Notes, the amount, as set out in Condition 11.6 ( <i>Early Redemption Amount</i> ), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Conditions 11.2 ( <i>Redemption for Tax Reasons</i> ), 11.3 ( <i>Redemption at the Option of the Issuer</i> ), 11.4 ( <i>Redemption at the Option of the Senior Noteholders</i> ) and 11.5 ( <i>Redemption in the event of a Change of Control</i> ) and/or Condition 17 ( <i>Events of Default</i> );
<b>“Encumbrances”</b>	any mortgage, charge, pledge, lien or other arrangement creating security;
<b>“Event of Default”</b>	in relation to a Series of Notes, any of the events described in Condition 17 ( <i>Events of Default</i> );
<b>“Exchangeable Notes”</b>	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
<b>“Exchange Control Regulations”</b>	the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933;
<b>“Exchange Period”</b>	in relation to a Tranche of Exchangeable Notes to which the Noteholders’ Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
<b>“Exchange Price”</b>	in relation to a Tranche of Exchangeable Notes, the amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
<b>“Exchange Securities”</b>	in relation to a Tranche of Exchangeable Notes, the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of the Exchangeable Notes to the value of the Exchange Price;
<b>“Extraordinary Resolution”</b>	a resolution passed at a meeting (duly convened) of the Noteholders or, as the case may be, by a majority consisting of not less than 66.67% (sixty six comma sixty seven per cent) of the persons voting at such meeting upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 66.67% (sixty six comma sixty seven per cent) of the votes given on such poll;
<b>“Final Broken Amount”</b>	in relation to a Tranche of Notes, the final broken amount specified as such in the Applicable Pricing Supplement;

<b>“Final Redemption Amount”</b>	in relation to a Tranche of Notes, the amount of principal specified in the Applicable Pricing Supplement payable in respect of each Note upon the Maturity Date;
<b>“Financial Exchange”</b>	the JSE and/or such other or additional financial exchange(s) as may be determined by the Issuer and the Relevant Dealer(s), subject to applicable laws, and upon which the Notes are listed as specified in the Applicable Pricing Supplement;
<b>“Fixed Coupon Amount”</b>	in relation to a Tranche of Fixed Rate Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;
<b>“Fixed Interest Payment Date”</b>	in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;
<b>“Fixed Interest Period”</b>	in relation to a Tranche of Fixed Rate Notes, the period from (and including) a Fixed Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;
<b>“Fixed Rate Notes”</b>	Notes which will bear interest at the Fixed Rate of Interest, as indicated in the Applicable Pricing Supplement;
<b>“Fixed Rate of Interest”</b>	in relation to a Tranche of Notes, the fixed rate of interest specified as such in the Applicable Pricing Supplement;
<b>“Floating Rate Notes”</b>	Notes which will bear interest at a Floating Rate Interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 9.2 ( <i>Floating Rate Notes and Indexed Interest Notes</i> );
<b>“Floating Rate”</b>	in relation to a Tranche of Notes, the floating rate of interest specified as such in the Applicable Pricing Supplement;
<b>“Global Certificate”</b>	in relation to a Tranche of Notes which is issued in certificated form and immobilised in the CSD, a certificate deposited with and lodged in the CSD and registered in the name of the CSD’s Nominee, representing all of the Notes in that Tranche (other than those Notes in that Tranche (if any) which are represented by Individual Certificates);
<b>“Guarantee”</b>	the guarantee dated 22 September 2010 under which the Guarantor irrevocably and unconditionally guarantees to Noteholders for the due and punctual fulfilment all the obligations which the Issuer may now have or have incurred or in the future may incur to the Noteholders and the payment, in South African Rands, of all amounts owing by the Issuer to the Noteholders in respect of or arising out of the Programme pursuant to this Programme Memorandum on or after the Programme Date. The obligations of the Guarantor under the Guarantee constitute unconditional and unsecured obligations of the Guarantor and will rank (subject to any obligations preferred by law) <i>pari passu</i> with all other present or future unsecured and unsubordinated obligations of the Guarantor (see section entitled “ <i>Terms and Conditions of the Guarantee</i> ” on pages 58 to 60);
<b>“Guarantor”</b>	Imperial Holdings Limited (Registration Number 1946/012048/06) a public company with limited liability duly incorporated in accordance with the company laws of South Africa, of which the Issuer is a Wholly Owned Subsidiary;
<b>“Higher Redemption Amount”</b>	in relation to a Tranche of Notes, the higher redemption amount specified as such in the Applicable Pricing Supplement;
<b>“IFRS”</b>	the International Financial Reporting Standards issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of IASB (as amended, supplemented or re-issued from time to time);

<b>“Implied Yield”</b>	in relation to a Tranche of Zero Coupon Notes, the yield accruing on the Issue Price of such Notes, as specified in the Applicable Pricing Supplement;
<b>“Income Tax Act”</b>	Income Tax Act, 1962;
<b>“Indebtedness”</b>	any indebtedness in respect of monies borrowed and guarantees or indemnities given, whether present or future, actual or contingent;
<b>“Indexed Interest Notes”</b>	Notes in respect of which the Interest Amount is calculated by reference to an index and/or a formula as indicated in the Applicable Pricing Supplement;
<b>“Index-Linked Notes”</b>	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable and as indicated in the Applicable Pricing Supplement;
<b>“Indexed Redemption Amount Notes”</b>	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as may be indicated in the Applicable Pricing Supplement;
<b>“Individual Certificate”</b>	a Note in the definitive registered form of a single certificate and being a certificate exchanged for Beneficial Interest in accordance with Condition 13 ( <i>Exchange of Beneficial Interests and Replacement of Certificates</i> ) and any further certificate issued in consequence of a transfer thereof;
<b>“Initial Broken Amount”</b>	in relation to a Tranche of Notes, the initial broken amount specified as such in the Applicable Pricing Supplement;
<b>“Imperial Group”</b>	the Guarantor and its Subsidiaries (as defined under section 1(3) of the Companies Act);
<b>“Instalment Amount”</b>	in relation to a Tranche of Instalment Notes, the amount expressed (in the Applicable Pricing Supplement) as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
<b>“Instalment Notes”</b>	Notes issued on the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in the Applicable Pricing Supplement;
<b>“Instalment Dates”</b>	in relation to a Tranche of Instalment Notes, the dates specified as such in the Applicable Pricing Supplement;
<b>“Interest Amount”</b>	in relation to a Tranche of Notes, the amount of interest payable in respect of each Nominal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Notes, as determined by the Calculation Agent in accordance with Condition 9 ( <i>Interest</i> );
<b>“Interest Commencement Date”</b>	in relation to a Tranche of Notes (where applicable) the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
<b>“Interest Determination Date”</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>“Interest Payment Date”</b>	in relation to a Tranche of Notes, the Interest Payment Date(s) specified in the Applicable Pricing Supplement or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;
<b>“Interest Period”</b>	in relation to a Tranche of Notes, each period beginning on (and including) the Interest Commencement Date or any interest Payment Date and ending on (but excluding) the next Interest Payment Date;

<b>“Interest Rate” and “Rate of Interest”</b>	in relation to a Tranche of Notes, the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
<b>“Interest Rate Market”</b>	the separate platform or sub-market of the JSE designated as the “ <i>Interest Rate Market</i> ” or such other platform or sub-market designated by the JSE from time to time and on which notes (and other debt securities) may be listed;
<b>“Investec Bank”</b>	Investec Bank Limited (Registration Number 1969/004763/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa;
<b>“Investment Grade Rating”</b>	a national scale rating of “ <i>Baa3.za</i> ” by Moody’s, “ <i>BBB-(zaf)</i> ” by Fitch, “ <i>zaBBB-</i> ” by S&P or its equivalent for the time being, or better;
<b>“ISDA”</b>	the International Swaps and Derivatives Association Inc.;
<b>“ISDA Definitions”</b>	the 2006 ISDA Definitions published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement;
<b>“Issue Date”</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>“Issue Price”</b>	in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
<b>“Issuer”</b>	Imperial Group (Proprietary) Limited (Registration Number 1946/012048/06), a private company with limited liability duly incorporated in accordance with the company laws of South Africa;
<b>“JSE”</b>	the JSE Limited (Registration Number 2005/022939/06), a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE;
<b>“Last Day to Register”</b>	with respect to a particular Tranche of Notes (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Tranche of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;
<b>“Mandatory Exchange”</b>	in relation to a Tranche of Notes, the mandatory exchange specified as such in the Applicable Pricing Supplement;
<b>“Margin”</b>	in relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;
<b>“Material Subsidiary”</b>	a Subsidiary of the Guarantor which represents more than 10% (ten percent) of the total assets of the Guarantor as reflected in the Guarantor’s most recent consolidated annual financial statements or accounts for more than 10% (ten percent) of the Guarantor’s total attributable operating profit, as reflected in the Guarantor’s most recent consolidated annual financial statements;
<b>“Maturity Date”</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>“Minimum Redemption Amount”</b>	in relation to a Tranche of Notes, the minimum redemption amount specified as such in the Applicable Pricing Supplement;
<b>“Mixed Rate Notes”</b>	Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Index-Linked Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in



	Condition 9.4 ( <i>Mixed Rate Notes</i> );
“NACA”	nominal annual compounded annually;
“NACM”	nominal annual compounded monthly;
“NACQ”	nominal annual compounded quarterly;
“NACS”	nominal annual compounded semi-annually;
“Nedbank Capital”	Nedbank Capital, a division of Nedbank Limited (Registration Number 1951/000009/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa;
“Nominal Amount”	in relation to any Note, the total amount, excluding interest and any adjustments on account of any formula, owing by the Issuer under the Note;
“Noteholders”	the registered holders of the Notes as recorded in the Register;
“Noteholders’ Exchange Right”	in relation to Exchangeable Notes, if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
“Notes”	senior or subordinated notes issued or to be issued by the Issuer under the Programme, pursuant to this Programme Memorandum;
“Outstanding”	in relation to the Notes, all the Notes issued under the Programme (including all Notes issued under the Programme pursuant to the Previous Programme Memorandum) other than: <ul style="list-style-type: none"> <li>(a) those which have been redeemed in full;</li> <li>(b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Certificates (if any);</li> <li>(c) those which have been purchased and cancelled as provided in Condition 11 (<i>Redemption and Purchase</i>);</li> <li>(d) those which have become prescribed under Condition 16 (<i>Prescription</i>);</li> <li>(e) those represented by mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 13 (<i>Exchange of Beneficial Interests and Replacement of Certificates</i>);</li> <li>(f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 13 (<i>Exchange of Beneficial Interests and Replacement of Certificates</i>),</li> </ul> provided that for each of the following purposes: <ul style="list-style-type: none"> <li>(i) the right to attend and vote at any meeting of the Noteholders; and</li> <li>(ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 20 (<i>Amendment of these Conditions</i>) and 21 (<i>Meetings of Noteholders</i>),</li> </ul> all Notes (if any) which are for the time being held by the Issuer (subject to any applicable law) or by any person for the benefit of the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not

	to be Outstanding;
<b>“Optional Redemption Amount”</b>	in relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;
<b>“Participant”</b>	a person accepted by the CSD as a participant in terms of section 34 of the Securities Services Act, and who is approved by the JSE, in terms of the listings requirements of the JSE, as a Settlement Agent to perform electronic settlement of funds and scrip;
<b>“Partly Paid Notes”</b>	Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments as indicated in the Applicable Pricing Supplement;
<b>“Paying Agent”</b>	Nedbank Capital, unless the Issuer elects to appoint another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
<b>“Payment Day”</b>	any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;
<b>“Permitted Encumbrance”</b>	<p>(a) any Encumbrance existing at the date of the Applicable Pricing Supplement; or</p> <p>(b) any Encumbrance with regard to the receivables of the relevant entity which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the Indebtedness is limited to the value of such receivables; or</p> <p>(c) any Encumbrance with regard to inter-company Indebtedness incurred between the Issuer and its Subsidiaries or between the Issuer and the Guarantor, or between the Guarantor and its Subsidiaries, or between the Issuer and the Guarantor’s Subsidiaries; or</p> <p>(d) any Encumbrance created over any asset owned, acquired, developed or constructed by the relevant entity, being an Encumbrance created for the sole purpose of financing or refinancing that asset owned, acquired, developed or constructed, provided that the Indebtedness so secured shall not exceed the <i>bona fide</i> market value of such asset or the cost of that acquisition, development or construction (including all interest and other finance charges, adjustments due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) or where such market value or cost both apply, the higher of the two; or</p> <p>(e) any Encumbrance over deposit accounts securing the loan to the relevant entity of funds equal to the amounts standing to the credit of such deposit accounts; or</p> <p>(f) any Encumbrance created in the ordinary course of the relevant entity’s business over stock-in-trade, inventory, accounts receivable or deposit accounts; or</p> <p>(g) any Encumbrance subsisting over any asset of any Affected Subsidiary prior to the date of such entity becoming an Affected Subsidiary and not created in contemplation of such entity becoming an Affected Subsidiary; or</p> <p>(h) any substitute Encumbrance created over that asset in connection with the refinancing of the Indebtedness secured over that asset (but in any such case the amount of the Indebtedness secured by such Encumbrance, may not be increased);</p>

<b>“Previous Programme Memorandum”</b>	the programme memorandum dated 10 November 2006 issued by the Issuer in relation to the Programme;
<b>“Programme”</b>	Imperial Group (Proprietary) Limited ZAR10,000,000,000 Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;
<b>“Programme Amount”</b>	the maximum aggregate outstanding Nominal Amount of all of the Notes that may be issued under the Programme at any one point in time (including the Notes issued under the Programme pursuant to the Previous Programme Memorandum), being ZAR10,000,000,000 or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, applicable laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed “ <i>General Description of the Programme</i> ”;
<b>“Programme Date”</b>	the date of this Programme Memorandum being 22 September 2010;
<b>“Rating”</b>	in relation to the Issuer and/or the Programme and/or a Tranche of Notes (where applicable), the rating of the Issuer and/or the Programme and/or the Tranche of Notes, as the case may be, granted by the Rating Agency, specified in the Applicable Pricing Supplement (if applicable) and/or notified to Noteholders pursuant to Condition 19 ( <i>Notices</i> );
<b>“Rating Agency”</b>	each of Standard & Poor’s Rating Services (“ <b>S&amp;P</b> ”), Moody’s Investors Services Limited (“ <b>Moody’s</b> ”) and Fitch Southern Africa (Proprietary) Limited (“ <b>Fitch</b> ”) and their successors or any other rating agency of equivalent international standing specified from time to time by the Issuer, or the Guarantor, as the case may be, specified in the Applicable Pricing Supplement (if applicable) and/or notified to Noteholders pursuant to Condition 19 ( <i>Notices</i> );
<b>“Redemption Date”</b>	in relation to a Tranche of Notes, the date upon which the Notes are redeemed by the Issuer, whether by way of redemption or maturity in terms of Condition 11.1 ( <i>Redemption at Maturity</i> ) or redemption for tax reasons in terms of Condition 11.2 ( <i>Redemption for Tax Reasons</i> ), as the case may be;
<b>“Reference Banks”</b>	4 (four) leading banks in the South African inter-bank market selected by the Calculation Agent;
<b>“Reference Rate”</b>	in relation to a Tranche of Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;
<b>“Reference Price”</b>	in relation to a Tranche of Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;
<b>“Register”</b>	the register of Noteholders maintained by the Transfer Agent in terms of Condition 14 ( <i>Register</i> ), including any Sub-register, as the case may be;
<b>“Relevant Date”</b>	in relation to a Tranche of Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the CSD in accordance with these Terms and Conditions, it means the first date on which (i) the full amount of such monies have been received by the CSD, (ii) such monies are available for payment to the holders of Beneficial Interests and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
<b>“Relevant Screen Page”</b>	in relation to a Tranche of Notes (where applicable), the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the Applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying

	rates or prices comparable to the Reference Rate;
<b>“Representative”</b>	a person duly authorised to act on behalf of a Noteholder, the Transfer Agent and the Paying Agent who may be regarded by the Issuer (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder, the Transfer Agent and the Paying Agent;
<b>“RMB”</b>	Rand Merchant Bank, a division of FirstRand Bank Limited (Registration Number 1926/001225/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa;
<b>“SBSA”</b>	The Standard Bank of South Africa Limited (Registration Number 1962/000738/06), a public company with limited liability duly incorporated in accordance with the laws of South Africa;
<b>“Securities Services Act”</b>	the Securities Services Act, 2004;
<b>“Senior Noteholders”</b>	the Noteholders of Senior Notes;
<b>“Senior Notes”</b>	Notes issued with the status and characteristics set out in Condition 5 ( <i>Status of Senior Notes</i> ), as indicated in the Applicable Pricing Supplement;
<b>“Series”</b>	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: <ul style="list-style-type: none"> <li>(i) expressed to be consolidated and form a single series; and</li> <li>(ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;</li> </ul>
<b>“Settlement Agent”</b>	a Participant, approved by the JSE in terms of the listings requirements of the JSE to perform electronic settlement of both funds and scrip on behalf of market participants;
<b>“Specified Currency”</b>	in relation to each Note in a Tranche of Notes, subject to all applicable laws, the currency specified in the Applicable Pricing Supplement;
<b>“Specified Denomination”</b>	in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Subordinated Indebtedness”</b>	in the event of the dissolution of the Issuer or if the Issuer is wound up or placed in liquidation, any indebtedness of the Issuer, including any guarantee by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer;
<b>“Subordinated Notes”</b>	Notes issued with the status and characteristics set out in Condition 6 ( <i>Status and Characteristics of Subordinated Notes</i> ), as indicated in the Applicable Pricing Supplement;
<b>“Subsidiary”</b>	a subsidiary company as defined in Section 1(3) of the Companies Act;
<b>“Sub-register”</b>	a Sub-register as contemplated in Section 91A of the Companies Act;
<b>“Sub-unit”</b>	with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;
<b>“Terms and Conditions”</b>	the terms and conditions incorporated in this section headed “ <i>Terms and Conditions of the Notes</i> ” and in accordance with which the Notes will be issued;
<b>“Tranche”</b>	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);

“Transfer Agent”	Computershare Investor Service (Proprietary) Limited (Registration Number 2000/006082/06), unless the Issuer elects to appoint another entity as a Transfer Agent in which event that other entity shall act as a Transfer Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
“Transfer Form”	the written form for the transfer of a Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
“Wholly Owned Subsidiary”	a wholly owned subsidiary as defined in Section 1(5) of the Companies Act;
“ZAR”	the lawful currency of South Africa, being South African Rand, or any successor currency;
“ZAR-JIBAR-SAFEX”	the rate for deposits in ZAR for a period of the Designated Maturity (as indicated in the Applicable Pricing Supplement) that appears on the Reuters Screen SAFEX Page as at approximately 11h00, Johannesburg time on the relevant date; and
“Zero Coupon Notes”	Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment, as indicated in the Applicable Pricing Supplement.

## 2. ISSUE

- 2.1. The Issuer may, at any time and from time to time (without the consent of any Noteholder), issue 1 (one) or more Tranche(s) of Notes pursuant to the Programme, provided that the aggregate outstanding Nominal Amount of all of the Notes issued under the Programme from time to time (including all Notes issued under the Programme pursuant to the Previous Programme Memorandum) does not exceed the Programme Amount.
- 2.2. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Applicable Pricing Supplement.
- 2.3. Each Note, may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Note, a Dual Currency Note, a Mixed Rate Note or such combination of any of the foregoing or such other type of Note as may be determined by the Issuer and specified in the relevant Applicable Pricing Supplement.
- 2.4. All payments in relation to the Notes will be made in the Specified Currency. Each Note will be issued in the Specified Denomination.
- 2.5. The Terms and Conditions of a Tranche of Notes are incorporated by reference into the Certificate(s) (if any) representing the Notes in that Tranche. The Applicable Pricing Supplement relating to a Tranche of Notes issued in certificated form will be attached to the Certificate(s) representing the Notes in that Tranche.

## 3. FORM AND DENOMINATION

### 3.1. General

- 3.1.1. A Tranche of Notes may be issued in the form of listed or unlisted registered Notes, as specified in the Applicable Pricing Supplement.
- 3.1.2. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to any applicable laws. Unlisted Notes may also be issued under the Programme. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange.

### 3.2. Registered Notes

A Tranche of Notes will be issued in certificated form or in uncertificated form, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*) and Condition 3.2.2 (*Notes issued in uncertificated form*), as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the Interest Rate Market of the JSE whether issued in certificated form or in uncertificated form, will

be held in the CSD, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*) and Condition 3.2.2 (*Notes issued in uncertificated form*) respectively. A Tranche of unlisted Notes may also be held in the CSD, as contemplated in Condition 3.2.3 (*Beneficial Interests in Notes held in the CSD*).

**3.2.1. *Notes issued in certificated form***

- (i) Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or lodged and immobilised in the CSD may be issued in certificated form. Each such Tranche of Notes may be represented by a Global Certificate, and the CSD's Nominee may be named in the Register as the registered Noteholder of that Tranche of Notes. Each Global Certificate will be physically deposited with and lodged in the CSD.
- (ii) All Notes issued in certificated form which are not represented by a Global Certificate will be represented by Individual Certificates.

**3.2.2. *Notes issued in uncertificated form***

A Tranche of Notes which is listed on the Interest Rate Market of the JSE may, subject to applicable laws and Applicable Procedures, be issued in uncertificated form in terms of section 37 of the Securities Services Act. Notes issued in uncertificated form will be held in the CSD. Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Note which is represented by a Certificate may be replaced by uncertificated securities in terms of section 37 of the Securities Services Act.

**3.2.3. *Beneficial Interests in Notes held in the CSD***

- (i) A Tranche of Notes which is listed on the Interest Rate Market of the JSE will either be issued in certificated form and lodged in the CSD under a Global Certificate or be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be held in the CSD in the form of a Global Certificate or in uncertificated form.
- (ii) The CSD will hold Notes subject to the Securities Services Act and the Applicable Procedures.
- (iii) All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Notes.
- (iv) A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Notes represented by a Certificate in accordance with Condition 13 (*Exchange of Beneficial Interests and Replacement of Certificates*).

**3.2.4. *Recourse to the BESA Guarantee Fund***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the BESA Guarantee Fund. Claims against the BESA Guarantee Fund 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. Unlisted Notes are not regulated by the JSE.

**4. TITLE**

**4.1. *Notes issued in certificated form***

- 4.1.1. The CSD's Nominee will be named in the Register as the registered holder of each Tranche of Notes which is represented by a Global Certificate.
- 4.1.2. Each holder of Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Notes.
- 4.1.3. Title to Notes will pass upon registration of transfer in the Register in accordance with Condition 15.2 (*Transfer of Notes represented by Certificates*).
- 4.1.4. The Issuer, the Transfer Agent and the Paying 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

The CSD's Nominee will be named in the Register as the registered holder of each Tranche of Notes which is issued in uncertificated form.

#### 4.3. Beneficial Interests in Notes held in the CSD

- 4.3.1. While a Tranche of Notes is held in the CSD, the CSD's Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche.
- 4.3.2. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.
- 4.3.3. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants.
- 4.3.4. In relation to each person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the aggregate Nominal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered holder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.
- 4.3.5. Beneficial Interests in Notes may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the registered holder of such Notes, notwithstanding such transfers.
- 4.3.6. Any reference in the Terms and Conditions to the relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Participant appointed to act as such by the holder of such Beneficial Interest.

#### 5. STATUS OF SENIOR NOTES

Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

#### 6. STATUS AND CHARACTERISTICS OF SUBORDINATED NOTES

- 6.1. Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those which have been accorded preferential rights by law.
- 6.2. Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound-up, the claims of the persons entitled to payment of amounts due in respect of the Subordinated Notes, shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness, to the extent that, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the persons entitled to payment of amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution, insolvency or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

#### 7. GUARANTEE

- 7.1. In accordance with the terms of the Guarantee, the Guarantor irrevocably and unconditionally guarantees to the Noteholders all obligations which the Issuer may now have or have incurred or in the

future may incur to the Noteholders and the due and punctual payment, in South African Rand, of all amounts owing by the Issuer in respect of the Notes arising under the Programme pursuant to this Programme Memorandum on or after the Programme Date.

- 7.2. The Guarantor is required to make any payment under the Guarantee by no later than 3 (three) Business Days after receipt of a demand under and in terms of the Guarantee and these Terms and Conditions. All payments under the Guarantee will discharge the Guarantor of its applicable obligations to Noteholders under the Guarantee and will *pro tanto* discharge the Issuer of its corresponding obligations to the Noteholders under the Notes.
- 7.3. The Guarantee will be deposited with, and be held by, the Paying Agent until the later of:
  - 7.3.1. the date on which the Programme is terminated by the Issuer; and
  - 7.3.2. the date on which all of the obligations of the Issuer and the Guarantor under or in respect of the Notes and/or the Guarantee, as the case may be, have been discharged in full.
- 7.4. Each Noteholder shall be entitled to require the Paying Agent to produce the original of the Guarantee on request and further shall be entitled to require the Paying Agent, which shall be obliged, to provide a copy of the Guarantee to that Noteholder on request. In holding the Guarantee, the Paying Agent does shall not act in any fiduciary or similar capacity for the Noteholders and it shall not accept any liability, duty or responsibility to Noteholders in this regard.

## 8. NEGATIVE PLEDGE

- 8.1. For as long as a Tranche of Senior Notes remains Outstanding, the Issuer undertakes not to, and will procure that the Guarantor and Affected Subsidiaries will not create or permit the creation of any Encumbrance, other than any Permitted Encumbrance, over any of their present or future businesses, undertakings, assets or revenues (including any uncalled capital) to secure any present or future Indebtedness of the Issuer, the Guarantor or any of the Affected Subsidiaries or any guarantee or indemnity given in respect of any present or future Indebtedness (save for those that have been accorded preferential rights by law) without at the same time securing Senior Notes equally and rateably with such Indebtedness or any such guarantee or indemnity or providing such other security as may be approved by Extraordinary Resolution of the Senior Noteholders, unless the provision of any such security is waived by an Extraordinary Resolution of the Senior Noteholders.
- 8.2. The Issuer or the Guarantor shall be entitled but not obliged, to form, or procure the formation of, a trust or trusts or appoint, or procure the appointment of, an agent or agents to hold any such rights of security for the benefit of or on behalf of such Senior Noteholders.

## 9. INTEREST

### 9.1. Fixed Rate Notes

- 9.1.1. Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate of Interest so specified, payable in arrear on the Fixed Interest Payment Dates in each year up to and excluding the Maturity Date.
- 9.1.2. The first payment of interest will be made on the Fixed Interest Payment Date immediately following the Interest Commencement Date.
- 9.1.3. Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Note on each Fixed Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount, provided that:
  - 9.1.3.1. if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
  - 9.1.3.2. if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.
- 9.1.4. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest Sub-unit of the relevant Specified



Currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

## 9.2. **Floating Rate Notes and Indexed Interest Notes**

### *Interest Payment Dates*

Each Floating Rate Note and Indexed Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement, and such interest will be payable in arrear on the Interest Payment Date(s) in each year specified in the Applicable Pricing Supplement. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

### *Rate of Interest*

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the Applicable Pricing Supplement.

### *Minimum and/or Maximum Rate of Interest*

If the Applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the Applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Calculation Agent, in the case of Floating Rate Notes and Indexed Interest Notes will at, or as soon as is practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the Interest Amount payable in respect of each Floating Rate Note and Indexed Interest Note in respect of each Specified Denomination for the relevant Interest Period, and the Calculation Agent shall notify the Issuer of the Rate of Interest for the relevant Interest Period as soon as is practicable after calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half a Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

### *Interest Determination, Screen Rate Determination including Fallback Provisions*

Where ISDA 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 be the relevant ISDA Rate plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph, “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 an interest rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the most recent 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 ZAR-JIBAR-SAFEX, the first day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.

For the purposes of the above sub-paragraph “Floating Rate”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions specified in the Applicable Pricing Supplement.

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 to the provisions below, be either:

- (a) if the Relevant Screen Page is available,
  - (i) the offered quotation (if only 1 (one) quotation appears on the screen page); or
  - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage per annum) for the Reference Rate which appears on the Relevant Screen Page as at 11h00 (or as otherwise specified in the Applicable Pricing Supplement) (Johannesburg time) on the Interest Determination Date in question plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If 5 (five) or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than 1 (one) such highest quotation, 1 (one) only of such quotations) and the lowest (or, if there is more than 1 (one) such lowest quotation, 1 (one) only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or

- (b) if the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than 3 (three) such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 (Johannesburg time) on the Interest Determination Date in question. If 2 (two) or more of the Reference Banks provide the Calculation 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 Calculation Agent; or
- (c) if the Rate of Interest cannot be determined by applying the provisions of (a) and (b) above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any 2 (two) or more of them, at which such banks offered, at approximately 11h00 (Johannesburg time) on the relevant Interest Determination Date, deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate to prime banks in the Johannesburg inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than 2 (two) of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the nominal 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 (Johannesburg time) on the relevant Interest Determination Date, by the Reference Banks 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 Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

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

#### *Notification of Rate of Interest and Interest Amount*

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the JSE and the CSD and/or every other relevant

exchange or authority as soon as possible after their determination but in any event no later than the 4<sup>th</sup> (fourth) Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the JSE, the CSD and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 19 (*Notices*).

#### *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this sub-paragraph 9.2, by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error or proven error) be binding on the Issuer and all Noteholders and in the absence as aforesaid no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### 9.3. **Dual Currency Interest Notes**

In the case of Dual Currency Interest Notes, the Interest Rate or Interest Amount payable shall be determined in the manner specified in the Applicable Pricing Supplement.

#### 9.4. **Mixed Rate Notes**

The Interest Rate payable from time to time on Mixed Rate Notes shall be the Interest Rate payable on the form of interest-bearing Note (be it a Fixed Rate Note, Floating Rate Note, Index-Linked Note or Dual Currency Note) specified for each respective period, each as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest Rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Index-Linked Notes or Dual Currency Notes, as the case may be.

#### 9.5. **Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate specified in the Applicable Pricing Supplement until the date on which all amounts due in respect of such Note have been paid, or, in respect of uncertificated Notes or notes evidenced by a Global Certificate, the date on which the full amount of the money payable has been received by the CSD and/or the Participants and notice to that effect has been given to Noteholders in accordance with Condition 19 (*Notices*).

#### 9.6. **Business Day Convention**

If any Interest Payment Date (or other date), which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention, would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:

- (a) the “**Floating Rate Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months, or other period specified as the Interest Period in the Applicable Pricing Supplement, after the preceding applicable Interest Payment Date (or other date) has occurred; or
- (b) the “**Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the “**Modified Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
- (d) the “**Preceding Business Day Convention**”, such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

## 10. PAYMENTS

### 10.1. General

Payments of principal and/or interest on an Individual Certificate shall be made to the registered holder of such Note, as set forth in the Register on the close of business on the Last Day to Register (as specified in the Applicable Pricing Supplement). In addition to the above, in the case of a final redemption payment, the holder of the Individual Certificate shall be required, on or before the Last Day to Register prior to the Maturity Date, to surrender such Individual Certificate at the offices of the Transfer Agent.

Payments of principal and/or interest in respect of uncertificated Notes or Notes represented by a Global Certificate will be made to the CSD and/or the Participants, as shown in the Register on the Last Day to Register, and the Issuer will be discharged by proper payment to the CSD and/or the Participants, in respect of each amount so paid. Each of the persons shown in the records of the CSD and the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes or to the registered holder of such Global Certificate(s).

### 10.2. Method of Payment

Payments will be made in the Specified Currency by credit or transfer, by means of electronic settlement, to the Noteholder.

Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 12 (*Taxation*).

If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque marked "*not transferable*" (or by such number of cheques as may be required in accordance with applicable banking law and practice to make payment of any such amounts). Such payments by cheque shall be sent by post to the address of the Noteholder as set forth in the Register or, in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer, nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 10.2.

In the case of joint Noteholders, payment by electronic funds transfer will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.

### 10.3. Payment Day

If the date for payment of any amount in respect of any Note is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

### 10.4. Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- 10.4.1. any additional amounts which may be payable with respect to principal under Condition 12 (*Taxation*);
- 10.4.2. the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- 10.4.3. the Optional Redemption Amount(s) (if any), as specified in the Applicable Pricing Supplement, of the Notes;

- 10.4.4. in relation to Instalment Notes, the Instalment Amounts;
- 10.4.5. in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 11.6.3); and
- 10.4.6. any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 12 (*Taxation*).

## 11. REDEMPTION AND PURCHASE

### 11.1. Redemption at Maturity

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

### 11.2. Redemption for Tax Reasons

Notes may be redeemed at the option of the Issuer at any time (in the case of Notes other than Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes having an Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes), on giving not less than 30 nor more than 60 days' notice to the Noteholders prior to such redemption, in accordance with Condition 19 (*Notices*) (which notice shall be irrevocable), if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that:

- 11.2.1. 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, or any change or amendment which becomes effective after the relevant Issue Date, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 12 (*Taxation*); and
- 11.2.2. the requirement cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Notes may be redeemed by the Issuer in accordance with this Condition 11.2 in whole or in part. Redemption in part may be effected by the Issuer:
  - 11.2.2.1. notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 12 (*Taxation*); and
  - 11.2.2.2. *mutatis mutandis* in the manner described in Condition 11.3 (*Redemption at the Option of the Issuer*), provided that the references to the giving of notice therein and to the Minimum Redemption Amount and the Higher Redemption Amount (both as specified in the Applicable Pricing Supplement) therein shall be disregarded for such purposes.

Notes redeemed for tax reasons pursuant to this Condition 11.2 will be redeemed at their Early Redemption Amount referred to in Condition 11.4 (*Redemption at the Option of the Senior Noteholders*), together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or as specified in the Applicable Pricing Supplement.

### 11.3. Redemption at the Option of the Issuer

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer may, having given not less than 30 (thirty) nor more than 60 (sixty) days' irrevocable notice to the Noteholders in accordance with Condition 19 (*Notices*), redeem all or some of the Notes (to which such Applicable Pricing Supplement relates) then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a Nominal Amount equal to the Minimum Redemption Amount or the Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by Certificates, and in accordance with the Applicable Procedures in the case of Redeemed Notes which are uncertificated, and in each case not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the “**Selection Date**”).

In the case of Redeemed Notes represented by Certificates, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 19 (*Notices*) not less than 30 days prior to the date fixed for redemption. The aggregate Nominal Amount of Redeemed Notes represented by Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Certificates outstanding bears to the aggregate Nominal Amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Redeemed Notes which are uncertificated shall be equal to the balance of the Redeemed Notes. No exchange of the relevant uncertificated Notes will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph, and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 19 (*Notices*) at least 10 (ten) days prior to the Selection Date.

Holders of Redeemed Notes shall surrender the Certificates, if any, representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Notes represented by such Certificates are redeemed, the Transfer Agent shall deliver new Certificates to the CSD or such Noteholders, as the case may be, in respect of the balance of the Notes.

#### 11.4. **Redemption at the Option of the Senior Noteholders**

If Senior Noteholders are specified in the Applicable Pricing Supplement as having an option to request the redemption of Notes, such Senior Noteholders may exercise such option in respect of such Notes by delivering to the Transfer Agent, in accordance with Condition 19 (*Notices*), a duly executed notice (“**Put Notice**”), at least 30 (thirty) days but not more than 60 (sixty) days, prior to the Optional Redemption Date.

For redemption in part, the redemption amount specified in such Put Notice in respect of any such Note must be of a principal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as indicated in the Applicable Pricing Supplement.

The redemption by the Senior Noteholders of uncertificated Notes shall take place in accordance with the Applicable Procedures.

The Issuer shall proceed to redeem the Notes in respect of which such option has been exercised in accordance with the terms of the Applicable Pricing Supplement, at the Optional Redemption Amount and on the Optional Redemption Date, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

In the event that the redeeming Noteholder is the holder of a Certificate, then such Noteholder shall (attached to the Put Notice) deliver the Certificate to the Transfer Agent for cancellation. A holder of a Certificate shall, in that holder’s Put Notice, specify a bank account into which the redemption payment amount is to be paid.

The delivery of Put Notices shall be required to take place during normal office hours to the Issuer and Transfer Agent. Put Notices shall be available for inspection at the specified offices of the Transfer Agent.

Any Put Notice given by a holder of any Senior Note pursuant to this paragraph shall be irrevocable except where after giving the notice but prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Senior Note forthwith due and payable pursuant to Condition 17 (*Events of Default*).

The Issuer shall have no liability to remedy any defects in any Put Notice or bring any such defects to the attention of any Noteholder.

#### 11.5. **Redemption in the event of a Change of Control**

The provisions of this Condition 11.5 (*Redemption in the Event of a Change of Control*) shall apply if specified as being applicable in the Applicable Pricing Supplement.

11.5.1. A “**Change of Control Event**” shall occur if:

- (a) a Change of Control occurs; and
- (b) within the Change of Control Period, a Rating Downgrade occurs.

11.5.2. Promptly upon the Issuer becoming aware that a Change of Control Event has occurred at any time while any Note remains Outstanding, the Issuer shall give a notice (a “**Change of Control Notice**”) to the relevant Class of Noteholders in accordance with Condition 19 (*Notices*) (a) specifying the nature of the Change of Control Event and the circumstances giving rise to it and the right of those Noteholders to exercise an option, by way of Extraordinary Resolution, to require early redemption of the Notes and (b) convening a meeting of each Class of Noteholders within 30 (thirty) days of the date on which the Issuer becomes aware of that Change of Control Event having occurred.

11.5.3. If a Class of Noteholders resolves, in accordance with Condition 21 (*Meetings of Noteholders*), by way of an Extraordinary Resolution passed at the meeting referred to in Condition 11.5.2, to require the redemption of the Notes of that Class of Noteholders as a consequence of the occurrence of the relevant Change of Control Event, then the Issuer shall redeem all of the Notes of that Class of Noteholders within 30 (thirty) days of the date on which such Extraordinary Resolution is passed (the “**Mandatory Redemption Date**”) at its Early Redemption Amount together with interest accrued to, but excluding, the Mandatory Redemption Date.

11.5.4. For the purposes of this Condition 11.5:

- (a) “**Acting in Concert**” means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition of shares in the Guarantor by any of them, either directly or indirectly, to obtain or consolidate Control of the Guarantor;
- (b) a “**Change of Control**” shall be deemed to have occurred at each time that any person (“**Relevant Person**”) or person Acting in Concert, at any time directly or indirectly has unconditionally acquired Control of the Guarantor, provided that a Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person are also, or immediately prior to the event which would otherwise constitute a Change of Control, were all of the shareholders of the Guarantor;
- (c) “**Change of Control Period**” means, in relation to a Change of Control of the Guarantor, the period commencing on the Date of Announcement and ending on the 45th (forty-fifth) day following the Date of Announcement;
- (d) “**Control**” of the Guarantor means any person or group of persons acquiring or holding shares in the Guarantor to which attach more than 50% (fifty percent) of the voting rights of the issued share capital of the Guarantor;
- (e) “**Date of Announcement**” means the date the Change of Control is announced by the Issuer, the Guarantor or such other third party connected therewith;
- (f) a “**Rating Downgrade**” shall, in relation to Issuer and/or the Programme and/or where any Notes are rated by a Rating Agency, be deemed to have occurred in respect of a Change of Control if within the Change of Control Period any Rating is:
  - (A) withdrawn;
  - (B) changed from an Investment Grade Rating to a non-Investment Grade Rating; or
  - (C) a non-Investment Grade Rating at the Date of Announcement,

provided that no Rating Downgrade shall have occurred if the Rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, is substituted for an Investment Grade Rating by another Rating Agency.

## 11.6. Early Redemption Amounts

For the purpose of Conditions 11.2 (*Redemption for Tax Reasons*), 11.3 (*Redemption at the Option of the Issuer*), 11.4 (*Redemption at the Option of Senior Noteholders*), 11.5 (*Redemption in the event of a Change in Control*) and/or Condition 17 (*Events of Default*), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- 11.6.1. in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- 11.6.2. in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or
- 11.6.3. in the case of Zero Coupon Notes, at an amount (the “**Amortised Face Amount**”) equal to the sum of: (i) the Reference Price; and (ii) the product of the Implied Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable, or such other amount as is provided in the Applicable Pricing Supplement.

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

## 11.7. Instalment Notes

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Conditions 11.2 (*Redemption for Tax Reasons*) or 17 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 11.4 (*Redemption at the Option of Senior Noteholders*).

## 11.8. Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 11 (*Redemption and Purchase*) and the Applicable Pricing Supplement. In the case of early redemption in accordance with Conditions 11.2 (*Redemption for Tax Reasons*) or Condition 17 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 11.4 (*Redemption at the Option of the Senior Noteholders*).

## 11.9. Exchangeable Notes

If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in the manner indicated in the Applicable Pricing Supplement. Exchangeable Notes in respect of which Mandatory Exchange is indicated in the Applicable Pricing Supplement as applying, or upon the exercise by the Noteholder of the Noteholder’s Exchange Right (if applicable), will be redeemed by the Issuer delivering to each Noteholder as many of the Exchange Securities as are required in accordance with the Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner set out in the Applicable Pricing Supplement shall constitute the *in specie* redemption in full of such Notes.

## 11.10. Purchases

The Issuer or any of its Subsidiaries may at any time purchase Notes at any price in the open market or otherwise. Such Notes may, subject to applicable law, be held, resold, or, at the option of the Issuer, surrendered to the Transfer Agent for cancellation.

## 11.11. Cancellation

All Notes which have been redeemed will forthwith be cancelled. All Notes so cancelled shall be forwarded to the Issuer and cannot be re-issued or resold. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

## 11.12. Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 11 (*Redemption and Purchase*) or upon its becoming due and repayable



as provided in Condition 17 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 11.6.3 as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) 5 (five) days after the date on which the full amount of the moneys payable has been received by the CSD, and notice to that effect has been given to the Noteholder in accordance with Condition 19 (*Notices*).

#### 11.13. **Applicable Procedures**

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

### 12. **TAXATION**

All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note:

- 12.1. held by or on behalf of a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
- 12.2. held by or on behalf of a Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residency or other similar claim for exemption to the relevant tax authority (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or
- 12.3. where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the taxable income (as defined in section 1 of the Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of any Noteholder; or
- 12.4. where (in the case of payment of principal and/or interest which is conditional on surrender and/or presentation of the relevant Certificate in accordance with the Terms and Conditions) the relevant Certificate is surrendered and/or presented more than 30 days after the Relevant Date, except to the extent that the Noteholder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day; or
- 12.5. if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters; or
- 12.6. where the Noteholder is entitled to claim a tax reduction, credit or similar benefit in respect of such withholding or deduction in terms of the Noteholder's domestic tax laws or applicable double tax treaty, and such tax reduction, credit or similar benefit is actually granted to the Noteholder.

Any reference in these Terms and Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under these Terms and Conditions or under any undertakings given in addition to, or in substitution for, these Terms and Conditions.

### 13. **EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF CERTIFICATES**

#### 13.1. **Exchange of Beneficial Interests**

- 13.1.1. The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 44 of the Securities Services Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the CSD), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Individual Certificate (the "Exchange

Notice”). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) days after the day on which such Exchange Notice is given.

- 13.1.2. The holder’s nominated Participant will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared, authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only 1 (one) Individual Certificate in respect of that joint holding, and the delivery to 1 (one) of those joint holders shall be delivery to all of them.
- 13.1.3. In the case of the exchange of a Beneficial Interest in a Tranche of Notes which is lodged in the CSD under a Global Certificate:
  - 13.1.3.1. the CSD’s Nominee will surrender the relevant Global Certificate to the Transfer Agent at its Specified Office;
  - 13.1.3.2. the Transfer Agent will, in accordance with the Applicable Procedures, procure the splitting of the relevant Global Certificate and the preparation of a new Global Certificate representing the balance of the Notes (if any) in the relevant Tranche still held by the CSD;
  - 13.1.3.3. the Issuer will, through its nominated Participant, procure that the new Global Certificate is deposited with and lodged in the CSD and registered in the Register in the name of the CSD’s Nominee; and
  - 13.1.3.4. the original Global Certificate will be cancelled and retained by the Transfer Agent.
- 13.1.4. In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:
  - 13.1.4.1. the CSD’s Nominee shall, prior to the Exchange Date, surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its Specified Office; and
  - 13.1.4.2. the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.
- 13.1.5. An Individual Certificate shall, in relation to a Beneficial Interest:
  - 13.1.5.1. in a Tranche of Notes which is held in the CSD under a Global Certificate, represent that number of Notes as have, in the aggregate, the same aggregate Nominal Amount of Notes standing to the account of the holder of such Beneficial Interest; or
  - 13.1.5.2. in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal Amount,  
  
as the case may be, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination 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. **Replacement**

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

## 13.3. **Death and sequestration or liquidation of Noteholder**

Any person becoming entitled to Registered Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 13.3, or of his

title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 13.3 and Condition 15.2 (*Transfer of Notes represented by Certificates*), may transfer such Notes. The Issuer and (if applicable) the CSD and the relevant Participant shall be entitled to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Notes.

#### 13.4. Costs

The costs and expenses of the printing, issue and delivery of each Global Certificate shall be borne by the Issuer. The costs and expenses of the printing, issue and delivery of each Individual Certificate and all taxes and governmental charges that may be imposed in relation to such Individual Certificate and/or the printing, issue and delivery of such Individual Certificate shall be borne by the holder of the Notes represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Notes may be levied by other persons, such as a Participant, under the Applicable Procedures, and such costs and expenses shall not be borne by the Issuer. The costs and expenses of the delivery of Certificates and all taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.

#### 14. REGISTER

##### 14.1. The Register of Noteholders:

- 14.1.1. shall be kept at the Specified Office of the Transfer Agent or such other person as may be appointed for the time being by the Issuer to maintain the Register;
  - 14.1.2. shall contain the names, addresses and bank account numbers of the registered Noteholders;
  - 14.1.3. shall show the total Nominal Amount of the Notes held by Noteholders;
  - 14.1.4. shall show the dates upon which each of the Noteholders was registered as such;
  - 14.1.5. shall show the serial numbers of the Certificates and the dates of issue thereof;
  - 14.1.6. shall be open for inspection at all reasonable times during business hours on Business Days by any Noteholder or any person authorised in writing by a Noteholder; and
  - 14.1.7. shall be closed during the Books Closed Period.
- 14.2. The Transfer Agent shall alter the Register in respect of any change of name, address or account number of any of the Noteholders of which it is notified.
- 14.3. Except as provided for in these Terms and Conditions or as required by law, in respect of Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the Register.
- 14.4. Except as provided for in these Terms and Conditions or as required by law, the Issuer shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Certificate may be subject.

#### 15. TRANSFER OF NOTES

##### 15.1. *Transfer of Beneficial Interests in Notes held in the CSD*

- 15.1.1. Beneficial Interests may be transferred only in accordance with the Applicable Procedures through the CSD.
- 15.1.2. Transfers of Beneficial Interests to and from clients of Participants occur by way of electronic book entry in the securities accounts maintained by the Participants for their clients, in accordance with the Applicable Procedures.
- 15.1.3. Transfers of Beneficial Interests among Participants occur through electronic book entry in the central securities accounts maintained by the CSD for the Participants, in accordance with the Applicable Procedures.
- 15.1.4. Transfers of Beneficial Interests in Notes will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the Noteholder of such Notes notwithstanding such transfers.

## 15.2. *Transfer of Notes represented by Certificates*

- 15.2.1. In order for any transfer of Notes represented by a Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
- 15.2.1.1. the transfer of such Notes must be embodied in a Transfer Form;
- 15.2.1.2. the Transfer Form must be signed by the registered Noteholder of such Notes and the transferee, or any authorised representatives of that registered Noteholder or transferee; and
- 15.2.1.3. the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Certificate representing such Notes for cancellation.
- 15.2.2. Notes represented by a Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
- 15.2.3. Subject to this Condition 15.2, the Transfer Agent will, within 3 Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable laws and/or Applicable Procedures), record the transfer of Notes represented by a Certificate (or the relevant portion of such Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee may request, a new Certificate in respect of the Notes transferred reflecting the outstanding Nominal Amount of the Notes transferred.
- 15.2.4. Where a Noteholder has transferred a portion only of Notes represented by a Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, at the risk of such Noteholder, a new Certificate representing the balance of the Notes held by such Noteholder.
- 15.2.5. The transferor of any Notes represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 15.2.6. Before any transfer of Notes represented by a Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- 15.2.7. No transfer of any Notes represented by a Certificate will be registered whilst the Register is closed as contemplated in Condition 14 (*Register*).
- 15.2.8. If a transfer of any Notes represented by a Certificate is registered in the Register, the Transfer Form and cancelled Certificate will be retained by the Transfer Agent.
- 15.2.9. If a transfer *is* registered then the transfer form and cancelled Certificate will be retained by the Transfer Agent.
- 15.2.10. In the event of a partial redemption of Notes under Condition 11.3 (*Redemption at the Option of the Issuer*), the Transfer Agent shall not be required in terms of Condition 11.3 (*Redemption at the Option of the Issuer*), to register the transfer of any Notes during the period beginning on the 10<sup>th</sup> (tenth) day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive).

## 16. **PRESCRIPTION**

The Notes will become void unless presented for payment of principal within a period of 3 (three) years after their redemption date.

## 17. **EVENTS OF DEFAULT**

### 17.1. **Senior Notes**

An Event of Default in relation to Senior Notes shall arise if any one or more of the following events shall have occurred and be continuing:

- 17.1.1. the Issuer fails to pay any interest or principal in respect of any of the Notes on due date for payment and the failure to pay continues for more than 10 (ten) days; or

- 17.1.2. the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for the period of 10 (ten) days following the service on the Issuer of a written notice requiring that breach to be remedied; or
- 17.1.3. the Issuer fails to remedy a breach of Condition 8 (*Negative Pledge*) within 21 (twenty one) Business Days after receipt by it of a written notice from the Senior Noteholders requiring same to be remedied; or
- 17.1.4. the Issuer, the Guarantor or any Material Subsidiary defaults in the payment of the principal or interest, or any obligations in respect of Borrowed Money of, or assumed or guaranteed by, the Issuer, the Guarantor or any Material Subsidiary when and as the same shall become due and payable and where notice has been given to the Issuer or the Guarantor or any Material Subsidiary, as the case may be, of the default and if such default shall have continued for more than the notice period (if any) applicable thereto and the time for payment of such interest or principal or other obligation has not been effectively extended or if any such obligations of, or assumed or guaranteed by, the Issuer, the Guarantor or any Material Subsidiary shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of any event of default thereunder; or
- 17.1.5. any action, condition or thing including the obtaining of any consent, license, approval or authorisation now or hereafter necessary to enable the Issuer or the Guarantor to comply with their obligations under the Programme is not taken, fulfilled or done, or any such consent, license, approval or authorisation, shall be revoked, modified, withdrawn or withheld or shall cease to remain in full force and effect resulting in the Issuer or the Guarantor being unable to perform any of their respective payment or other obligations in terms of the Notes or the Programme; or
- 17.1.6. the Issuer, the Guarantor or any Material Subsidiary is placed in liquidation, dissolved or is wound-up, whether provisionally or finally and whether voluntarily or otherwise; or is placed under judicial management, whether provisionally or finally or business rescue proceedings or any process similar thereto, or an order is made or an effective resolution is passed for the winding-up, dissolution, liquidation or business rescue of the Issuer or the Guarantor or any Material Subsidiary, save for the purposes of a merger, amalgamation, consolidation, reconstruction or reorganisation on terms approved by an Extraordinary Resolution of Noteholders or save for any such liquidation, dissolution, winding-up, judicial management, business rescue or such order or resolution which relates to a Material Subsidiary and is for the purposes of an internal reconstruction or reorganisation within the Imperial Group; or
- 17.1.7. any mortgage, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer, the Guarantor or any Material Subsidiary in respect of Borrowed Money of the Issuer, the Guarantor or any Material Subsidiary becomes enforceable and the holder thereof takes any steps to enforce it; or
- 17.1.8. any step is taken by or under any authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any of the Issuer, the Guarantor or any Material Subsidiary or a material part of the assets of the Imperial Group or a material part of any of the shares issued by the Issuer, the Guarantor or any Material Subsidiary; or
- 17.1.9. the Issuer, the Guarantor or any Material Subsidiary initiates or consents to judicial proceedings relating to itself under any applicable compromise with creditors, liquidation, winding-up or insolvency or other similar laws or compromises or attempts to compromise, with its creditors generally (or any significant class of creditors), business rescue proceedings or any meeting of creditors is convened by the Issuer, the Guarantor or any Material Subsidiary to consider a proposal for an arrangement of compromise with its creditors generally (or any significant class of its creditors), save for any such initiation, consent, attempt or convening of a meeting which relates to a Material Subsidiary and is for the purposes of an internal reconstruction or reorganisation within the Imperial Group; or
- 17.1.10. if proceedings are initiated against the Issuer, the Guarantor or any Material Subsidiary such that a person takes possession of the whole or a material part of the undertaking or assets of any of them, or an execution or attachment or other process is levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of any of them and such is not discharged within 30 (thirty) days; or
- 17.1.11. the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

- 17.1.12. the entire issued ordinary share capital of the Issuer ceases to be beneficially owned, whether directly or indirectly, by the Guarantor for reasons other than in terms of a merger, amalgamation, consolidation, re-construction or reorganisation on terms approved by an Extraordinary Resolution of Noteholders.

If any one or more of the Events of Default shall have occurred and be continuing, then any Senior Noteholder may, by written notice to the Issuer at the registered office of the Issuer, effective upon the date of receipt thereof by the Issuer, declare the Senior Notes held by the Senior Noteholder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 11.4 (*Redemption at the Option of Senior Noteholders*)), together with accrued interest (if any) to the date of repayment, or as specified in the Applicable Pricing Supplement, failing which the Senior Noteholders may by written notice to the Guarantor at the registered office of the Guarantor demand payment in terms of the Guarantee, provided that no such action may be taken by a holder of Senior Notes if the Issuer withholds or refuses to make any such payment in order to comply with any law or regulation of South Africa or to comply with any order of a court of competent jurisdiction.

For the purposes of this Condition 17 any Indebtedness which is in a currency other than South African Rand shall be converted into South African Rand at the spot rate for the sale of South African Rand against the purchase of the relevant currency quoted by any leading bank of South Africa selected on the date of such Event of Default.

#### 17.2. **Subordinated Notes**

If the Issuer defaults in relation to Subordinated Notes in the payment of any amount payable in respect of such Notes, and such default continues for a period of 7 (seven) Business Days after receiving written notice from any of the holders of Subordinated Notes, or if an Event of Default as contemplated in Condition 17.1.6 occurs, any holder of a Subordinated Note may, subject as provided below, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under such Subordinated Notes, provided that the Issuer shall not be obliged, save in the case of liquidation or winding up proceedings, to pay any sum or sums sooner than the same would otherwise have been payable by it.

In the event of the winding-up or liquidation, whether finally or provisionally, of the Issuer, otherwise than for the purposes of an amalgamation, merger, consolidation or re-organisation not involving liquidation, winding-up or bankruptcy, then any holder of Subordinated Notes issued by the Issuer may by written notice to the Issuer at its registered office, require that its Subordinated Notes are immediately due and repayable at their Early Redemption Amount together with the accrued interest to the date of payment, save that the Noteholders of Subordinated Notes may only receive payment once all the other creditors of the Issuer have been paid in full.

#### 17.3. **Notification of Event of Default**

If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify the Guarantor, all Noteholders in accordance with Condition 19 (*Notices*), the Dealers and the JSE in writing.

### 18. **CALCULATION AGENT, TRANSFER AGENT AND PAYING AGENT**

Any third party appointed by the Issuer as Calculation Agent, Transfer Agent, Paying Agent or otherwise shall act solely as the agents of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders. The Issuer is entitled to vary or terminate the appointment of such agents and/or appoint additional or other agents and/or approve any change in the specified office through which any agent acts.

### 19. **NOTICES**

- 19.1. Notices to holders of Notes shall be valid if mailed to their registered addresses appearing in the Register. Any such notice shall be deemed to have been given on the 7<sup>th</sup> (seventh day) after the day on which it is mailed.
- 19.2. In the event of there being any Certificates in issue, such notices shall be published, not earlier than 4 (four) days after the date of posting of such notice in terms of this clause:
- 19.2.1. in an English language daily newspaper of general circulation in South Africa; and

- 19.2.2. for so long as the Notes are listed on the Interest Rate Market of the JSE, a daily newspaper of general circulation in the city in which the JSE is situated, and any such notices shall be deemed to have been given on the date of first publication.
- 19.3. Notwithstanding the provisions of Condition 19.1, for so long as all of the Notes in a Tranche are held in their entirety in the CSD, they may be substituted for the notice contemplated in Condition 19.1 and in respect of Notes represented by Individual Certificates, Condition 19.2, the delivery of the relevant notice to the CSD's Nominee (as the registered holder of such Notes), the Participants and the JSE for communication by them to the holders of Beneficial Interests in such Notes in accordance with the Applicable Procedures. Each such notice will be deemed to have been received by the holders of Beneficial Interests on the day of delivery of such notice to the CSD's Nominee.
- 19.4. Any notice to the Issuer shall be deemed to have been received by the Issuer, if delivered to the registered office of the Issuer, on the date of delivery, and if sent by registered mail, on the 7<sup>th</sup> (seventh) day after the day on which it is sent. The Issuer may change its registered office upon prior written notice to Noteholders specifying such new registered office.
- 19.5. For so long as any of the Notes are uncertificated or represented by a Global Certificate, notice may be given by any holder of an uncertificated Note or Global Certificate (as the case may be) to the Issuer via the relevant Settlement Agent in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Participants may approve for this purpose.

## 20. AMENDMENT OF THESE CONDITIONS

- 20.1. These Terms and Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 20, no addition, variation or consensual cancellation of these Terms and Conditions shall be of any force or effect unless reduced to writing and signed by or on behalf of the Issuer, the Guarantor and the Noteholders.
- 20.2. No modification of these Terms and Conditions may be effected without the written agreement of the Issuer and the Guarantor. The Issuer may effect, without the consent of the relevant Class of Noteholders, any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is established, provided that the consent of the JSE shall be required. Any such modification shall be binding on the relevant Class of Noteholders and any such modification shall be communicated to the relevant Class of Noteholders in accordance with Condition 19 (*Notices*) as soon as is practicable thereafter.
- 20.3. The Issuer and the Dealer(s), acting reasonably, may agree in writing, without the consent of the Noteholders, to any modification of these Terms and Conditions which is not prejudicial to the interests of the Noteholders. Any such modification shall be binding on the Noteholders and shall be notified in writing to the Noteholders in accordance with Condition 19 (*Notices*).
- 20.4. The Issuer may, subject to the written consent of the Guarantor, with the prior sanction of an Extraordinary Resolution of Noteholders or with the prior written consent of Noteholders holding not less than 75% (seventy-five per cent) in Nominal Amount of the Notes Outstanding from time to time, amend these Terms and Conditions, provided that no such amendment shall be of any force or effect unless notice of the intention to make such amendment shall have been given to all Noteholders in terms of Condition 19 (*Notices*).

## 21. MEETINGS OF NOTEHOLDERS

- 21.1. The Issuer may at any time convene a meeting of all Noteholders or holders of any Series of Notes upon at least 21 calendar days' prior written notice to such Noteholders. This notice is required to be given in terms of Condition 19 (*Notices*). Such notice shall specify the date, place and time of the meeting to be held, which place shall be in South Africa.
- 21.2. Every director or duly appointed representative of the Issuer may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.
- 21.3. Noteholders holding not less than 25% (twenty-five per cent) in Nominal Amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within 10 (ten) days of such a request being received by the Issuer, the Noteholders requesting such a meeting may convene such meeting.

- 21.4. A Noteholder may by an instrument in writing (a “**form of proxy**”) signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a “**proxy**”) to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- 21.5. Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a “**representative**”) in connection with any meeting or proposed meeting of the Noteholders.
- 21.6. Any proxy or representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the notes shall be deemed for such purposes not to be the holder.
- 21.7. The chairperson of the meeting shall be appointed by the Issuer. The procedures to be followed at the meeting shall be as determined by the chairperson subject to the remaining provisions of this Condition 21. Should the Noteholder requisition a meeting, and the Issuer fail to call such a meeting within 10 days of the requisition, then the chairperson of the meeting held at the instance of the Noteholders shall be selected by a majority of Noteholders present in person, by representative or by proxy.
- 21.8. At any such meeting 1 (one) or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than 1/3 (one third) of the Nominal Amount of Notes for the time being outstanding shall form a quorum for the transaction of business. On a poll, each Noteholder present in person or by proxy at the meeting shall have the number of votes equal to the number of Notes, by denomination, held by the Noteholder.


**22. FURTHER ISSUES**


The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes having terms and conditions the same as any of the other Notes issued under the Programme or the same in all respects save for the amount and date of the first payment of interest thereon, the Issue Price and the Issue Date, so that the further Notes shall be consolidated to form a single Series with the Outstanding Notes.

**23. GOVERNING LAW**

These Terms and Conditions, the Guarantee and all rights and obligations to the Notes are governed by, and shall be construed in accordance with, the laws of South Africa in force from time to time.

For and on behalf of  
**IMPERIAL GROUP (PROPRIETARY) LIMITED**

  
 Name: A. H. Mahony  
 Capacity: Director  
 Who warrants his/her authority hereto

  
 Name: H. R. Brody  
 Capacity: Director  
 Who warrants his/her authority hereto



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## USE OF PROCEEDS

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

For purposes of the Commercial Paper Regulations it is recorded that the "Ultimate Borrower", as defined in the Commercial Paper Regulations, of the net proceeds from each Tranche of Notes will be the Issuer, unless otherwise indicated in the Applicable Pricing Supplement.

The proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, or as may otherwise be described in the Applicable Pricing Supplement.

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## TERMS AND CONDITIONS OF THE GUARANTEE

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### GUARANTEE

We, the undersigned,

#### IMPERIAL HOLDINGS LIMITED

(Registration Number 1946/021048/06), being a public company incorporated in accordance with the laws of South Africa,

hereby, irrevocably and unconditionally guarantee (as primary obligor and not merely as surety) to the holders of notes (the "Noteholders") issued by Imperial Group (Proprietary) Limited (Registration Number 1983/009088/07) (the "Issuer") under the Imperial Group (Proprietary) Limited ZAR10,000,000,000 Domestic Medium Term Note Programme (the "Programme") the due and punctual performance of all obligations which the Issuer may now have or have incurred or in the future may incur to the Noteholders and the due and punctual payment, in South African Rand, of all amounts owing by the Issuer in respect of the Notes arising under the Programme pursuant to the Programme Memorandum issued by the Issuer dated 22 September 2010 (the "Programme Memorandum").

1. Terms used but not defined herein have the meanings set forth in section of the Programme Memorandum headed "*Terms and Conditions of the Notes*" (the "**Terms and Conditions**").
2. All payments made under this Guarantee shall be made *mutatis mutandis* in accordance with Conditions 9 (*Interest*) and 10 (*Payments*) of the Terms and Conditions.
3. This Guarantee shall be binding on the Guarantor and shall continue to be binding on the Guarantor and, with respect to any payment, or any part thereof, of principal and/or interest on any Note that is rescinded or must otherwise be returned by the Paying Agent or any Noteholder if such rescission or return of payment has been compelled by law as the result of the insolvency of any of the Issuer or any other person or if such rescission or return of payment is a result of any law, regulation or decree applicable to the Issuer or such persons.
4. The Guarantor hereby renounces all benefits arising from the legal exceptions "*non numeratae pecuniae*" (no money was paid over), "*non causa debiti*" (lack of actionable debt) "*errore calculi*" (mistake in calculation of amount due) and "*beneficia excussionis et divisionis*" (the benefits of excussion and division), with the force and effect of which the Guarantor hereby declares it to be fully acquainted. The Guarantor agrees that this Guarantee is to be in addition and without prejudice to any other suretyship/s and security/ies now or hereafter to be held by the Noteholders and shall remain in force as a continuing security notwithstanding any intermediate settlement of account and notwithstanding any legal disability of the Guarantor.
5. For so long as a Tranche of Senior Notes remain Outstanding, the Guarantor undertakes not to, and will procure that the Affected Subsidiaries will not create or permit the creation of any Encumbrance, other than any Permitted Encumbrance over any of its present or future businesses, undertakings, assets or revenues (including any uncalled capital) to secure any present or future Indebtedness of the Issuer, the Guarantor or any of the Affected Subsidiaries or any guarantee or indemnity given in respect of any present or future Indebtedness (save for those that have been accorded a preference by law) without at the same time securing all Senior Notes equally and rateably with such Indebtedness or any such guarantee or indemnity or providing such other security as may be approved by Extraordinary Resolution of the Senior Noteholders, unless the provision of any such security is waived by an Extraordinary Resolution of the Senior Noteholders.
6. No action in respect of any collateral or security given by the Issuer, or any other persons, in respect of the Notes is required to be taken before action is taken against the Guarantor under this Guarantee, and the existence or enforceability of this Guarantee shall not affect or be affected by any other security held in respect of the Issuer's obligations under the Notes.
7. Any admission made by the Issuer in respect of the Notes shall be binding on the Guarantor.
8. A demand made under this Guarantee by any Noteholder after an Event of Default has occurred and while it is continuing shall be made in writing to the Guarantor at the address specified below.
9. Payment to the Paying Agent under this Guarantee shall:

- 9.1. be made by the Guarantor to the Paying Agent not later than 3 (three) Business Days after receipt of a demand in accordance with clause 8;
  - 9.2. discharge the Guarantor of its applicable obligations to the Noteholders under this Guarantee; and
  - 9.3. *pro tanto* discharge the Issuer of its corresponding obligations to the Noteholders under the Notes.
10. Notwithstanding any part payment by the Guarantor or on the Guarantor's behalf, the Guarantor shall have no right to any cession of action in respect of such part payment and shall not be entitled to take any action against the Issuer or against any other surety for the Issuer in respect thereof unless and until the indebtedness of the Issuer to the Noteholders shall have been discharged in full.
11. Each notice, demand or other communication under this Guarantee shall be in writing delivered personally or by recognised courier or facsimile and be deemed to have been given:
- 11.1. in the case of a facsimile, on this first Business Day following the date of transmission; and
  - 11.2. in the case of a letter, when delivered;
- and shall be sent to the Guarantor at:

**IMPERIAL HOLDINGS LIMITED**

Physical:	Imperial Place Jeppe Quondam 79 Boeing Road East Bedfordview, 2007 South Africa
Attention:	Mr Rohan Venter
Facsimile number:	(011) 372 6550

- or to such other address in South Africa or facsimile number as is notified from time to time by the Guarantor to the Noteholders in accordance with Condition 19 (*Notices*) of the Terms and Conditions.
12. The Guarantor chooses the above address as its *domicilium citandi et executandi* for all purposes under this Guarantee, whether in respect of court process, notices or other documents or communications of whatsoever nature.
  13. This Guarantee is, and all rights and obligations relating to this Guarantee are, governed by, and shall be construed in accordance with, the laws of South Africa.
  14. This Guarantee will terminate upon all of the obligations of the Issuer under the Notes being fully and finally discharged in accordance with the Terms and Conditions.
  15. The Guarantor agrees for the benefit of the Noteholders that the South Gauteng High Court, Johannesburg, South Africa shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes which may arise out of or in connection with this Guarantee and, for such purposes, irrevocably submits to the jurisdiction of such court.
  16. This Guarantee will be deposited with, and be held by, the Paying Agent until the later of:
    - 16.1. the date on which the Programme is terminated by the Issuer; and
    - 16.2. the date on which all of the obligations of the Issuer under or in respect of the Notes have been discharged in full.

The Guarantor acknowledges and agrees that each Noteholder shall be entitled to require the Paying Agent to produce the original of this Guarantee on request and further shall be entitled to require the Paying Agent, which shall be obliged, to provide a copy of this Guarantee to that Noteholder on request. In holding the Guarantee, the Paying Agent shall not act in any fiduciary or similar capacity for the Noteholders and shall not accept any liability, duty or responsibility to Noteholders in this regard.

17. This Guarantee constitutes the whole agreement relating to the subject matter hereof. No amendment or consensual cancellation of this Guarantee or any provision or term hereof shall be binding unless approved by Extraordinary Resolution of Noteholders and thereafter recorded in a written document signed by the Guarantor. Any waiver or relaxation or suspension given or made shall be strictly construed as relating strictly to the matter in respect whereof it was made or given.

SIGNED at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 2010

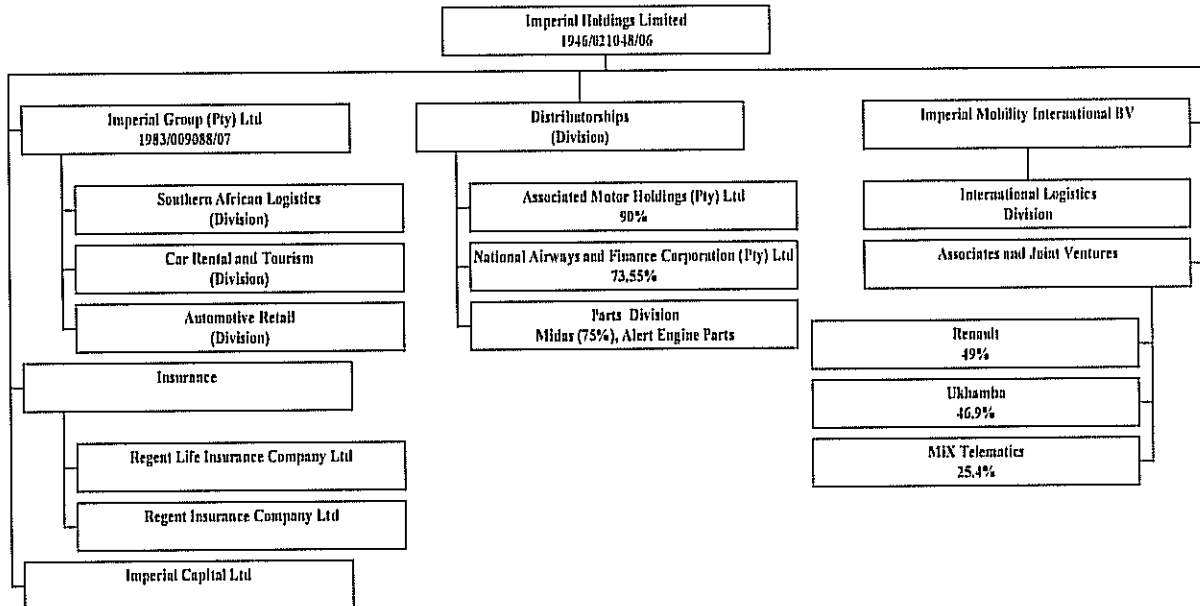
For and on behalf of  
**IMPERIAL HOLDINGS LIMITED**

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his authority hereto

## DESCRIPTION OF THE IMPERIAL GROUP

This section serves as a brief description of Imperial Group (Proprietary) Limited (Registration Number 1983/009088/07) (the “Issuer”) and Imperial Holdings Limited (Registration Number 1946/021048/06) (the “Guarantor”) Further information is available on Imperial Holdings Limited’s website at [www.imperial.co.za](http://www.imperial.co.za) and investors are advised to visit the website.

### 1. OVERVIEW



Imperial Holdings Limited, a limited liability company incorporated and registered in the Republic of South Africa on 15 March 1946 (“Imperial”) and its subsidiaries (collectively the “Group” or “Imperial”) are active in the transport and related services industries both in the Republic of South Africa (“South Africa”) and abroad. Imperial has interests in Europe, the United Kingdom (“UK”), Australia and Southern Africa.

Imperial’s activities include a wide range of services relating to transportation and mobility in its broader context, including transportation and logistics, vehicle leasing, aviation sales, car rental, tourism, motor vehicle importation and distribution, motor vehicle retailing and a related financial services arm including short-term insurance, life assurance services and financing.

Imperial enjoys sole or joint market leadership as measured by assets, turnover and profits in most of its businesses in South Africa, except for its financial services operations which are positioned in specific market niches.

Imperial’s business model emphasises decentralised management. The autonomy and independence this provides to its operating divisions promotes entrepreneurship and empowers its managers to configure their businesses to meet the needs of their own markets. The Group’s companies are loosely integrated, both vertically and horizontally, each component supporting the others to extract profit at each stage of the “value chain”. Within its chosen field of transport – or “mobility” – and related services, management’s strategy is to ensure a well diversified portfolio of businesses, providing some protection against movements in interest rates and currency fluctuations at Group level.

### 2. HISTORY

Imperial was established in 1948 as a single service station in Johannesburg, South Africa. It has since grown into a substantial group in terms of assets and revenues within South Africa.

Imperial obtained its first new car franchise in 1963 and its first truck franchise ten years later. Rental activities commenced in trucks in 1975 and in passenger cars in 1979. The commercial transport business was started in 1981.

In 1987, Imperial was listed on the JSE Limited (“JSE”), the South African securities exchange, with a market capitalisation of R38.5 million. In the same year, Imperial’s car rental division merged with Hertz SA and its associated leasing businesses.

In 1989, Regent Insurance Company Limited (“**Regent Insurance**”) was established to form the foundation for a comprehensive motor vehicle financial services business within South Africa. Regent Life Assurance Company Limited (“**Regent Life**”), a life assurance company in South Africa, was formed in 1994.

In 1995, Imperial acquired Saficon Industrial Equipment (Proprietary) Limited (“**SIE**”) as part of the Saficon Group. SIE is the exclusive distributor of Toyota forklifts for South Africa, Swaziland, Lesotho, Botswana and Namibia. Imperial also obtained the Renault car distributorship for South Africa. In December 2002, Imperial sold 51% of the Renault distributorship to Renault France.

In 1996, Imperial established Imperial Bank, a bank in South Africa, and, in 2001, Imperial sold 50.1% of Imperial Bank to Nedbank Limited, a major South African commercial bank.

In 1999, Imperial acquired Safair (Proprietary) Limited (“**Safair**”) and, in 2000, it acquired National Airways and Finance Corporation (Proprietary) Limited (“**NAC**”), to form the aviation division.

During 2000, Imperial established Imperial Logistics International, with its headquarters in Duisburg, Germany, when it acquired the worldwide logistics operations of the ThyssenKrupp Group in Germany. This business was later augmented by the acquisition of Haniel Reederei, a large barge operator on Europe’s inland waterways (now Imperial Reederei).

In 2002, Imperial acquired 64% of Tourism Investment Corporation Limited (“**Tourvest**”), significantly increasing the Group’s presence in the tourism industry. Subsequently, Imperial’s share of the issued share capital of Tourvest has increased to 66% primarily as a result of share buy-backs by Tourvest.

Safair Lease Finance (Proprietary) Limited (“**Safair Lease Finance**”), a joint venture between Imperial and Sanlam Limited, a major South African insurance company, was established in 2002. Safair Lease Finance was established to facilitate the continued growth of the aviation business whilst alleviating much of the associated pressure on the Imperial balance sheet.

In 2003, Imperial Leasing and Rental (Proprietary) Limited, a 100% subsidiary of Imperial, was established as an in-house asset-acquiring company. The car rental fleet, certain trucks and trailers of the Logistics division were acquired. The company changed its name in 2005 to Imperial Capital Limited.

In March 2004, Imperial concluded a transaction with Ukhamba Holdings Limited (“**Ukhamba Holdings**”), a black-owned company established by Imperial some years earlier, through which Ukhamba Holdings acquired a stake of 10.1% in Imperial.

In June 2005, Imperial concluded a transaction with Lereko Mobility (Proprietary) Limited (“**Lereko Mobility**”) by way of the issue of preferred ordinary shares. Lereko Mobility acquired 7.25% of Imperial’s ordinary shares in a transaction valued at R1.4 billion.

In 2005, Imperial entered the Australian car dealership market with the acquisition of nine Ford dealerships in the metropolitan areas of Sydney. The acquisition made Imperial the largest Ford dealer in Australia.

In November 2005, Imperial acquired a controlling interest in MCC Plant Hire (Proprietary) Limited and MCC Contracts (Proprietary) Limited, being the largest mining, earth moving and road building equipment rental companies in South Africa.

In February 2006, Imperial announced that it had acquired, subject to certain conditions, a group of companies in the UK from RAC plc for a total consideration of approximately £50 million on a debt free basis. The businesses include Lex Commercials, a dealer in DAF trucks and LDV vans, operating 22 dealerships and workshops, Lex Auto Logistics, based near Manchester, engaged in auto parts warehousing and distribution, Lex Fleetserve, a niche logistics service provider of supply chain services to selected user groups, and Lex Multipart Defence, a provider of outsourcing and warehousing services to the UK defence sector. The Group had a combined turnover of approximately £300 million.

In April 2008, Imperial unbundled its Leasing and Capital Equipment division (including MCC) which was separately listed as Eqstra Holdings Limited.

In June 2008, Imperial disposed of Multipart Holdings Limited in the UK. This business formed part of the Lex acquisition and was previously known as Lex Multipart and Lex Auto Logistics.

In September 2008, the Group disposed of its interest in Tourvest, a listed company operating in the tourism market to the Guma consortium.

In December 2008, the Group disposed of its Aviation assets excluding NAC. This comprised the sale of Aircontractors in Ireland to Petercam and the sale of Safair and Safair Lease Finance to Aergo, an Ireland based general aviation company.

In September 2009, Imperial disposed of its 49.9% stake in Imperial Bank Limited to Nedbank Limited and at the same time entered into a joint venture with Nedbank to share in vehicle finance products sold through Imperial's dealerships.

In January 2010, Imperial acquired 75% of Midas, a well known South African aftermarket parts distributor and retailer.

### 3. DIVISIONS

#### *Imperial Logistics*

Imperial Logistics is the leading logistics and supply chain management company in southern Africa with an extensive international footprint, servicing mainly European countries.

An employer of more than 21 000 people, the division delivers excellence in end-to-end logistics and supply chain management, enabling customers to grow in an efficient, proactive and cost effective manner.

Established in 1975, today Imperial Logistics is at the forefront of the logistics industry, with operations that span 14 African countries including Botswana, DRC, Malawi, Mozambique, Namibia and Zambia. The southern Africa division, headquartered in Johannesburg, South Africa currently houses over 70 operating companies. Through Imperial Logistics International, headquartered in Duisburg, Germany and Druten, Netherlands, customer logistics and supply chain reach is extended from Europe to the USA, India and the Far East.

Imperial Logistics has an established blue chip customer base in almost every industry – from FMCG, retail, petro-chemical, construction, mining and minerals, to automotive, chemical, technology, agriculture and forestry. Subscribing to a flexible business model, the division delivers transportation, warehousing and distribution solutions, as well as freight forwarding and clearing, business process outsourcing, pragmatic consulting, advanced information technology and specialised services.

Key differentiators lie in a combination of preeminent supply chain management skills and an extensive resource base of transportation, warehousing and storage, as well as best-of-breed technology systems.

#### *Southern Africa*

In the southern African region, Imperial is the market leader in road transport by fleet size. Imperial Logistics is renowned for its cost effective warehousing and distribution operations, efficient freight forwarding and clearing, multi-modal solutions and the development of end-to-end supply chain solutions.

The multi-branded business comprises four Southern Africa divisions, namely Imperial Logistics Integration Services ("ILIS"), Imperial Logistics Transport and Warehousing ("ILTW"), Imperial Logistics Specialised Freight ("ILSF") and Imperial Logistics Consumer Products ("ILCP").

Operating companies include, inter alia, Broco Transport Consultants, Cargo Africa Group, e-Logics, Etosha Transport, Fast 'n Fresh, Freightmax, Goldfields Logistics, Imperial Cargo, Imperial Dedicated Contracts, Imperial Distribution, Imperial Online, Imperial Truck Hire, Javelin Trucking, Kobus Minnaar Transport, Liebentrans, Megafreight, North East Carriers, Pragma, Tanker Services, TFD Network Africa, The Cold Chain, Volition and WP Transport.

As at the 2009 financial year end, the business operated a fleet size of more than 5 500 vehicles, handling and transporting over 110 million tonnes of freight annually across South Africa and Europe. In the southern African region, Imperial Logistics maintains warehouse capacity in excess of 750,000 m<sup>2</sup> and offers total storage capacity in excess of 2,240,000 m<sup>2</sup> and under cover warehouse capacity of approximately 1.5 million m<sup>2</sup> across Europe and southern Africa.

The vehicles used in its Southern African logistics activities are primarily sourced from the Group's dealerships and distributorships, which is in line with Imperial's "value chain" concept.

Divisional services include channel-based distribution, end-to-end multi-modal transport provision, cross border logistics into Africa, operations management and benchmarking, as well as spend analysis and strategic sourcing. The Group delivers tangible value add services including supply chain strategy,

operations improvement, people alignment and technology enablement.

### ***International***

Imperial Logistics International is engaged in contract logistics, warehousing, inland waterway and deep sea shipping and related value added services through neska@, Panopa Logistik, Imperial Reederei and Brouwer shipping.

With 1.5 million m<sup>2</sup> storage capacity, 2/3 of it covered, Imperial Logistics International plays a leading role in the regional markets in which it operates. The 3,500 employees handle about 80 million tons of cargo every year.

neska@ is a market leader for transshipment and warehousing along the river Rhine, a major service provider for the paper industry (1.7 million tons handling volume per annum) and the European market leader in ferro-alloy handling (1 million tons per annum). The storage capacity in Germany increased in the last years to 760,000 m<sup>2</sup>. The six container terminals between Duisburg and Cologne handle more than 1,100,000 containers per annum. In addition to this, neska@ has operated for a number of years a container shipping line supporting the terminals. neska@ further runs, through its subsidiaries Laabs and Foodtankers, a fleet of modern tanker trucks transporting vegetable oils, juices and even liquid chocolate all over Europe, but is also a reliable partner for the chemical industry.

Panopa Logistik, a contract logistics provider, provides in its 35 branches over Europe highly complex logistics services focused on automobile, steel and spare parts logistics with a blue-chip customer base. Panopa handles about 4.5 million tons of steel per annum and disposes over a modern truck fleet to support its logistics activities. The latest acquisition, Garex in Poland serves as platform for national and international road transports and fits very well in the automotive logistics division, but also has close relationships to the other divisions.

Imperial Reederei operates liquid and dry bulk cargo shipping in the European river and canal systems. Being the European market leader for inland waterway shipping with a transport volume of approximately 50 million tons per annum, Imperial Reederei enjoys an excellent reputation in the market being able to provide every transport on the inland waterways with the best equipment suitable. Imperial Reederei has invested strongly into the modernisation of the fleet in the last years and continues to do so. The fleet of 500-600 ships includes push boats, dry cargo boats and modern tankships and ranges from small ships for the canal systems to 6-barge push convoys and even short-sea-vessels. About 145 ships of the fleet are owned by the Group.

Brouwer shipping, a joint venture with Thyssen Krupp Minenergy and Alfred C. Toepfer International, is engaged in brokerage of deep-sea vessels all over the world and its experienced team can arrange part or full loading for all kind of goods, preliminary grain, feedstuff, ore, coal, scrap and steel, but also project and heavy-lift cargoes.

### ***Car Rental and Tourism***

The key business areas of the Car Rental and Tourism division includes car and van rentals, 4 X 4 and motor home rentals, inbound tourism, coach hire, chauffeur drive, panel shops, used car dealerships and an auction business.

#### ***Car Rental***

Europcar (previously Imperial Car Rental), Tempest and U Drive handle approximately 32% of all car rentals processed in South Africa. For the June 2010 financial year the average car rental fleet was 16 500 vehicles with a year-end closing fleet value of R1 792 million. The car rental fleet is purchased from local vehicle manufacturers as well as from Imperial's vehicle distributor, namely Associated Motor Holdings ("AMH").

The vehicles are maintained and repaired through workshops owned by the Car Rental & Tourism division as well as group- and external motor dealers. Four panel-beating shops are used to repair both car rental and third party motor vehicles. Vehicles are self-insured with appropriate catastrophic risk insurance placed into the reinsurance market through the Group owned Regent Insurance Company.

The car rental business caters for the corporate (60% of rentals), government, inbound tourism, domestic leisure and vehicle replacement markets. The growth in the corporate car rental business is largely dependent on economic growth, while tourism and disposable income influence the leisure segment. Inbound tourism (25% of rentals) is influenced by the exchange rate and global tourist trends which in turn depend on political stability. Imperial's car rental clients include in excess of 2000 large corporations and



in excess of 2700 small to medium enterprises, inbound tourists, the short-term insurance industry, and the general public. This client mix provides for diversity and the benefit of portfolio management. The Van Rental business is focused on the Government and Corporate market, which includes Panel Vans and Bakkies up to 3 tons.

The Maui and Britz brands specialize in the renting of 4 x 4 vehicles and Motor homes. This business is focused on visiting foreign tourists, mainly from Germany and Holland.

The size and mix of the fleet is optimized through the use of reliable used car sales outlets in the Group under the well established Auto Pedigree brand name. Used vehicles are also sold to group franchise dealers. As at the end of June 2010, Auto Pedigree had 70 outlets in South Africa. Buy-back arrangements with the manufacturers are also available in addition to this channel with the number of vehicles on buy-back depending on the make and model of the vehicle and expected market conditions. Auto Pedigree also facilitates private-to-private sales through the AA Autobay brand.

#### *Tourism & Coach business*

Imperial's tourism businesses include Springbok Atlas, an inbound tour operator with 162 luxury coaches and mini buses. Springbok Atlas specialises in organised tours and ground handling for tourists and the Springbok Atlas coaching business has become a major provider of transport and logistics at significant sports events and conferences. Grosvenor Tours is an inbound tour operator specialising in the North and South American markets. Imperial Chauffeur Drive provides a service to the corporate, government and leisure markets through a fleet of chauffeur-driven vehicles.

Imperial is well placed to benefit from the fast growing tourism industry and all the sporting events hosted in South Africa.

#### *Automotive Retail (Motor Division)*

This division consists of franchised dealerships and used car outlets that sell and service motor vehicles through 89 dealerships in South Africa and 24 truck dealerships in the UK. The dealerships hold franchises for Alfa, Audi, BMW, Chevrolet, Chrysler, DAF (UK), Daihatsu, Dodge, Fiat, Ford, Freightliner, FUSO, Honda, Hyundai, Isuzu, International, Jaguar, Jeep, Land Rover, Lexus, MAN, Mazda, Mercedes-Benz, Mini, Mitsubishi, Nissan, Nissan Diesel, Opel, Renault, Toyota, Suzuki, Volkswagen and Volvo.

The Motor Division represents a significant portion of total new and used vehicle sales on South Africa. It is the intention of the motor division to increase profits derived from non-new vehicle sources, namely used vehicles, parts, servicing and financial products. In addition to this, the motor division also owns Beekman Canopies and Jurgens CI which manufacturing and distribution businesses. Progress has also been made in increasing commission income from the sale of financial products to motor vehicle customers.

This division holds market shares of approximately 15% of South African national dealer sales for Mercedes-Benz and Volkswagen products. For other significant motor vehicle brands, it holds market shares not exceeding 10% of national dealer sales.

#### *Distributorships*

##### *AMH*

The AMH group's vehicle distribution activities include a number of leading brands such as Daihatsu, Hyundai and Kia, in South Africa, each operating through a separate legal entity that is independently managed with its own dealer base and a multi franchise dealer network for retailing Imperial's products. The Group also has Ford dealerships in New South Wales, Australia. In December 2002, Imperial entered into a partnership with Renault for its Distribution of Renault products in which the Group owns 49% (previously held 100% by AMH) and is now accounted for as an associate.

AMH is the largest independent importer of motor vehicles in South Africa as measured by number of imported vehicles sold with no local manufacturing base. At the end of December 2009, the Distributorship division had 129 own retail points. In support of Imperial's "value chain" concept this division is a supplier of vehicles to the car rental division which accounts for 10% of its unit sales as well as a user of other Imperial services including value added products such as insurances and logistics.

The dealerships network has an alliance with Nedbank's Motor Finance Corporation providing motor vehicle finance.

This division has its own financial service arm (Liquid Capital) which manages its service and maintenance plans, warranties (in partnership with S.A. Warranties), the Divisions C.S.I and Roadside Assistance and operates a telesales call centre.

AMH motorcycle distributors account for about 14% of the motorcycle sales in South Africa. This division represents a number of leading motor cycle brands, bike clothing and accessories.

Imperial is also a distributor of leading industrial products such as Crown, Doosan forklift trucks and Tennant cleaning equipment.

The Group has a partnership with Tata Motors and Ukhamba Holdings, Imperial's Black Economic Empowerment Partner for distribution of India's TATA passenger and light commercial vehicles.

#### *Parts division*

The Parts Division is active in the vehicle aftermarket focusing on the wholesale and distribution of vehicle parts and accessories (mainly OE) for vehicles exiting from manufacturer warranty and service programs. The Group offers a wide range of product groups represented by in excess of 100 000 line items. Main focus areas are general spares, accessories, engine parts and outdoor orientated products groups with superior margins like fishing, camping and cycling.

The largest contribution to the Division's activities comes from the Midas Group contributing 78% of turnover volume. Midas has three main operating divisions, PIA, NAPA and Franchising.

The business employs 1216 staff and operates in a highly competitive, low margin market segment compared to the other business units.

Alert Engine Parts contributes 17% to volume in the Division, specializing in the internal combustion engine component aftermarket. It has a national branch network (12) in the major metropolitan areas and has an insourced warehousing and distribution network.

Engine Parts and Turbochargers is a relatively small business unit operating out of Bloemfontein with a specialized turbo outlet in Gauteng. It offers a wider range of engine components compared to Alert as well as a selective range of general spares to cater for its regional requirements.

#### *National Airways Corporation*

NAC is headquartered at Lanseria Airport in Johannesburg and operates a network of branches in Cape Town, Durban, Pretoria, Rand Airport in Johannesburg, Gaborone in Botswana and Wichita in the USA. NAC has a joint venture leasing business in Perth, Australia and operating bases across the African Continent. NAC manages and operates a fleet of business jets, commuter aircraft, light aircraft and helicopters. At June 2010, NAC operated 143 aircraft of which 53% were managed and 47% owned. NAC is a master dealer for Hawker Beechcraft Corporation, the manufacturers of Beechcraft and Hawker products in Africa, an independent representative for Bell Helicopter in Southern Africa and a number of African countries, a dealer for Robinson Helicopter in South Africa and a Tecnam and Diamond light aircraft agent in South Africa. In addition, NAC is an authorized sales representative for the PAC 750 and Socata TBM 850. It operates an integrated aviation services business including sales of new and used aircraft, aircraft maintenance, refurbishment, avionics, parts sales, chartering, contract flying and pilot training through 43 Air School, the largest flight training school in the Southern Hemisphere.

#### **Insurance**

The Regent group operates both short term and long term insurance businesses under separate licences in South Africa, Botswana and Lesotho.

As a wholly owned subsidiary of the Group, Regent products are predominantly associated with the automotive and mobility markets. As such, Regent Short Term Insurance offers a wide range of motor insurance products, is a leading commercial vehicle insurer and has a strong position in aviation insurance. Regent has also increased its product offering to include personal lines, travel and commercial insurances. The Regent Life company offers individual life, credit life and group life products.

These products are offered through group and independent dealerships, established specialised brokers, short term and life intermediaries and direct marketing channels.

The Regent group employs 974 staff of which 630 are based in South Africa.

#### **Associates and Joint Ventures**

Imperial works in conjunction with a variety of partners who enhance the Group's performance or assist in

the development of new business initiatives. Significant associates include:

#### *Ukhamba Holdings*

Ukhamba Holdings (Proprietary) Limited ("Ukhamba Holdings") is Imperial's empowerment partner. Ukhamba Holdings is an investment holding company, with investments in a range of businesses. It was started in 1999 with R15 million seed capital provided by Imperial and is valued in excess of R1.5 billion in today. Imperial holds 46.9% of Ukhamba Holdings, with the controlling stake owned by 15 000 historically disadvantaged employees and ex employees of the Group.

#### *Renault South Africa*

Imperial owns a 49% share in Renault South Africa (Proprietary) Limited the distributor of Renault passenger vehicles in South Africa.

#### *Tata South Africa*

The Group started distributing Tata passenger and light commercial vehicles in October 2004. This venture is in partnership with Tata Automobile Corporation (SA) (Proprietary) Limited and Ukhamba Holdings and has proved highly successful, experiencing strong growth in sales and the brand's market penetration is ahead of expectations.

#### *NGK South Africa*

The Group is a 24% shareholder in NGK Spark Plugs (South Africa) (Proprietary) Limited, the South African distributor of NGK spark plugs.

#### *MiX Telematics Limited*

In March 2010, Imperial acquired a strategic stake of 25,4% in MiX Telematics Limited ("MiX"), a company listed in the Business Support Services sector of the JSE. MiX has interests in vehicle tracking and fleet management in South Africa and abroad. Its South African brand is Matrix Vehicle Tracking, which is South Africa's third largest vehicle tracking supplier. MiX has a global subscriber base in excess of 200 000 connections.

#### 4. **CORPORATE INFORMATION**

As at the Programme Date:

##### **Directors**

##### **Non-executive**

TS Gcabashe\*, (Chairman) *BA (Botswana), MURP (Ball State Univ, USA), PED, IMD Lausanne*

T Dinga, *BProc, LLB, LLM, HDip (Tax)*

S Engelbrecht\*, *BSc, MBL, MDP Insead*

P Langeni\*, *BCom (Accounting)*

MJ Leeming\*, *BCom, MCom, FCMA, FIBSA, AMP*

JR McAlpine\*, *BSc, CA*

MV Moosa, *BSc*

RJA Sparks\*, *BCom (Hons), CA (SA), MBA*

A Tugendhaft (Deputy chairman), *BA, LLB*

Y Waja\*, *BCom, CA (SA)*

\* *Independent*

##### **Executive**

HR Brody (Chief Executive), *BAcc (Hons), CA (SA)*

OS Arbee, *BAcc, CA (SA), H Dip Tax*

MP de Canha

RL Hiemstra, *BCompt (Hons), CA (SA)*

AH Mahomed (Deputy Chief Executive), *BCompt (Hons), CA (SA), H Dip Tax*

GW Riemann (German)

M Swanepoel, *BCom Acc (Hons)*

##### **Executive Committee**

HR Brody (Chairman),

OS Arbee,

MP de Canha,

BJ Francis,  
DD Gnodde,  
RL Hiemstra,  
AH Mahomed,  
M Mosola,  
M Swanepoel

**Audit Committee**

MJ Leeming (Chairman),  
P Langeni,  
RJA Sparks,  
Y Waja

**Remuneration and Nomination Committee**

TS Gcabashe (Chairman),  
P Langeni,  
JR McAlpine,  
RJA Sparks,  
A Tugendhaft

**Risk Committee**

Y Waja (Chairman),  
H Adler,  
OS Arbee,  
W Behrens,  
HR Brody,  
BJ Francis,  
DD Gnodde,  
RL Hiemstra,  
MJ Leeming,  
G Rudman

**Sustainability Committee**

MV Moosa (Chairman),  
OS Arbee,  
MP de Canha,  
BJ Francis,  
TS Gcabashe,  
P Langeni,  
P Michaux,  
M Mosola,  
M Swanepoel,  
A Tugendhaft;  
RA Venter

**Assets and Liabilities Committee**

HR Brody (Chairman),  
RL Hiemstra,  
MJ Leeming,  
AH Mahomed,  
R Mumford,  
WF Reitsma,  
M Swanepoel

**Group Internal Audit Executive**

G Nzalo, *BCom, CA (SA), CIA*

**Group Treasurer**

WF Reitsma, *BTech Banking, MCom, FIBSA, FIFM*

**Group Legal Advisor and Company Secretary**

RA Venter, *BCom, LLB, LLM*

**Group Risk Executive**

BJ Francis, *BCompt (Hons), CIA*

**Issuer**

The Issuer, Imperial Group (Proprietary) Limited is a wholly owned subsidiary of Imperial Holdings Limited, the Guarantor.

**Directors**

HR Brody (Chief Executive), *BAcc (Hons), CA (SA)*

OS Arbee, *BAcc, CA (SA), H Dip Tax*

MP de Canha

RL Hiemstra, *BCompt (Hons), CA (SA)*

AH Mahomed (Deputy Chief Executive), *BCompt (Hons), CA (SA), H Dip Tax*

M Swanepoel, *BCom Acc (Hons)*

**5. CORPORATE GOVERNANCE****Principles of corporate governance and structures**

The board of directors of Imperial Holdings Limited (the “Board”) is committed to the principles of openness, integrity and accountability, and to providing timely, relevant and meaningful reporting to all stakeholders. The Board ensures that the Group’s business is conducted to high standards of corporate governance and in line with local and internationally accepted corporate practice. These standards are entrenched in the Group’s established systems of internal control and by its procedures and policies governing corporate conduct, with particular emphasis on the importance of qualitative aspects of corporate governance. The Group’s operating divisions are autonomous and it is not the philosophy of the Group to regulate every aspect of Group behaviour through comprehensive policy documents, but it rather to allow each division to formulate its own policies, appropriate to the industry and business environment in which it operates, subject to the guidance of the Group executive committee and ultimately the Board.

The Group is committed to an open governance process such that all stakeholders are assured that its directors and managers at all levels are managing the Group responsibly. The Board subscribes to the principles of the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance III (“King III”) and aims to apply the principles set out in King III in all its businesses unless otherwise indicated. In accordance with the guidance issued by the JSE, the Group will have to apply King III from its 2011 financial year but Imperial has elected to apply the principles of King III where feasible from the current financial year.

The Board is assessing its governance practices and procedures against King III and will make adjustments where necessary. According to Imperial’s initial assessments, the company already applies all the substantive recommendations in King III.

The principles contained in King II and King III are reflected in the Group’s corporate governance structures, which are reviewed from time to time to accommodate organisational changes and international developments in the field of corporate governance. It is the policy of the Board and management to actively review and enhance the Group’s systems of control and governance on a continuous basis to ensure the Group’s business is managed ethically and within prudently determined risk parameters that conform to internationally accepted standards of best practice.

In assessing the practices implemented by the Group, the Board has balanced the following factors:

- Entrepreneurial freedom to take business risks and initiatives leading to satisfactory levels of performance and return on shareholders’ investment in the company.
- Conforming to corporate governance standards, which can impose constraints on divisional management.

## 6. THE BOARD OF DIRECTORS

### *Composition and appointment*

The company has a unitary board structure with the chairman and the majority of directors being non-executive.

Directors are appointed on the basis of skill, experience and their level of contribution to, and impact on, the activities of the Group. The Board decides on the appointment of directors based on recommendations from the remuneration and nomination committee. New directors are provided with formal induction material to facilitate their understanding of the Group.

As at the Programme Date, the Board comprises of ten non-executive directors and seven executive directors. Seven of the non-executive directors, including the chairman, are independent. The non-executive directors not classified as independent, as at the Programme Date, are T Dingaana – nominated by Ukhamba Holdings, a large BEE shareholder, O Tugendhaft – a practising attorney who provides legal services to the Group and V Moosa - nominated by Lereko Mobility, a large BEE shareholder.

At least one third of the non-executive directors retire by rotation each year and stand for re-election at the annual general meeting in accordance with the articles of association. In 2010, M J Leeming, V Moosa, R Sparks and Y Waja are standing for re-election. In addition, the reappointment of directors appointed during the year is submitted to the annual general meeting for confirmation.. T Dingaana and M Swanepoel, who were appointed to the Board with effect from 1 November 2009, are being submitted for confirmation.

### *Responsibilities*

The Board determines the direction of the Group through the establishment of strategic objectives and key policies. Board meetings are held at least quarterly with additional meetings called when necessary. The quorum for meetings is a majority of directors. In addition to directors, other senior executives are invited to attend meetings as and when required to ensure comprehensive reporting to the Board.

The responsibilities of the Board are clearly defined in a written Board charter. The Board has also adopted, and regularly reviews, a written authority policy governing the authority delegated to the management of the Group and matters retained for decision by the Board.

The responsibilities of the Board include issues of strategic direction, business plans and annual budgets, major acquisitions and disposals, changes to the Board on recommendation from the remuneration and nomination committee and other matters having a material effect on the Group or required by statute.

Board members are required to regularly declare any interest they might have in transactions with the Group.

All directors are given access to the information needed to carry out their duties and responsibilities fully and effectively. Furthermore, all directors are entitled to seek independent professional advice about the affairs of the Group, at the company's expense.

As at the Programme Date, the members of the Board are T Gcabashe (chairman), O Arbee, S Engelbrecht, H Brody, M de Canha, T Dingaana, T Hiemstra, P Langeni, M Leeming, R McAlpine, H Mahomed, V Moosa, R Sparks, G Riemann, M Swanepoel, O Tugendhaft and Y Waja.

### *Subsidiary and divisional boards*

In accordance with the decentralised nature of the Group's operations, many subsidiary and divisional boards manage day-to-day affairs within their areas of responsibility, subject to board-approved authority limits. The Board ratifies appointments to the boards of major subsidiaries.

## 7. BOARD COMMITTEES AND GOVERNANCE STRUCTURE

The Board has established a number of sub-committees, which operate within defined terms of reference laid down by the Board in writing. Members of these committees are suitably qualified and experienced to meaningfully contribute to the workings of the committees on which they serve. All committees report to the Board and operate in accordance with written terms of reference approved by the Board.

### *Executive Committee*

This committee is responsible for:

- devising Group strategy for recommendations to the Board and implementing the strategies and policies approved by the Board; and

- managing the day-to-day business and affairs of the Group.

The members of this committee comprise executive directors as well as other members and are appointed by the Board. The committee consists of not less than four members and meets at least once a month.

As at the Programme Date, the members of the executive committee are H Brody (chairman), O Arbee, M de Canha, B Francis, D Gnodde, T Hiemstra, H Mahomed, M Mosola and M Swanepoel.

#### *Audit Committee*

The Group audit committee consists only of independent non-executive directors, one of whom is appointed as chairman. The membership of the committee will be tabled at the next annual general meeting for confirmation by shareholders. The quorum is the majority of members. Certain members of executive management, the Group internal audit executive and the external auditors are invited to attend meetings. In addition, members of executive management, including those involved in risk management and control, and finance attend meetings when appropriate. The committee meets at least four times per year.

The role and functions of the committee are determined by its charter and include:

- approval of the external and internal audit scope and plans;
- annual consideration of the performance of the Group financial director or equivalent appointee;
- review of the adequacy and effectiveness of the company's internal controls including computerized information system controls and security;
- review of the quality of financial information produced to ensure integrity and reliability;
- review of significant findings and recommendations of the internal and external auditors together with management's responses;
- review of the effectiveness of risk management processes;
- review of significant cases of employee conflicts of interest, misconduct or fraud;
- review of compliance with legal, statutory and regulatory matters and any current or pending litigation or regulatory proceedings in which the company is involved in any way;
- oversight of the internal audit function;
- oversight of the external audit function;
- nomination of auditors and lead audit partner;
- determination of fees to be paid to auditor and terms of engagement;
- determination of nature and extent of any non-audit services which the auditor may provide to the company and approval of any non-audit fees paid or payable to the auditors;
- consideration and confirmation of the independence of the auditors as contemplated in the act;
- consideration and confirmation of the independence of the auditors;
- examination and review of interim results and annual financial statements as well as results publications before submission to the Board; and
- review of trading statements and any other publications or press releases with a financial impact that are required to be published by the Group in terms of legislation or regulations governing its operations.

The committee receives and deals appropriately with any complaints (internal or external) relating either to accounting practices and internal audit of the company or to the content or auditing of its financial statements, or to any related matter.

The functions of the committee are also performed for each subsidiary company of Imperial Holdings Limited that has not appointed an audit committee as contemplated in section 270 of the Companies Act, provided that the committee delegates the performance of such functions to sub-committees referred to as financial review committees.

Divisional financial review committees have been constituted and these committees report significant issues to the Group audit committee. Each divisional financial review committee is chaired by an independent chairman with no operational role in that division.

The external and internal auditors have unrestricted access to all audit committees and financial review committees and attend meetings to report on their findings and to discuss accounting, auditing, internal control and financial reporting matters.

The chairman of the committee also attends the Group's annual general meeting.

During the year:

- The performance of the Group financial director was reviewed and his appointment confirmed for the next year.
- The independence of the auditors was tested and confirmed.
- Audit fees were reviewed and agreed.
- A policy on non-audit services was approved.
- The appointment of the external auditors, Deloitte and Touche, and of the lead audit partner were reviewed and recommended for approval by shareholders at the annual general meeting.

As at the Programme Date the members of the audit committee are M Leeming (chairman), P Langeni, R Sparks and Y Waja.

#### ***Remuneration and Nomination Committee***

This committee consists of the chairman of the Board and other non-executive directors. It meets at least three times a year and the quorum for meetings is the majority of members.

The committee is responsible for considering and making recommendations to the Board on:

- significant changes in personnel policy;
- approval of remuneration and benefits of executive directors;
- significant changes to the Group pension and provident funds and medical aid schemes;
- share incentive schemes and allocations under the schemes;
- executive succession;
- increases to non-executive director's fees; and
- candidates for appointment to the Board.

As at the Programme Date, the members of the remuneration and nomination committee are T Gcabashe (chairman), P Langeni, R McAlpine, R Sparks and O Tugendhaft.

#### ***Risk Committee***

The Board is responsible for the total process of risk management in the Group. The risk committee sets the group risk framework and strategy and ensures that a robust risk management process is in place. The committee is assisted by the Group risk executive and divisional risk management sponsors who have been tasked with coordinating the risk management process.

Pursuant to its policy of aligning Group corporate governance with international best practice and thereby safeguarding the interests of stakeholders, Imperial has implemented an enterprise risk model to identify and assess relevant risks facing the Group at strategic, business and process levels.

Risk is not only viewed from a negative perspective. The assessment process also identifies areas of opportunity, for example where effective risk management can be turned into a competitive advantage, or where taking certain risks could result in reward for the Group. Any risk taken is considered within the Group's risk appetite.

The decentralised structure of the Group consists of many business units and therefore overall Group risk is spread and minimised to within Group tolerance levels. The management of risk substantially takes place in the divisions, and responsibility and accountability largely remains in divisional management structures. The risk committee formalises, standardises and monitors this process by guiding management and assessing their effectiveness in implementing the approved risk management framework.

The Board determines the level of acceptable risk and requires the operations to manage and report accordingly. Material issues and circumstances that could affect the Group's reputation and financial affairs constitute unacceptable risk.



The established system of internal control for managing risk, which requires transparency and clear accountability, has the commitment of senior management.

The system of internal control has been implemented in all key operations and is tailored to suit the specific circumstances of each business unit. It provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within prescribed risk tolerance levels. The associated risk areas and control processes are monitored and reported on across the Group continuously. Internal audit aligns its procedures with the risks identified. Formal feedback is provided at every risk committee meeting.

King III describes risk management as the identification and evaluation of actual and potential areas of risk as they pertain to a company, followed by a procedure of termination, transfer, acceptance (tolerance) or mitigation of each risk. The Group's risk management process therefore uses internal controls as a measure to mitigate and control risk.

In reviewing risk management reports and internal control, the Board has:

- Considered what the company's risks are and how they have been identified, evaluated and controlled.
- Assessed the effectiveness of the related process of risk management and, particularly, reports of significant failings or weaknesses in the process.
- Considered if the necessary action is being taken timeously to rectify any significant failings or weaknesses.
- Considered whether results obtained from the review process indicate that more extensive monitoring is required.

Key inherent Group risks

Imperial has identified key risk categories that affect the Group as a whole in addition to the business- and industry-specific risks identified by operating divisions.

The Board:

- Recognises that it is accountable for the process of risk management and the system of internal control, which is regularly reviewed for effectiveness, and for establishing appropriate risk and control policies and communicating these throughout the Group.
- Is satisfied there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process has been in place for the review period and up to the date of approving the annual report and financial statements.
- Is satisfied there is an effective system of internal control in place to mitigate the significant risks faced by the Group to an acceptable level.

As at the Programme Date, the members of the risk committee are Y Waja (chairman), H Adler, O Arbee, H Brody, B Francis, W Behrens, T Hiemstra, M Leeming, G Rudman, D Gnodde and D van Heerden.

#### ***Sustainability Committee***

The committee's role has been substantially widened during the year from its previous transformation focus to encompass all aspects of sustainability.

Transformation however remains a key area.

The role of the committee is to assist the company to discharge its business sustainability responsibility with respect to the implementation of practices that are consistent with good corporate citizenship and with particular focus on the following:

- The overall sustainability of Imperial.
- The King III Code of Corporate Governance.
- Broad-based Black Economic Empowerment ("BBBEE") requirements as described in the Department of Trade and Industry's Combined Generic Scorecard (excluding ownership targets) and associated Codes of Good Practice.
- Imperial's transformation commitments as described in the Group transformation strategy document and division specific BBBEE plans.

- Environmental commitments as described in Imperial's Environmental policy framework.
- Corporate Social Investment ("CSI") commitments as described in Imperial's CSI policy.
- Triple bottom line reporting requirements as described in the JSE Limited's Socially Responsible Investment ("SRI") Index .

As at the Programme Date, the members of the sustainability committee are V Moosa (chairman), P Langeni, O Tugendhaft, T Gcabashe, M Swanepoel, M de Canha, O Arbee and B Francis.

#### *Asset and Liability Committee*

The asset and liability committee (Alco) is responsible for implementing best practice asset and liability risk management policies. Its primary objective is to manage the liquidity, interest rate and exchange risk of the Group within an acceptable risk profile.

Liquidity risk is the risk that funding is not available to fund the assets, operations and financial commitments of the Group timeously and cost-effectively. This risk is measured by analysing the maturity mismatch gap between assets and liabilities and is managed by accessing various sources of funding (bonds, commercial paper and bank facilities) across the yield curve and having appropriate terms of repayment from a diverse pool of investors and lenders. In addition, significant standby facilities are arranged to further reduce liquidity risk.

Interest rate risk is the risk that the interest or interest rate-related income earned on assets and paid on liabilities is not properly matched in terms of their repricing profile and therefore, should there be fluctuations in interest rates, the company could suffer losses as the margin between asset returns and borrowing rates is eroded. Interest rate risk is measured by analysing the repricing profile of assets and liabilities into the future through repricing gap analysis and managed by ensuring that the interest rate repricing profile of borrowings is matched to assets, or through interest rate derivatives, to attain an appropriate mix of fixed and floating rate exposures.

Exchange rate risk exists if foreign currency obligations and receivables are not adequately secured to ensure that the local currency equivalent of such monies, once exchanged, is not adversely affected by exchange rate fluctuations. This risk is managed by various means including appropriate forward cover over foreign currency obligations and receivables.

The committee meets at least quarterly and bases its strategies on developments in both the domestic and world economy. In addition to risk management, Alco also approves funding mechanisms and exposure limits for recommendation to the Board where required.

As at the Programme Date, the members of the asset and liability committee are H Brody (chairman), T Hiemstra, M Leeming, H Mahomed, R Mumford, W Reitsma and M Swanepoel.

## 8. COMPANY SECRETARY

The Board considers the company secretary qualified to perform his duties in accordance with applicable legislation. All directors have access to the advice and services of the company secretary who ensures compliance with applicable procedures and legislation. The removal of the company secretary is a matter for the Board as a whole.

## 9. ACCOUNTABILITY AND AUDIT

### *Going concern*

The Group audit committee considers the facts and assumptions used in the assessment of the going-concern status of the Group at financial year end. This provides assurance to the directors in confirming their assessment that the annual financial statements are properly prepared on the going-concern basis.

### *Internal financial controls*

The directors acknowledge that they are responsible for instituting internal control systems that provide reasonable assurance on safeguarding of assets and prevention of their unauthorised use or disposal, as well as maintenance of proper accounting records that give reasonable assurance on the reliability of financial information produced.

### *Internal audit*

The internal audit department's responsibilities are defined in a written charter approved by the Board.

Internal audit is an independent, objective assurance and consulting activity established to add value and

improve the Group's operations. It helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the adequacy and effectiveness of risk management, control and governance processes.

The internal audit activities of the Group are coordinated by the Group internal audit executive based at the corporate office, who reports to the chief executive and has unrestricted access to the Group audit committee and its chairman. The Group internal audit executive reports formally at all audit committee meetings held during the year. The audit plan for the wider Group is approved by the Group audit committee. The Group internal audit executive also attends and co-ordinates the activities of all divisional financial review committees and attends all divisional and Group risk committee meetings to ensure that Internal Audit work focuses on the risks identified through the relevant processes.

The internal audit function did not identify any significant breakdowns in internal control that were known to have had a material impact on performance during the past year.

### ***Financial reporting***

Imperial Holdings Limited has a comprehensive system for reporting financial results to the Board quarterly and to the executive committee monthly. Each division prepares detailed monthly management accounts, budgets and a five-year plan approved by the Board. Performance against budget is monitored and variances analysed. Profit and cash flow forecasts to the end of the year are reviewed and include an analysis of material changes. A comprehensive system exists that enables management to monitor trends and measure productive use of capital. Accounting policies are disseminated throughout the Group to ensure compliance.

### ***Insider trading***

No Group director or employee with inside information about the Group may deal, directly or indirectly, in Imperial Holdings Limited' or its listed subsidiary's securities, which include allocations of and dealings in the Group's share incentive schemes (the securities). The Board has determined certain closed periods during which directors and other senior management officials of the Group may not deal, directly or indirectly, in the securities. In addition, the group has adopted a policy requiring directors, executive committee members, the company secretary and directors of major subsidiaries to obtain permission from designated individuals before trading in the group's securities.

## **10. PRINCIPLES OF CONDUCT**

### ***Sustainability, business integrity and ethics***

The Board has adopted a written code of ethics. The Group supports free enterprise as the system best able to contribute to the economic welfare of society, and to promote individual liberty. Without satisfactory profits and a strong financial foundation, it would not be possible to fulfil Imperial's responsibilities to shareholders, employees, society, and those with whom Imperial does business. However, the Group's corporate actions are not governed solely by economic criteria, but also take into account social, environmental, and political considerations.

The Group is committed to the principles of sustainable development, striking an optimal balance between economic, environmental and social development. Imperial strives to innovate and adopt best practice, wherever it operates, working in consultation with stakeholders.

Management and employees operate within a framework that requires compliance with all applicable laws and maintenance of the highest integrity in the conduct of the Group's business.

### ***Employment and labour rights***

The Group subscribes to the principle of fair labour practices at its workplaces, and its conditions of service comply with applicable laws and industry standards.

### ***Safety, health and environmental stewardship***

The Group reports regularly at executive and Board level on Imperial's safety, health and environmental ("SHE") performance.

Imperial's objective is to prevent fatalities, work-related injuries and health impairment of the Group's employees.

Imperial recognises the need for environmental stewardship to minimise consumption of natural resources and waste generation, and to minimise the impact of Imperial's operations on the environment.

Senior executives and line management are accountable for the Group's SHE issues and for allocating adequate financial and human resources within their operations to address these matters. The Group works to keep SHE at the forefront of workplace concerns.

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## INVESTOR CONSIDERATIONS

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

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

*Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum to reach their own views prior to making any investment decision.*

*References below to the "Terms and Conditions", in relation to Notes, shall mean the "Terms and Conditions of the Notes" set out above and references to a numbered "Condition" shall be to the Terms and Condition under the relevant Terms and Conditions set out above. Capitalised terms used herein and not otherwise defined shall bear the meanings ascribed to them in the Terms and Conditions, except to the extent that they are separately defined in this section or it is clearly inappropriate from the context.*

**Factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme.**

### **RISKS RELATING TO THE ISSUER AND THE GUARANTOR**

#### ***Credit Rating***

Imperial accesses debt capital markets on a regular basis and, for this reason, has obtained formal credit ratings.

#### ***Key financial metrics***

In order to have obtained and to maintain its credit ratings, demanding key financial metrics have to be met. Imperial's growth strategy and business model of owning revenue generating assets requires ongoing investment which may put pressure on its ability to meet certain of the key financial metrics, in which event Imperial's ratings could come under downward pressure. Investors are advised to familiarise themselves with Moody's' published ratings analysis.

#### ***Structural subordination***

In order to allow the group to appropriately gear its revenue producing fleets, Imperial has created a separate, wholly owned entity, Imperial Capital, to house such fleets. Imperial Capital obtains funding on the debt capital markets by way of a domestic medium term note programme that is separately rated. Growth in Imperial Capital's assets could result in structural subordination and for this reason, any decision to grow Imperial Capital's assets is carefully considered.

In addition, Imperial has various subsidiaries that were acquired with existing debt which also creates structural subordination. This is also maintained within Moody's guidelines.

Investors should understand that a rating is not a recommendation to buy, sell or hold securities, and that it may be subject to revision or withdrawal at any time by the assigning rating organisation.

#### ***Logistics***

##### ***South Africa***

The Group's South African logistics business faces the following primary risks:

- ***Industrial relations:*** Being a large employer of unionised workers, industrial relations are an inherent risk within this business.
- ***HIV/AIDS:*** The infection of long-haul truck drivers affects the availability of skilled labour for Logistics operations.

- *Legislation and increasing taxation:* The impact of operationalising increasing legislation such as the implementation of acts such as the Administrative Adjudication of Road Traffic Offences Act, 1998 and the roll-out of new toll roads within urbanised areas could result in erosion of margins.
- *Economic Climate:* Tougher trading conditions due to commodities and consumer related products sectors adversely affected by economic conditions.
- *Operational risks:* Operational risks include product spills, accidents, theft and hijacking.
- *Environmental legislation:* The introduction of future taxes on carbon emissions could affect the cost structure of the division to the extent that such taxes cannot be passed on to customers.

#### *Europe*

The primary risks facing the Group's European logistics business are:

- *The global commodity cycle:* The current strong demand for commodities, such as steel and other metals from China and India, have historically supported growth in the European businesses. A slowdown in demand as experienced in the past two years led to a negative impact on the business. However recovery in the German economy is underway. The risk lies with low or negative growth within the European economies.
- *Environmental legislation:* Tendencies to improve environmental protection could lead to additional capital expenditure.
- *Enlargement of the European Union:* The addition of further countries from Eastern Europe will lead to increased competitive pressure as logistics companies from these countries with lower cost structures enter the European land transport market.
- *High oil prices:* Although increased fuel prices can mostly be passed on to customers, the current high price of oil is of concern to the entire division, as it may affect overall demand and increase pressure on margins.

#### *Car Rental and Tourism*

The car rental and tourism businesses face the following risks:

- *Exchange rate:* Exchange rate volatility impacts on the attractiveness of South Africa as a tourist destination.
- *Inventory and fleet management:* High holding costs need to be weighed against the opportunity cost of lost business. This is impacted by the ability to fleet or defleet Imperial's inventory and the seasonality of the Group's businesses.

#### *Distributorships, other than motor*

The distributorship businesses face the following risks:

- *Product range and inventory management:* Market and industry volatility creates a shift in demand of product compounded by the proliferation of vehicle models.
- *Legislation:* The introduction of the Consumer Protection Act, 2008 affected the availability of vehicle finance in the market.
- *Termination of distributorship agreements:* Agreements with suppliers have finite terms and have to be renewed. While the ownership of dealership properties serves as a strong motivation by principals to extend their distributions agreements with Imperial, other factors may play a role in preventing renewals.
- *Rand strength:* A strong Rand is negative for Net Asset Value, Imperial's remaining aviation business' as it earns a significant portion of its revenue in US dollars and euros, and asset values are largely US dollar denominated. From a Group perspective, this risk factor is contra-cyclical to other businesses in the Group which benefit from a strong Rand.
- *Residual values of aircraft:* Aircraft values are regularly reviewed and depreciation charges are adjusted according to the most recent assessments of values.

#### *Motor Vehicle Dealerships and Distributorships*

The Motor Vehicle Dealership and Motor Distributorships business faces the following key risks:

- *Significant capital investment in property:* The business makes significant investments in real estate when siting new dealership premises. This results in exposure to movements in real estate prices.

- *Exchange rate fluctuations:* Directly impacts the nominal rand cost of vehicles imported and is a risk to margins.
- *Termination of distributorship agreements:* Agreements with suppliers have finite terms and have to be renewed. While the ownership of dealership properties serves as a strong motivation by principals to extend their distributions agreements with Imperial, other factors may play a role in preventing renewals.
- *Loss of aftersale market:* Retention of after sales market once maintenance and service plans have elapsed.
- *Impact of credit availability, interest rates and insurance on affordability:* With the introduction of stricter consumer credit legislation, purchasers of vehicles find it more difficult to obtain vehicle finance in addition to pressure of relatively high interest rates and high insurance costs required when financing a vehicle.
- *Cancellation of franchise agreements:* These agreements typically have a short tenure. Accordingly, although the division maintains a close relationship with manufacturers to ensure joint long-term planning of dealerships, it is exposed to termination risk.
- *Legislative compliance:* Ongoing focus and investment is placed to ensure compliance to legislation such as National Credit Act, 2005, Financial Advisory and Intermediary Services Act, 2002, Financial Intelligence Centre Act, 2001 and the operational compliance with the Consumer Protection Act, 2008.
- *Operational risks:* Operational risk includes used car trading, acts of fraud and theft.

### **Insurance**

The insurance business faces the following key risks:

- *Underwriting risk assessment:* Insurance business relies upon accurate and consistent underwriting decisions and any failure in this regard will negatively impact the division.
- *The high cost of accident repairs:* Modern vehicles, especially imported vehicles are expensive to repair, which impacts negatively on underwriting results. Premium increases have been effected but a lag effect remains.
- *Investment markets:* The performance of the investment markets for equities and bonds is a major factor in the division's profitability. Consequently, significant falls in share and bond prices will have an adverse affect.
- *Increased lapse rates due to decreases in affordability:* Due to the change from single to monthly premium collection, the probability of policy cancellations have increased.

### **RISKS RELATING TO THE NOTES**

#### ***The Notes may not be a suitable investment for all investors***

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

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

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments

unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***There is no active trading market for the Notes***

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. There is no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

***The Notes may be redeemed prior to maturity***

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any 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 the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

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

***Because uncertificated Notes and Notes represented by a Global Certificate are held by or on behalf of the CSD, investors will have to rely on their procedures for transfer, payment and communication with the Issuer***

Notes issued under the Programme which are listed on the Interest Rate Market of the JSE or such other or additional Financial Exchange and/or immobilised in the CSD may, subject to applicable laws and the Applicable Procedures, be issued in uncertificated form or in the form of a Global Certificate. Unlisted Notes may also be lodged and immobilised in the CSD in uncertificated form or in the form of a Global Certificate. Notes held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. Except in the limited circumstances described in the Terms and Conditions, investors will not be entitled to receive Individual Certificates. The CSD will maintain records of the Beneficial Interests in Notes represented by a Global Certificate and/or issued in uncertificated form, which are held in the CSD (whether such Notes are listed or unlisted). Investors will be able to trade their Beneficial Interests only through the CSD and in accordance with the Applicable Procedures.

Payments of principal and/or interest in respect of uncertificated Notes or Notes represented by a Global Certificate will be made to the CSD and/or the Participants and the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the CSD and/or the Participants for distribution to their account holders. A holder of a Beneficial Interest in uncertificated Notes or Notes represented by a Global Certificate, as the case may be, whether listed or unlisted, must rely on the procedures of the CSD to receive payments under the relevant Notes. Each investor shown in the records of the CSD and/or the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes or to the registered holder of Notes represented by a Global Certificate. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, such Beneficial Interests.

Holders of Beneficial Interests in uncertificated Notes and/or Notes represented by a Global Certificate will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the CSD to appoint appropriate proxies.

***Credit Rating***

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



## **RISKS RELATED TO THE STRUCTURE OF THE PARTICULAR ISSUE OF NOTES**

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

### ***Notes subject to optional redemption by the Issuer***

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

### ***Index-Linked and Dual Currency Notes***

The Issuer may issue Notes the terms of which provide for interest or principal payable in respect of such Notes to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “**Relevant Factor**”) or with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- the market price of such Notes may be volatile;
- no interest may be payable on such Notes;
- payments of principal or interest on such Notes may occur at a different time or in a different currency than expected;
- the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than 1 (one) or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

### ***Partly-paid Notes***

The Issuer may issue Notes where the issue price is payable in more than 1 (one) instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

### ***Notes issued at a substantial discount or premium***

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

### ***Modification and waivers and substitution***

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

### ***Change of law***

The Notes are governed by, and will be construed in accordance with, South African law in effect as at the Programme Date. No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in either such jurisdiction after the Programme Date.

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## SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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

### **Notes listed on the Interest Rate Market of the JSE and/or held in the CSD**

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE in certificated form or in uncertificated form will be held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.

### ***Clearing systems***

Each Tranche of Notes listed on the Interest Rate Market of the JSE and/or held in the CSD under a Global Certificate will be issued, cleared and settled in accordance with the listings requirements of the JSE and the rules and operating procedures for the time being of the CSD through the electronic settlement system of the CSD. Such Notes will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD.

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

The CSD maintains accounts only for Participants. As at the date of the Programme Memorandum, the Participants which are approved by the JSE, in terms of the listings requirements of the JSE, as Settlement Agents to perform electronic settlement of funds and scrip are Absa Bank Limited, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear, as operator of the Euroclear System, and Clearstream will settle off-shore transfers in the Notes through their Participants.

### ***Settlement and clearing***

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

While a Tranche of Notes is held in the CSD, the CSD's Nominee, a wholly owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Securities Services Act, and any reference to "*CSD's Nominee*" shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the Securities Services Act, will be named in the Register as the sole Noteholder of the Notes in that Tranche. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Notes.

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

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or held in the CSD under a Global Certificate will be made to the CSD's Nominee, as the registered Noteholder of such Notes, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests. Each of the persons reflected in the records of the CSD or the relevant Participant, as the case may be, as the holders of Beneficial Interests in Notes shall look solely to the CSD or the relevant Participant, as the case may be, for such person's share of each payment so made by (or on behalf of) the Issuer to, or for the order of, the CSD's Nominee, as the registered Noteholder of such Notes.

Payments of all amounts in respect of a Tranche of Notes which is listed on the Interest Rate Market of the JSE and/or held in the CSD under a Global Certificate will be recorded by the CSD's Nominee, as the registered Noteholder of such Notes, distinguishing between interest and principal, and such record of payments by the CSD's Nominee, as the registered Noteholder of such Notes, shall be *prima facie* proof of such payments.

#### ***Transfers and exchanges***

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

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 15.2 (*Transfer of Notes represented by Certificates*).

#### ***Records of payments, trust and voting***

Neither the Issuer nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Neither the Issuer nor the Paying Agent nor the Transfer Agent will be bound to record any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

#### ***BESA Guarantee Fund***

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

#### ***Notes listed on any Financial Exchange other than (or in addition to) the Interest Rate Market of the JSE***

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

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## SUBSCRIPTION AND SALE

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

The Dealers have in terms of the programme agreement dated 22 September 2010, as may be amended, supplemented or restated from time to time (the "Programme Agreement"), agreed with the Issuer a basis upon which they may from time to time agree to subscribe for Notes or procure the subscription of the Notes.

### **Selling restrictions**

#### ***South Africa***

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place 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, and will itself not sell the Notes in that Tranche of Notes, in South Africa, in contravention of the Companies Act, the Banks Act, the Exchange Control Regulations and/or any other applicable laws and regulations of South Africa in force from time to time. Notes will not be offered for subscription to any single addressee for an amount of less than ZAR100,000.

#### ***United States***

The Notes have not been and will not be registered under the United States Securities Act, 1933, as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account of or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

- (a) 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 in certain transactions exempt from the registration requirements of the Securities Act;
- (b) it has not offered, sold or delivered any Notes in that Tranche and will not offer, sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) 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 Series of which that Tranche of Notes is a part, within the United States or to, or for the account or benefit of, U.S. persons;
- (c) 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
- (d) 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 in the United States (as defined in Regulation S under the Securities Act) 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.

#### ***European Economic Area***

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "Relevant Member State"), 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 any of such 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 any of such 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 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 (twelve) 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 (two) or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 000 000.00 and (3) an annual turnover of more than €50 000 000.00 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.

#### **United Kingdom**

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that:

- (a) in relation to any of the Notes in that Tranche which have a maturity of less than 1 (one) year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any of such Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act, 2000 (the “FSMA”) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any of the Notes in that Tranche in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any of the Notes in that Tranche in, from or otherwise involving the United Kingdom.

#### **General**

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to agree that:

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures the subscription 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, subscription, offers or sales; and
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

Neither the Issuer nor any of the Dealer 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.

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## SOUTH AFRICAN TAXATION

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*Words used in this section headed "South African Taxation" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.*

*The comments below are intended as a general guide to the relevant tax laws of South Africa as at the date of the Programme Memorandum. The contents of this section headed "South African Taxation" do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.*

### **Securities Transfer Tax**

The issue, transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007. Any future transfer duties and/or taxes that may be introduced in respect of (or be applicable to) the transfer of Notes will be for the account of Noteholders.

### **Income Tax**

#### *Nature of any original issue discount or premium*

Any original issue at a discount to the Nominal Amount of the Notes will, in terms of section 24J of the Income Tax Act, be treated as interest for tax purposes, and the discount amount will be deemed to accrue to the Noteholder on a yield to maturity as if such Noteholder were to hold the Notes until maturity. Any original issue premium over the Nominal Amount of the Notes will also be treated as interest for tax purposes, and will be deemed to have been incurred by the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until maturity.

#### *Position as at the date of the Programme Memorandum*

A "resident" (as defined in section 1 of the Income Tax Act) ("**Resident**") will, subject to any available exemptions, be taxed on its worldwide income. Accordingly, a Noteholder who is a Resident will be liable to pay income tax, subject to available exemptions, on any income received or accrued in respect of the Notes held by that Noteholder in any relevant year of assessment of that Noteholder.

A non-Resident is taxed in South Africa under the Income Tax Act only on income from a source within or deemed to be within South Africa. A non-Resident is a person who or which is not a Resident. Interest which is received or accrued in respect of the Notes during any year of assessment to any Non-Resident Noteholder of such Notes will be exempt from income tax under the Income Tax Act, unless that person:

- (a) is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty three) days in aggregate during that year of assessment; or
- (b) at any time during that year of assessment carried on business through a permanent establishment in South Africa.

### **Capital Gains Tax**

Capital gains tax applies to any capital gain earned on the disposal or deemed disposal of an asset by a Resident.

Capital gains tax will not be levied in relation to the disposal of any Notes by a Non-Resident unless such Notes comprise assets which are attributable to a permanent establishment of that Non-Resident in South Africa during the relevant year of assessment.

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## **SOUTH AFRICAN EXCHANGE CONTROL**

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*Words used in this section headed "South African Exchange Control" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.*

*The information below is intended as a general guide to the position under the Exchange Control Regulations as at the date of the Programme Memorandum. The contents of this section headed "South African Exchange Control" do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.*

### **Non-South African resident Noteholders and emigrants from the Common Monetary Area**

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the Applicable Terms and Conditions may be subject to the Exchange Control 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 Exchange Control 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 Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

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

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder'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 Exchange Control Regulations.

### **Non-residents of the Common Monetary Area**

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "*non-resident*". In the event that a Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area through the CSD, the securities account maintained for such Noteholder by the relevant Participant will be designated as a "*non-resident*" account.

It will be incumbent on any such non-resident Noteholder 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 Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate has been endorsed "*non-resident*" or the relevant securities account has been designated as a "*non-resident*" account, as the case may be.

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## GENERAL INFORMATION

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

### Authorisation

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa as at the date of this Programme Memorandum have been given for the establishment of the Programme and the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Memorandum and the Notes.

### Listing

This Programme Memorandum was approved by the JSE on 22 September 2010. Notes to be issued under the Programme will be listed on the Interest Rate Market of the JSE or any other Financial Exchange.

### Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer as set out at the end of this Programme Memorandum:

- (a) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time;
- (b) the Guarantee executed by the Guarantor in favour of the Noteholders;
- (c) in respect of any issue of Notes under the Programme, the audited annual financial statements (together with reports and notes thereto) of the Issuer, for its 3 (three) financial years prior to the date of such issue, and the audited annual financial statements (together with reports and notes thereto) of the Issuer for all financial years post the date of such issue as and when such statements become available;
- (d) in respect of any issue of Notes under the Programme, the published annual report (incorporating its audited annual financial statements, together with reports and the notes thereto) of the Guarantor and attached to or intended to be read with such financial statements of the Issuer for its 3 (three) financial years prior to the date of such issue;
- (e) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme; and
- (f) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which will be submitted electronically through the Securities Exchange News Service ("SENS") established by the JSE, to SENS subscribers, if required.

### Material Change

Save as disclosed in this Programme Memorandum, there has been no material adverse change in the financial or trading position of the Guarantor and the Issuer since the date of the Issuer's and the Guarantor's respective latest audited financial statements.

### Litigation

Save as disclosed herein, neither the Issuer, the Guarantor nor any of its respective consolidated Subsidiaries is or has been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had a significant effect on the financial position of the Issuer, the Guarantor or its consolidated subsidiaries.

### Auditors

Deloitte & Touche, have acted as the auditors of the financial statements of the Issuer and Guarantor for the financial year ended 25 June 2009, 2008 and 2007 and, in respect of those years, have issued unqualified audit reports.



## ISSUER

### **Imperial Group (Proprietary) Limited**

(Registration Number 1983/009088/07)

Registered Office:  
Imperial Place  
Jeppe Quondam  
79 Boeing Road East  
Bedfordview, 2007  
South Africa  
Contact: Mr R Venter

## GUARANTOR

### **Imperial Holdings Limited**

(Registration Number 1946/021048/06)

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Contact: Mr R Venter

## ARRANGERS

**Absa Capital,  
a division of Absa Bank Limited**  
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Contact: Ms P Nana

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## DEALERS

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**Nedbank Capital, a division of Nedbank Limited**  
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135 Rivonia Road  
Sandown, 2196  
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Contact: Mr J Hall

**The Standard Bank of South Africa Limited**  
(Registration Number 1962/000738/06)  
3 Simmonds Street  
Johannesburg, 2001  
South Africa  
Contact: Mr A Costa

**PAYING AGENT AND CALCULATION AGENT**

**Nedbank Capital, a division of Nedbank Limited**  
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**TRANSFER AGENT**

**Computershare Investor Services (Proprietary) Limited**  
(Registration Number 2000/006082/06)  
70 Marshall Street  
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**SPONSOR**

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Contact: Mr B Martin

**AUDITORS TO THE ISSUER AND GUARANTOR**

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Contact: Mr M Comber

Handwritten signature and initials, possibly 'AHL' and 'B', in black ink.