

## Consolidated Amended and Updated Programme Memorandum dated 8 September 2016

**MACQUARIE SECURITIES SOUTH AFRICA LIMITED** *(incorporated with limited liability under registration number 2006/023546/06 in the Republic of South Africa)*

**ZAR10,000,000,000**  
**DEBT INSTRUMENT PROGRAMME**

**Unconditionally and irrevocably guaranteed by**

**MACQUARIE GROUP LIMITED** *((ABN 94 122 169 279), a corporation constituted with limited liability under the laws of the Commonwealth of Australia)*



### Previous Programme Memorandum

Macquarie Securities South Africa Limited (incorporated with limited liability under registration number 2006/023546/06 in South Africa) ("**Issuer**" and "**MSSA**") established a ZAR5,000,000,000 Debt Instrument Programme ("**Programme**") pursuant to the Amended and Updated Programme Memorandum dated 17 May 2012.

The Amended and Updated Programme Memorandum, dated 17 May 2012, was approved by the JSE Limited ("**JSE**") on 16 May 2012.

The Amended and Updated Programme Memorandum, dated 17 May 2012, has been amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 December 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013 (together, the "**Previous Programme Memorandum**").

The Supplement, dated 20 March 2013, provides for an increase in the Programme Amount (as defined in the Previous Programme Memorandum) from ZAR5,000,000,000 to ZAR10,000,000,000.

### Existing Notes

References to the "**Previous Note PM**" are to the portion of the Previous Programme Memorandum comprising the Amended and Updated Programme Memorandum, dated 17 May 2012, as amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013.

The Previous Note PM includes a section headed "*Terms and Conditions of the Notes*" ("**Previous Note Conditions**") and provides for the issue of "*Notes*" (as defined in the Previous Note Conditions) under the Programme. References to "**Existing Notes**" are to "*Notes*" (as defined in the Previous Note Conditions) issued under the Programme, pursuant to the Previous Note PM, which remain in issue as at 8 September 2016 ("**Programme Date**").

Macquarie Group Limited has, in terms of and subject to the guarantee deed poll dated 8 October 2010 ("**Previous Note Guarantee**") irrevocably and unconditionally guaranteed to the holders of Existing Notes the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of the Existing Notes.

### Existing Programme Preference Shares

References to the "**Previous Programme Preference Share PM**" are to the portion of the Previous Programme Memorandum comprising the Supplement, dated 14 December 2012, as amended and supplemented by the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013.

The Previous Programme Preference Share PM includes a section headed "*Terms and Conditions of the 'C' Preference Shares*" ("**Previous Programme Preference Share Conditions**") and provides for the issue of "*C preference shares*" (as defined in the Previous Programme Preference Share Conditions) under the Programme. References to "**Existing Programme Preference Shares**" are to "*C preference shares*" (as defined in the Previous Programme Preference Share Conditions) issued under the Programme, pursuant to the Previous Programme Preference Share PM, which remain in issue as at the Programme Date.

Macquarie Group Limited has, in terms of and subject to the guarantee deed poll dated 14 December 2012 ("**Previous Programme Preference Share Guarantee**"), irrevocably and unconditionally guaranteed to the holders of Existing Programme Preference Shares the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of the Existing Programme Preference Shares.

## **Consolidated Amended and Updated Programme Memorandum, Amended Note Guarantee and Amended Programme Preference Share Guarantee**

The Issuer has amended and updated the Previous Programme Memorandum on the basis set out in this Consolidated Amended and Updated Programme Memorandum dated 8 September 2016 ("**Programme Memorandum**"). Application has been made to the JSE for the approval of this Programme Memorandum. This Programme Memorandum was approved by the JSE on 27 July 2016.

The Previous Note Guarantee is governed by the laws of New South Wales, Australia. In terms of clause 5.1 (*Amendments – General*) of the Previous Note Guarantee, "[t]he Guarantor is entitled, without any authority or assent on the part of the Noteholders, to amend or to add to this deed poll if such amendment or addition, in the opinion of the Guarantor, acting reasonably: a) is of a formal, minor or technical nature; or b) is made to correct a manifest error, provided that no amendment to clause 4 ("*Negative pledge*") of this deed of poll may be effected pursuant to this clause 5.1 ("*General*")". The Guarantor has amended the Previous Note Guarantee, in terms of clause 5.1, on the basis set out in the guarantee deed poll dated 8 September 2016 ("**Amended Note Guarantee**").

On and with effect from the Programme Date, the Amended Note Guarantee will replace the Previous Note Guarantee in its entirety, and the Amended Note Guarantee will be applicable to (i) the holders of Existing Notes and (ii) the holders of Notes issued under the Programme pursuant to this Programme Memorandum.

The Previous Programme Preference Share Guarantee is governed by the laws of New South Wales, Australia. In terms of clause 4.1 (*Amendments – General*) of the Previous Programme Preference Share Guarantee, "[i]n respect of any outstanding "C" Preference Share, the Guarantor is entitled, without any authority or assent on the part of the "C" Preference Shareholders, to amend or to add to this deed poll if such amendment or addition, in the opinion of the Guarantor, acting reasonably: a) is of a formal, minor or technical nature; or b) is made to correct a manifest error". The Guarantor has amended the Previous Programme Preference Share Guarantee, in terms of clause 4.1, on the basis set out in the guarantee deed poll dated 8 September 2016 ("**Amended Programme Preference Share Guarantee**").

On and with effect from the Programme Date, the Amended Programme Preference Share Guarantee will replace the Previous Programme Preference Share Guarantee in its entirety, and the Amended Programme Preference Share Guarantee will be applicable to (i) the holders of Existing Programme Preference Shares and (ii) the holders of Programme Preference Shares issued under the Programme pursuant to this Programme Memorandum.

Unless otherwise defined in this Programme Memorandum or, in relation to a Tranche of Instruments, the Applicable Pricing Supplement, capitalised terms used in this Programme Memorandum shall bear the meanings ascribed to them in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*" ("**Note Terms and Conditions**") or the section of this Programme Memorandum headed "*Terms and Conditions of the Programme Preference Shares*" ("**Programme Preference Share Terms and Conditions**"), as applicable.

On and with effect from the Programme Date, this Programme Memorandum applies to all Instruments issued, under the Programme, pursuant to this Programme Memorandum, on and after the Programme Date.

*On and with effect from the Programme Date, the sections of this Programme Memorandum headed "Documents Incorporated by Reference", "Risk Factors", "Form of the Instruments", "Amended Programme Preference Share Guarantee", "Description of the Issuer", "Description of Macquarie Group Limited", "Financial Information", "Settlement, Clearing and Transfers of Registered Instruments", "Subscription and Sale", "Taxation" and "Exchange Control" will supersede and replace the corresponding sections of the Previous Programme Memorandum in their entirety and, to this extent, update the Previous Programme Memorandum.*

*Subject to the paragraph above, (A) the Previous Note PM (including the Previous Note Conditions) will remain applicable to Existing Notes and the Amended Note Guarantee will, on and with effect from the Programme Date, be applicable to the holders of Existing Notes and (B) the Previous Programme Preference Share PM (including the Previous Programme Preference Share Conditions) will remain applicable to Existing Programme Preference Shares and the Amended Programme Preference Share Guarantee will, on and with effect from the Programme Date, be applicable to the holders of Existing Programme Preference Shares.*

*The Previous Programme Memorandum is available on the Issuer's website at <http://www.macquarie.co.za/mgl/za>.*

### **General**

As at the Programme Date, the Programme Amount is ZAR10,000,000,000. The aggregate Outstanding Amount of Instruments (including Existing Instruments) in issue under the Programme may not exceed ZAR10,000,000,000,

unless such amount is increased by the Issuer, as set out in the section of this Programme Memorandum (and the corresponding sections of the Previous Programme Memorandum) headed "*General Description of the Programme*".

A Tranche of Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Equity Linked Notes, Index Linked Notes, Exchangeable Notes or Zero Coupon Notes (as specified in the Applicable Pricing Supplement) 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 (if any) 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 Note 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 relating to that Tranche of Notes ("**Applicable Note Terms and Conditions**").

The Issuer will, prior to the issue of a Tranche of Notes, complete an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement set out in the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement - Notes*".

A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Noteholders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Registered Notes will be listed and, if so, on which Relevant Stock Exchange/s.

A Tranche of Programme Preference Shares may comprise, without limitation, Fixed Rate Programme Preference Shares, Floating Rate Programme Preference Shares, Equity Linked Programme Preference Shares and/or such other type of Programme Preference Shares as may be determined by the Issuer and the relevant Dealer/s (if any) and specified in the Applicable Pricing.

Programme Preference Shares will be issued in individual Tranches which, together with other Tranches, may form a Series of Programme Preference Shares. A Tranche of Programme Preference Shares will be issued on, and subject to, the Programme Preference Share Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Programme Preference Shares set out in the Applicable Pricing Supplement relating to that Tranche of Programme Preference Shares ("**Applicable Programme Preference Share Terms and Conditions**").

The Issuer will, prior to the issue of a Tranche of Programme Preference Shares, complete an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement set out in the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement - Programme Preference Shares*".

A Tranche of Programme Preference Shares may be listed on the Main Board of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws. Unlisted Programme Preference Shares may also be issued under the Programme. Unlisted Programme Preference Shares are not regulated by the JSE. The Programme Preference Shareholders of Programme Preference Shares that are not listed on the Main Board of the JSE will have no recourse against the JSE and/or the JSE Guarantee Fund. Claims against the JSE Guarantee Fund may only be made in respect of the trading of Programme Preference Shares listed on the Main Board of the JSE and in accordance with the rules of the JSE Guarantee Fund. The Applicable Pricing Supplement will specify whether or not a Tranche of Programme Preference Shares will be listed and, if so, on which Relevant Stock Exchange/s.

The Instruments may be issued on a continuing basis under the Programme and be placed by the Issuer or by one or more Dealer/s appointed by the Issuer to place a specific issue of one or more Tranche/s of Instruments.

As at the Programme Date, the Programme has been assigned a Rating of BBB/A-2 (Global Scale) and zaAA-/zaA-1 (SA National Scale) from Standard & Poor's. The Issuer will procure that any change to the Rating of the Programme that occurs after the Programme Date is announced on SENS. A Tranche of Instruments may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Instruments may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to a Tranche of Instruments, as well as the Rating Agency/ies which assigned such Rating.

**INVESTING IN THE INSTRUMENTS INVOLVES CERTAIN RISKS (SEE THE SECTION OF THIS PROGRAMME MEMORANDUM HEADED "RISK FACTORS").**

**Arranger and Dealer:**

**Macquarie Securities South Africa Limited**



**Debt Sponsor:**

**The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division**



**Legal Advisers to the Issuer, the Guarantor (as to South African law) and the Arranger:**

**Cliffe Dekker Hofmeyr Inc.**



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**IMPORTANT NOTICE**


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*References in this section headed "Important Notice" to the Issuer and the Arranger are to MSSA in its respective capacities as Issuer and Arranger. References in this section headed "Important Notice" to the Dealer/s include MSSA in its capacity as Dealer.*

The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, each Applicable Pricing Supplement, the annual financial statements of the Issuer and any amendments to such annual financial statements, and each supplement to this Programme Memorandum published by the Issuer from time to time (except as otherwise stated therein).

The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which would make any statement contained in this Programme Memorandum false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that this Programme Memorandum contains or incorporates by reference (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*") all information required by the JSE Debt Listings Requirements and all other Applicable Laws.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates by reference (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*") all information which is material in the context of the issue and the offering of Instruments, that the information contained in (or incorporated by reference into) this Programme Memorandum is not misleading and that the opinions expressed by the Issuer in this Programme Memorandum are honestly held.

The Guarantor is responsible for the information in respect of the Guarantor contained in (i) the sections of this Programme Memorandum headed "*Amended Note Guarantee*" and "*Amended Programme Preference Shares Guarantee*" and (ii) the section of this Programme Memorandum headed "*Description of Macquarie Group Limited*". To the best of the knowledge and belief of the Guarantor (who has taken all reasonable care to ensure that such is the case) the information in respect of the Guarantor contained in (i) the sections of this Programme Memorandum headed "*Amended Note Guarantee*" and "*Amended Programme Preference Shares Guarantee*" and (ii) the section of this Programme Memorandum headed "*Description of Macquarie Group Limited*" is in accordance with the facts and does not omit anything likely to affect the import of such information. Subject as aforesaid, the Guarantor is not responsible for (and has not separately verified) any of the information contained in (or incorporated by reference into) this Programme Memorandum, and no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Guarantor as to the accuracy or completeness of the information contained in (or incorporated by reference into) this Programme Memorandum or any other information provided in connection with the Programme.

The JSE assumes no responsibility or liability of whatsoever nature for the correctness of any of the statements made or opinions expressed or information contained in or incorporated by reference into this Programme Memorandum. The admission of any Tranche of Registered Notes to the list of Debt Securities maintained by the JSE and the listing of such Registered Notes on the Interest Rate Market of the JSE is not to be taken as an indication of the merits of the Issuer, the Guarantor or the Instruments. The admission of any Tranche of Programme Preference Shares to the list of Debt Securities maintained by the JSE and the listing of such Programme Preference Shares on the Main Board of the JSE is not to be taken as an indication of the merits of the Issuer, the Guarantor or the Programme Preference Shares. The JSE assumes no responsibility or liability of whatsoever nature for the contents of this Programme Memorandum or any Applicable Pricing Supplement or any information incorporated by reference into this Programme Memorandum, and the JSE makes no representation as to the accuracy or completeness of this Programme Memorandum or any Applicable Pricing Supplement, or any information incorporated by reference into this Programme Memorandum. The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum or any Applicable Pricing Supplement or any information incorporated by reference into this Programme Memorandum.

Neither the Issuer nor the Guarantor makes any representation or warranties as to the settlement procedures of the CSD or the JSE or any other Relevant Stock Exchange. This Programme Memorandum must be read in conjunction with all documents which are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"), and this Programme Memorandum must be read and construed on the basis that such documents are incorporated by reference into and form part of this Programme Memorandum.

Neither the JSE nor the Debt Sponsor nor the Arranger nor the Dealer/s nor any of their respective Affiliates nor their respective professional advisers have separately verified the information contained in (or incorporated by reference into) this Programme Memorandum. No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the JSE, the Debt Sponsor, the Arranger, the Dealer/s or their respective professional advisers as to the accuracy or completeness of the information contained in (or incorporated by reference into) this Programme Memorandum or any other information provided by the Issuer or the Guarantor in connection with the Programme. Each person receiving this Programme Memorandum acknowledges that such person has not relied on the JSE, the Debt Sponsor, the Arranger, the Dealer/s or any of their respective Affiliates and advisers in connection with its investigation of the accuracy of such information or its investment decision. Neither the JSE nor the Debt Sponsor nor the Arranger nor the Dealer/s nor their respective professional advisers accept any liability in relation to the information contained in (or incorporated by reference into) this Programme Memorandum or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is authorised to give any information or to make any representation other than those contained in (or consistent with) this Programme Memorandum. If any such information is given or representation is made, it must not be relied upon as having been authorised by the Issuer, the Guarantor, the JSE, the Debt Sponsor, the Arranger, the Dealer/s or their respective affiliates and advisers. Neither the delivery of this Programme Memorandum nor any offer, sale, allotment or solicitation made in connection with the offering of the Instruments shall, in any circumstances, create any implication or constitute any representation that there has been no change in the affairs of the Issuer and/or the Guarantor since the Programme Date or that the information contained in or incorporated by reference into this Programme Memorandum after the Programme Date is correct at any time subsequent to the date of the document containing such information.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme and/or the Instruments is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation or a statement of opinion, or a report of either of those things, by the JSE, the Issuer, the Guarantor, the Debt Sponsor, the Arranger or the Dealer/s that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme and/or the Instruments, should purchase any Instruments. Each person contemplating making an investment in the Instruments must make its own investigation and analysis of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own circumstances and financial condition, its own investment objectives and experience, the extent of its exposure to risk (see the section of this Programme Memorandum headed "*Risk Factors*") and any other factors which may be relevant to it in connection with such investment.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor in any Instruments should consult its legal advisers to determine whether and to what extent (1) Instruments are legal investments for it, (2) Instruments can be used as collateral for various types of borrowing, and (3) other restrictions (including, without limitation, the treatment and/or reporting of the Instruments under and/or for purposes of the Exchange Control Regulations) that apply (or may apply) to its purchase or pledge of any Instruments. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Instruments under any applicable risk-based capital or similar rules.

Neither the JSE nor the Debt Sponsor nor the Arranger nor the Dealer/s undertake to review the financial condition or affairs of the Issuer and/or the Guarantor or to advise any investor or potential investor in the

Instruments of any information coming to the attention of the JSE the Debt Sponsor, the Arranger or the Dealer/s.

Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme and/or the Instruments constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor or the Debt Sponsor or the Arranger or the Dealer/s to any person to subscribe for or purchase or otherwise deal in any Instruments.

The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and the issue, sale or offer of Instruments may be restricted in certain jurisdictions. For a description of certain restrictions on offers, sales and subscriptions for Instruments and on the distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and other offering material relating to the Programme and/or the Instruments, see the section of this Programme Memorandum headed "*Subscription and Sale*" under "*Selling Restrictions*".

In particular, there are restrictions on the distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and the offer or sale or subscription of Instruments in the United States of America, the United Kingdom, the European Economic Area, South Africa, Hong Kong, Singapore and Australia.

None of the Issuer, the Guarantor, the Debt Sponsor, the Arranger, the Dealer/s or their respective professional advisors represent that this Programme Memorandum and/or any Applicable Pricing Supplement may be lawfully distributed, or that any Instruments may be lawfully offered, subscribed for or sold, 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, offering, subscription or sale.

In particular, save for obtaining the approval of this Programme Memorandum by the JSE, no action has been taken by the Issuer, the Guarantor, the Debt Sponsor, the Arranger, the Dealer/s or their respective professional advisors which would permit a public offering of any Instruments or a distribution of this Programme Memorandum and/or any Applicable Pricing Supplement in any jurisdiction where action for that purpose is required. No Instruments may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any Applicable Pricing Supplement nor any advertisement or other offering material relating to the Programme and/or the Instruments may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all Applicable Laws and regulations.

Neither this Programme Memorandum nor any Applicable Pricing Supplement are for distribution in, and do not constitute an offer of Instruments for sale or subscription in, the United States of America or in any other jurisdiction in which such a distribution or such offer for sale or subscription would be unlawful or would require qualification or registration. It is the responsibility of any person wishing to subscribe for or purchase Instruments to satisfy himself as to the full observance of the laws of the relevant jurisdiction.

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

Persons into whose possession this Programme Memorandum and/or any Applicable Pricing Supplement comes are required by the Issuer, the Guarantor, the Debt Sponsor, the Arranger and the Dealer/s to comply with all Applicable Laws and regulations in each country or jurisdiction in which they subscribe for, purchase, offer, sell, transfer or deliver Instruments or have in their possession or distribute this Programme Memorandum and/or any Applicable Pricing Supplement and to obtain any consent, approval or permission required by them for the subscription, purchase, offer, sale, transfer or delivery by them of any Instruments under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such subscriptions, purchases, offers, sales, transfers or deliveries, in all cases at their own expense, and none of the Issuer, the Guarantor, the Debt Sponsor, the Arranger or the

Dealer/s shall have responsibility therefor. In accordance with the above, any Instruments purchased or subscribed for by any person which it wishes to offer for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in the Issuer being obliged to register this Programme Memorandum or any further prospectus or corresponding document relating to the Instruments in such country or jurisdiction.

The Guarantor is regulated in Australia as a non-operating holding company ("**NOHC**") of an authorised deposit-taking institution ("**ADI**") under the Banking Act 1959 of Australia ("**Australian Banking Act**").

The Australian Prudential Regulation Authority ("**APRA**") has a general power under section 11CA of the Australian Banking Act to make a variety of directions to an authorised NOHC in a wide range of circumstances, including if APRA has reason to believe that the authorised NOHC is, or is about to become, unable to meet its liabilities or there has been, or there might be, a sudden material deterioration in the NOHC's financial condition or if the NOHC is conducting its affairs in an improper or financially unsound way.

The Instruments do not constitute a protected account (as defined for the purposes of the Australian Banking Act) of, or a deposit with, the Guarantor's subsidiary, Macquarie Bank Limited (ABN 46 008 583 542) ("**MBL**" or "**Macquarie Bank**").

In connection with the issue and distribution of any Tranche of Instruments, the Dealer (if any) who is designated in the Applicable Pricing Supplement as the approved stabilisation manager ("**Stabilisation Manager**") may, to the extent permitted by and in accordance with Applicable Laws and subject to JSE approval, over-allot or effect transactions with a view to supporting the market price of the Instruments in the same Series as that Tranche of Instruments at a level higher than that which might otherwise prevail for a limited period after the Issue Date. 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.

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



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## DOCUMENTS INCORPORATED BY REFERENCE

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The following documents and agreements are incorporated by reference into, and form part of, this Programme Memorandum:

- a) the respective audited annual financial statements of the Issuer for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016, which include the independent auditor's reports in respect of such financial statements;
- b) the respective audited annual financial statements of the Issuer for all financial years of the Issuer after the Programme Date, which will include the independent auditor's reports in respect of such financial statements;
- c) the respective annual reports of the Guarantor for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016, which include the audited consolidated annual financial statements of the Guarantor for such financial years and the independent auditor's reports in respect of such financial statements;
- d) the respective annual reports of the Guarantor for all financial years of the Guarantor after the Programme Date, which will include the audited consolidated annual financial statements of the Guarantor for such financial years and the independent auditor's reports in respect of such financial statements;
- e) all consolidated interim financial reports of the Guarantor for all 6-month interim financial periods after the Programme Date;
- f) the Amended Note Guarantee;
- g) the Amended Programme Preference Share Guarantee;
- h) each Applicable Pricing Supplement relating to a Tranche of Notes which is listed on the Interest Rate Market of the JSE (or any other separate platform, board or sub-market of the JSE (each, an "**Applicable Pricing Supplement Relating to Listed Notes**"));
- i) each Applicable Pricing Supplement relating to a Tranche of Programme Preference Shares which is listed on the Main Board of the JSE (or any other separate platform, board or sub-market of the JSE (each, an "**Applicable Pricing Supplement Relating to Listed Programme Preference Shares**"));
- j) each supplement to this Programme Memorandum prepared by the Issuer from time to time;
- k) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which is (i) electronically submitted via the JSE Stock Exchange News Service ("**SENS**") to SENS subscribers and/or (ii) available on any electronic news service established or used or required by the JSE;
- l) all information which relates to the ratings, financial performance or future financial results of the Guarantor released by the Guarantor to the Australian Securities Exchange operated by ASX Limited ("**ASX**") in compliance with the continuous disclosure requirements of the ASX Listing Rules,

save that any statement contained in this Programme Memorandum or in any document which is incorporated by reference into 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 which is subsequently incorporated by reference into this Programme Memorandum modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

Any information not listed above but included in the documents incorporated by reference into this Programme Memorandum is given for information purposes only.

This Programme Memorandum, each supplement to this Programme Memorandum prepared by the Issuer from time to time, each Applicable Pricing Supplement Relating to Listed Notes and each Applicable Pricing

Supplement Relating to Listed Programme Preference Shares are (or will be) available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

This Programme Memorandum, each supplement to this Programme Memorandum prepared by the Issuer from time to time, each Applicable Pricing Supplement Relating to Listed Notes and each Applicable Pricing Supplement Relating to Listed Programme Preference Shares are (or will be) available on the following website: <http://www.macquarie.co.za/mgl/za>.

This Programme Memorandum, each supplement to this Programme Memorandum prepared by the Issuer from time to time, each Applicable Pricing Supplement Relating to Listed Notes and each Applicable Pricing Supplement Relating to Listed Programme Preference Shares are (or will be) available on the JSE's website at [www.jse.co.za](http://www.jse.co.za).

The respective audited annual financial statements of the Issuer for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 are available for inspection, upon request, at the Specified Office of the Issuer. In addition, these annual financial statements are available on the following website: <http://www.macquarie.co.za/mgl/za>.

The respective audited annual financial statements of the Issuer for all financial years of the Issuer after the Programme Date will, as and when such audited annual financial statements are approved and become available, be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual financial statements will (as and when such annual financial statements are approved and become available) be available on the following website: <http://www.macquarie.co.za/mgl/za>.

The respective annual reports of the Guarantor for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 are available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports are available on the Guarantor's website at [www.macquarie.com](http://www.macquarie.com).

The respective annual reports of the Guarantor for all financial years of the Guarantor after the Programme Date and all consolidated interim financial reports of the Guarantor for all 6-month interim financial periods after the Programme Date will, as and when these annual reports and interim financial reports are approved and become available, be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports and interim financial reports will (as and when such annual reports and interim financial reports are approved and become available) be available on MGL's website at [www.macquarie.com](http://www.macquarie.com).

Website and internet addresses in this Programme Memorandum are included for reference only and the contents of any such websites and internet sites are not incorporated by reference into, and do not form part of, this Programme Memorandum.

The Issuer will, for so long as (i) any Note remains outstanding and listed on the Interest Rate Market of the JSE and/or (ii) any Programme Preference Share remains outstanding and listed on the Main Board of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, within six months of the financial year end of the Issuer, if any of the information contained in this Programme Memorandum becomes outdated in a material respect; provided that no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's annual financial statements if such annual financial statements are incorporated by reference into this Programme Memorandum (see above) and such annual financial statements are published, as required by the Companies Act, and submitted to the JSE within six months after the financial year end of the Issuer.

A new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, must be approved by the JSE.

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

new Programme Memorandum or Programme Memorandum as supplemented, as the case may be.

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## **GENERAL DESCRIPTION OF THE PROGRAMME**

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*A general description of the Programme is set out below. The general description does not purport to be complete and is taken from, and is qualified by, the remainder of this Programme Memorandum (including the section of this Programme Memorandum headed "Risk Factors" and all documents which are incorporated by reference into this Programme Memorandum) and, in relation to a Tranche of Instruments, the Applicable Pricing Supplement.*

### **ISSUE**

The Issuer may from time to time issue one or more Tranches of Instruments under the Programme, pursuant to this Programme Memorandum, provided that the aggregate Outstanding Amount of all of the Instruments in issue under the Programme (including Existing Instruments) from time to time does not exceed the Programme Amount.

### **Notes**

A Tranche of Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Equity Linked Notes, Index Linked Notes, Exchangeable Notes or Zero Coupon Notes (as specified in the Applicable Pricing Supplement) 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 (if any) and specified in the Applicable Pricing Supplement.

The Guarantor has, in terms of and subject to the Amended Note Guarantee, unconditionally and irrevocably guaranteed to the Noteholders of each Tranche of Notes issued by the Issuer, under the Programme, pursuant to this Programme Memorandum, the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of each such Tranche of Notes and the Applicable Note Terms and Conditions of each such Tranche of Notes.

### **Programme Preference Shares**

A Tranche of Programme Preference Shares may comprise, without limitation, Fixed Rate Programme Preference Shares, Floating Rate Programme Preference Shares, Equity Linked Programme Preference Shares and/or such other type of Programme Preference Shares as may be determined by the Issuer and the relevant Dealer/s (if any) and specified in the Applicable Pricing Supplement.

The Guarantor has, in terms of and subject to the Amended Programme Preference Share Guarantee, unconditionally and irrevocably guaranteed to the Programme Preference Shareholders of each Tranche of Programme Preference Shares issued by the Issuer, under the Programme, pursuant to this Programme Memorandum, the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of each such Tranche of Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions of each such Tranche of Programme Preference Shares.

### **LISTING**

#### **Notes**

A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws.

Unlisted Registered Notes may also be issued under the Programme. Unlisted Registered Notes are not regulated by the JSE. The Noteholders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE.

The Applicable Pricing Supplement will specify whether or not a Tranche of Registered Notes will be listed and, if so, on which Relevant Stock Exchange.

The Issuer will, prior to the issue of a Tranche of Notes, complete an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement set out in the section of this Programme Memorandum

headed "*Pro Forma Applicable Pricing Supplement - Notes*".

A copy of the signed Applicable Pricing Supplement relating to a Tranche of Registered Notes which is to be listed on the Interest Rate Market of the JSE will be delivered to the JSE and the CSD, before the Issue Date, and the Registered 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.

Where the listing of a Tranche of Registered Notes on the Interest Rate Market of the JSE has been approved by the JSE, the granting of such listing will be announced by the Issuer on SENS by no later than the close of business on the day preceding the Issue Date.

The settlement of trades in Registered Notes which are listed on the Interest Rate Market of the JSE and/or held in the CSD will take place in accordance with the electronic settlement procedures of the JSE and the CSD.

The settlement and redemption procedures for a Tranche of Registered Notes which is listed on any Relevant Stock Exchange (other than or in addition to the Interest Rate Market of the JSE) will be specified in the Applicable Pricing Supplement.

### **Programme Preference Shares**

A Tranche of Programme Preference Shares may be listed on the Main Board of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws. Unlisted Programme Preference Shares may also be issued under the Programme.

Unlisted Programme Preference Shares are not regulated by the JSE.

The Programme Preference Shareholders of Programme Preference Shares that are not listed on the Main Board of the JSE will have no recourse against the JSE and/or the JSE Guarantee Fund. Claims against the JSE Guarantee Fund may only be made in respect of the trading of Programme Preference Shares listed on the Main Board of the JSE and in accordance with the rules of the JSE Guarantee Fund.

The Applicable Pricing Supplement will specify whether or not a Tranche of Programme Preference Shares will be listed and, if so, on which Relevant Stock Exchange.

The Issuer will, prior to the issue of a Tranche of Programme Preference Shares, complete an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement set out in the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement - Programme Preference Shares*".

A copy of the signed Applicable Pricing Supplement relating to a Tranche of Programme Preference Shares which is to be listed on the Main Board of the JSE will be delivered to the JSE and the CSD, before the Issue Date, and the Programme Preference Shares 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.

Where the listing of a Tranche of Programme Preference Shares on the Main Board of the JSE has been approved by the JSE, the granting of such listing will be announced by the Issuer on SENS by no later than the close of business on the day preceding the Issue Date.

The settlement of trades in Programme Preference Shares which are listed on the Main Board of the JSE and/or held in the CSD will take place in accordance with the electronic settlement procedures of the JSE and the CSD.

### **PROGRAMME AMOUNT**

As at the Programme Date, the Programme Amount is ZAR10,000,000,000. The aggregate Outstanding Amount of Instruments (including Existing Instruments) in issue under the Programme may not exceed ZAR10,000,000,000, unless such amount is increased by the Issuer, as set out below (and as set out in the corresponding sections of the Previous Programme Memorandum headed "*General Description of the*

*Programme*").

For the purpose of calculating the South African Rand equivalent of the aggregate Outstanding Amount of the Instruments in issue under the Programme (including Existing Instruments) from time to time:

- a) the South African Rand equivalent of a Tranche of Instruments denominated in a Specified Currency other than ZAR shall be determined, at or about the date of the relevant Subscription Agreement, on the basis of the spot rate at such date for the sale of such South African Rand amount against the purchase of such Specified Currency in the Johannesburg inter-bank foreign exchange market, as quoted by any leading bank selected by the Issuer;
- b) the South African Rand equivalent of a Tranche of Zero Coupon Notes denominated in a Specified Currency other than ZAR (and any other Tranche of Instruments issued at a discount or a premium) shall be calculated *mutatis mutandis* in accordance with paragraph (a) above, with reference to the Issue Price; and
- c) the South African Rand equivalent of a Tranche of Index Linked Notes and/or a Tranche of Equity Linked Programme Preference Shares shall be calculated *mutatis mutandis* in accordance with paragraph (a) above, with reference to the aggregate Nominal Amount or the aggregate Redemption Amount, as applicable, of that Tranche (regardless of the Issue Price of that Tranche).

From time to time the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures and all Applicable Laws, the Issuer may, without the consent of any Instrumentholder, increase the Programme Amount.

Upon notice of the increase in the Programme Amount having been given to the Instrumentholders (in the manner set out in Condition 17.1 of the Note Terms and Conditions and Condition 20.1 of the Programme Preference Share Terms and Conditions), 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.

## **COMMERCIAL PAPER REGULATIONS**

If the Issuer, in relation to the issue and placing of a Tranche of Notes, is obliged (or is not obliged but nevertheless elects) to comply with the Commercial Paper Regulations, the Issuer will procure that annexure "A" to the Applicable Pricing Supplement relating to that Tranche of Notes is completed and attached to that Applicable Pricing Supplement (see the section of this Programme Memorandum headed "*Pro forma Applicable Pricing Supplement - Notes*").

## **RATING**

As at the Programme Date, the Programme has been assigned a Rating of BBB/A-2 (Global Scale) and zaAA-/zaA-1 (SA National Scale) from Standard & Poor's. The Issuer will procure that any change to the Rating of the Programme that occurs after the Programme Date is announced on SENS. A Tranche of Instruments may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Instruments may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to a Tranche of Instruments, as well as the Rating Agency/ies which assigned such Rating.

## **RISK FACTORS**

Investing in the Instruments involves certain risks (see the section of this Programme Memorandum headed "*Risk Factors*").

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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 (including the section of this Programme Memorandum headed "Risk Factors" and all documents which are incorporated by reference into this Programme Memorandum) and, in relation to a Tranche of Instruments, the Applicable Pricing Supplement.*

### PARTIES

<b>Issuer</b>	Macquarie Securities South Africa Limited.
<b>Issuer ownership structure</b>	<p>The Issuer is directly and wholly-owned by Macquarie EMG Holdings Pty Limited ("<b>MEH</b>"), a limited liability company in the Commonwealth of Australia having its principal place of business in Sydney.</p> <p>MEH is indirectly and wholly-owned by Macquarie Group Limited ("<b>MGL</b>") (see the sections of this Programme Memorandum headed "<i>Description of the Issuer</i>" and "<i>Description of Macquarie Group Limited</i>").</p>
<b>Guarantor</b>	<p>Macquarie Group Limited (ABN 94 122 169 279), a corporation constituted with limited liability under the laws of Australia.</p> <p>The Guarantor is a diversified financial services holding company listed on the Australian Securities Exchange operated by ASX Limited, headquartered in Sydney, Australia and regulated as an authorised non-operating holding company of an Australian "<i>authorised deposit-taking institution</i>" (as that term is defined under the Banking Act 1959 of Australia) by the Australian Prudential Regulation Authority.</p> <p>The Macquarie Group provides banking, financial, advisory, investment and funds management services through client driven businesses which generate income by providing a diversified range of services to clients. The Macquarie Group acts on behalf of institutional, corporate and retail clients and counterparties around the world (see the section of this Programme Memorandum headed "<i>Description of the Guarantor</i>").</p>
<b>Macquarie Group structure</b>	<p>The Guarantor is the ultimate holding company for all other companies and entities within the Macquarie Group including, but not limited to, Macquarie Bank Limited (ABN 46 008 583 542).</p> <p>As at the Programme Date, the Guarantor is neither directly nor indirectly controlled by any of its shareholders.</p>
<b>Debt Sponsor</b>	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division.
<b>Arranger</b>	The Issuer.
<b>Dealers</b>	<p>The Issuer is a Dealer on an ongoing basis for the duration of the Programme.</p> <p>The Issuer may agree with any third party Dealer/s ("<b>relevant Dealer/s</b>") to issue, and the relevant Dealer/s may agree to place, that Tranche of Instruments by entering into an appropriate agreement (whether an oral agreement or a written agreement) for the issue and placing of that Tranche of Instruments (see the section of this Programme Memorandum headed "<i>Subscription and Sale</i>" under</p>



*"Arranger, Debt Sponsor, Dealer and Placing Arrangements")*.

<b>Paying Agent</b>	The Issuer, unless the Issuer elects to appoint another entity as Paying Agent, in which event that other entity will act as Paying Agent.
<b>Calculation Agent</b>	The Issuer, unless the Issuer elects to appoint another entity as Calculation Agent, in which event the other entity will act as Calculation Agent.
<b>Transfer Agent</b>	The Issuer, unless the Issuer elects to appoint another entity as Transfer Agent, in which event the other entity will act as Transfer Agent.
<b>GENERAL</b>	
<b>Blocked Rand</b>	Blocked Rand may be used to subscribe for or purchase Instruments, subject to the Exchange Control Regulations (see the section of this Programme Memorandum headed <i>"Exchange Control"</i> ).
<b>Clearing and settlement</b>	<p>The CSD is the operator of an electronic clearing system and has been appointed by the JSE to match, clear and facilitate the settlement of all transactions in Registered Instruments which are held in the CSD (including Registered Notes which are listed on the Interest Rate Market of the JSE and Programme Preference Shares which are listed on the Main Board of the JSE).</p> <p>Each Tranche of Registered Instruments (whether listed or unlisted) will be issued in registered uncertificated form and will be held in the CSD.</p> <p>Each Tranche of Registered Instruments 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 (see the section of this Programme Memorandum headed <i>"Settlement, Clearing and Transfers of Registered Instruments"</i>).</p> <p>Each Tranche of Registered Instruments which is listed on any Relevant Stock Exchange other than (or in addition to) the Interest Rate Market of the JSE or the Main Board of the JSE (as applicable) will be issued, cleared and settled in accordance with the rules and settlement procedures for the time being of that Relevant Stock Exchange (see the section of this Programme Memorandum headed <i>"Settlement, Clearing and Transfers of Registered Instruments"</i>).</p>
<b>CSD</b>	Strate Proprietary Limited, a central securities depository licensed in terms of the Financial Markets Act or any additional or alternative depository approved by the Issuer.
<b>CSD Procedures</b>	In relation to a Tranche of Registered Instruments which is held in the CSD, the rules and operating procedures for the time being of the CSD and Participants.
<b>Description of the Programme</b>	Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme.
<b>Distribution</b>	A Tranche of Instruments may be distributed by way of public auction or private placement or any other means permitted by law, as determined by the Issuer and the relevant Dealer/s (if any).
<b>Exchange control</b>	The execution of this Programme Memorandum does not require the prior approval of the Exchange Control Authorities in terms of the

Exchange Control Regulations (see the section of this Programme Memorandum headed "*Exchange Control*").

As regards the issue of Instruments, under the Programme, pursuant to this Programme Memorandum, and the provision of the Amended Note Guarantee and the Amended Programme Preference Share Guarantee by the Guarantor, see the section of this Programme Memorandum headed "*Exchange Control*".

The Banking (Foreign Exchange) Regulations and other regulations in Australia prohibit the Guarantor making, or being a party to, payments or transactions and dealings with assets or named individuals or entities subject to international sanctions or associated with terrorism.

#### **Governing law**

This Programme Memorandum, the Notes, the Applicable Note Terms and Conditions, the Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions will be governed by and construed in accordance with the laws of South Africa.

Each of the Amended Note Guarantee and the Amended Programme Preference Share Guarantee will be governed by and construed in accordance with the laws of New South Wales, Australia.

#### **JSE**

JSE Limited, licensed as an exchange in terms of the Financial Markets Act.

#### **JSE approval**

This Programme Memorandum was approved by the JSE on 27 July 2016.

#### **Participants**

The persons accepted by the CSD as participants in terms of the Securities Services Act (prior to 3 June 2013) or the Financial Markets Act (on and after 3 June 2013), as applicable.

As at the Programme Date, the Participants are Standard Chartered Bank Johannesburg Branch, Société Generale, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.

Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream Banking**"), may hold Registered Instruments through their Participant (see the section of this Programme Memorandum headed "*Settlement, Clearing and Transfers of Registered Instruments*").

#### **Rating**

As at the Programme Date, the Programme has been assigned a Rating of BBB/A-2 (Global Scale) and zaAA-/zaA-1 (SA National Scale) from Standard & Poor's. The Issuer will procure that any change to the Rating of the Programme that occurs after the Programme Date is announced on SENS.

A Tranche of Instruments may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Instruments may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to a Tranche of Instruments, as well as the Rating Agency/ies which assigned such Rating.

#### **Register**

The Register is the register of the Issuer's securities (including the register of the Issuer's uncertificated securities) contemplated in (and

maintained in accordance) with Part E of the Companies Act.

The Register will be maintained by the Transfer Agent.

The registered Instrumentholder/s of Registered Instrument/s in a Tranche of Registered Instruments which is held in the CSD will be determined in accordance with the CSD Procedures, and such registered Instrumentholder/s will be named in the Register as the registered Instrumentholder/s of such Registered Instrument/s.

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

The holders of Beneficial Interests will not be listed in the Register.

**Risk factors**

Investing in the Instruments involves certain risks (see the section of this Programme Memorandum headed "*Risk Factors*").

**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 Instruments 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, South Africa, Hong Kong, Singapore and Australia. Any other or additional restrictions which are applicable to the placing of a Tranche of Instruments 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 (see the section of this Programme Memorandum headed "*Subscription and Sale*" under "*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 Instruments in issue under the Programme (including Existing Instruments) from time to time in an aggregate Outstanding Amount which does not exceed ZAR10,000,000,000, unless such amount is increased by the Issuer, as set out in the section of this Programme Memorandum (and the corresponding sections of the Previous Programme Memorandum) headed "*General Description of the Programme*".

**Specified Currency**

South African Rand or, subject to the Exchange Control Regulations, such other currency as is specified in the Applicable Pricing Supplement.

**Taxation**

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

**NOTES**

**Amended Note Guarantee**

The Guarantor has, in terms of and subject to the Amended Note

Guarantee, unconditionally and irrevocably guaranteed to the Noteholders of each Tranche of Notes issued by the Issuer, under the Programme, pursuant to this Programme Memorandum, the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of each such Tranche of Notes and the Applicable Note Terms and Conditions of each such Tranche of Notes.

The Amended Note Guarantee is a direct unsecured obligation of the Guarantor. The Guarantor's payment obligations under the Amended Note Guarantee rank at least equally with the claims of its unsecured and unsubordinated creditors, except creditors mandatorily preferred by law (see the section of this Programme Memorandum headed "*Amended Note Guarantee*").

On and with effect from the Programme Date, the Amended Note Guarantee will replace the Previous Note Guarantee in its entirety, and the Amended Note Guarantee will be applicable to (i) the holders of Existing Note and (ii) the holders of Note issued under the Programme pursuant to this Programme Memorandum.

**Applicable Pricing Supplement**

The Applicable Pricing Supplement relating to a Tranche of Notes will set out (among other things) the type of Notes in that Tranche of Notes, the Specified Denomination, the aggregate Nominal Amount, the Specified Currency, the Issue Date, the Issue Price, the Interest Rate (where applicable), the Interest Payment Date/s (where applicable) and the Maturity Date.

**Commercial Paper Regulations**

If the Issuer, in relation to the issue and placing of a Tranche of Notes, is obliged (or is not obliged but nevertheless elects) to comply with the Commercial Paper Regulations, the Issuer will procure that annexure "A" to the Applicable Pricing Supplement relating to that Tranche of Notes is completed and attached to that Applicable Pricing Supplement (see the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement - Notes*").

**Cross-default**

The Notes will have the benefit of a cross-default, as described in Condition 15.1.3 of the Note Terms and Conditions.

**Form of Notes**

A Tranche of Notes will be issued in the form of Registered Notes, Order Notes or Bearer Notes, as specified in the Applicable Pricing Supplement (see the section of this Programme Memorandum headed "*Form of the Instruments*").

**Interest**

A Tranche of Notes may be interest-bearing or non-interest bearing, as specified in the Applicable Pricing Supplement. Interest (if any) may accrue on an interest-bearing Tranche of Notes 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, all as specified in the Applicable Pricing Supplement.

**Interest Period/s and Interest Payment Date/s**

The Interest Rate, Interest Payment Date/s and Interest Period/s applicable to a Tranche of interest-bearing 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. 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 the transferees (see the section of this Programme Memorandum headed "*Taxation*").

**Issue Price**

The Notes in a Tranche of 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**

A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws.

Unlisted Registered Notes may also be issued under the Programme. Unlisted Registered Notes are not regulated by the JSE. The Noteholders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE.

The Applicable Pricing Supplement will specify whether or not a Tranche of Registered Notes will be listed and, if so, on which Relevant Stock Exchange/s.

**Maturities of Notes**

A Tranche of Notes will have such maturity as is specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum maturity.

**Noteholders**

The Noteholders are (i) the registered Noteholder/s of the Registered Note/s, determined in accordance with the CSD Procedures (in the case of Registered Notes held in the CSD), (ii) the holders of Registered Notes recorded as the registered Noteholder of such Registered Notes in the Register (in the case of Registered Notes which are represented by Individual Certificates), (iii) the Bearers of Bearer Notes and (iv) the Payees of Order Notes.

**Note Terms and Conditions**

The Note Terms and Conditions are set out in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*".

The Applicable Note Terms and Conditions of a Tranche of Notes are the Note 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 relating to that Tranche of Notes.

**Redemption**

*Redemption at maturity:* Unless previously redeemed or purchased and cancelled, a Tranche of Notes will be redeemed by the Issuer, at the Final Redemption Amount, on the Maturity Date, as set out in Condition 9.1 of the Note Terms and Conditions.

*Redemption prior to maturity:* The Applicable Pricing Supplement will specify either that the relevant Tranche of Notes cannot be redeemed prior to the Maturity Date (other than following the occurrence of a Tax Event and/or a Change in Law, as described in Condition 9.4 of the Note Terms and Conditions or following an Event of Default, as described in Condition 15.3 of the Note Terms and Conditions) or that the relevant Tranche of Notes may, if the Put Option is specified in the Applicable Pricing Supplement as being applicable, be redeemed at the option of the Noteholders (as described in Condition 9.2 of the

Note Terms and Conditions) and/or that the relevant Tranche of Notes may, if the Call Option is specified in the Applicable Pricing Supplement as being applicable, be redeemed at the option of the Issuer (as described in Condition 9.3 of the Note Terms and Conditions).

**Specified Denomination**

The denomination of each Note in a Tranche of Notes will be the denomination specified in the Applicable Pricing Supplement, provided that the Notes will be issued with a minimum denomination of ZAR1,000,000 (or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act).

**Status of Notes**

The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* and rateably without any preference or priority among themselves and (save for certain debts required to be preferred by law that is both mandatory and of general application) at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, as described in Condition 5.1 of the Note Terms and Conditions.

**Type of Notes**

A Tranche of Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Equity Linked Notes, Index Linked Notes, Exchangeable Notes or Zero Coupon Notes (as specified in the Applicable Pricing Supplement) 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 (if any) and specified in the Applicable Pricing Supplement.

**Use of proceeds**

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

**PROGRAMME PREFERENCE  
SHARES**

**Amended Programme Preference  
Share Guarantee**

The Guarantor has, in terms of and subject to the Amended Programme Preference Share Guarantee, unconditionally and irrevocably guaranteed to the Programme Preference Shareholders of each Tranche of Programme Preference Shares issued by the Issuer, under the Programme, pursuant to this Programme Memorandum, the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of each such Tranche of Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions of each such Tranche of Programme Preference Shares.

The Amended Programme Preference Share Guarantee is a direct unsecured obligation of the Guarantor. The Guarantor's payment obligations under the Amended Programme Preference Share Guarantee rank at least equally with the claims of its unsecured and unsubordinated creditors, except creditors mandatorily preferred by law (see the section of this Programme Memorandum headed "*Amended Programme Preference Share Guarantee*").

On and with effect from the Programme Date, the Amended Programme Preference Share Guarantee will replace the Previous Programme Preference Share Guarantee in its entirety, and the

Amended Programme Preference Share Guarantee will be applicable to (i) the holders of Existing Programme Preference Shares and (ii) the holders of Programme Preference Shares issued under the Programme pursuant to this Programme Memorandum.

**Applicable Pricing Supplement**

The Applicable Pricing Supplement relating to a Tranche of Programme Preference Shares will set out (among other things) the type of Programme Preference Shares in that Tranche of Programme Preference Shares, the Specified Denomination, the aggregate Redemption Amount, the Specified Currency, the Issue Date, the Issue Price, the Scheduled Programme Preference Dividend Rate (where applicable), the Scheduled Programme Preference Dividend Date/s (where applicable) and the Final Redemption Date.

**Dividend Period/s and Dividend Payment Date/s**

The Dividend Period in respect of any Tranche of Programme Preference Shares will be the Scheduled Programme Preference Dividend Period as specified in the Applicable Pricing Supplement.

A Dividend Payment Date in respect of a Tranche of Programme Preference Shares will be the Scheduled Programme Preference Dividend Date, the Penalty Programme Preference Dividend Date or the Additional Programme Preference Dividend Date, as the case may be.

**Form of Programme Preference Shares**

A Tranche of Programme Preference Shares will be issued in registered uncertificated form (see the section of this Programme Memorandum headed "*Form of the Instruments*").

**Issue Price**

The Programme Preference Shares in a Tranche of Programme Preference Shares will be issued at the Issue Price 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 of the Programme Preference Shares but securities transfer tax is payable (subject to certain exemptions) on the transfer and/or redemption of the Programme Preference Shares (see the section of this Programme Memorandum headed "*Taxation*").

**Listing**

A Tranche of Programme Preference Shares may be listed on the Main Board of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws.

Unlisted Programme Preference Shares may also be issued under the Programme. Unlisted Programme Preference Shares are not regulated by the JSE.

The Programme Preference Shareholders of Programme Preference Shares that are not listed on the Main Board of the JSE will have no recourse against the JSE and/or the JSE Guarantee Fund. Claims against the JSE Guarantee Fund may only be made in respect of the trading of Programme Preference Shares listed on the Main Board of the JSE and in accordance with the rules of the JSE Guarantee Fund. The Applicable Pricing Supplement will specify whether or not a Tranche of Programme Preference Shares will be listed and, if so, on which Relevant Stock Exchange/s.

**Programme Preference Dividend**

Each Tranche of Programme Preference Shares will confer on the Programme Preference Shareholders of that Tranche of Programme Preference Shares a right to receive, out of the profits of the Issuer, a Scheduled Programme Preference Dividend (which shall be cumulative unless otherwise specified in the Applicable Pricing Supplement), determined and payable in accordance Condition 7 of the Programme Preference Share Terms and Conditions.

*Scheduled Programme Preference Dividends:* The Scheduled Programme Preference Dividend payable by the Issuer in respect of a Tranche of Programme Preference Shares will be calculated by the Calculation Agent in accordance with Condition 7.1 of the Programme Preference Share Terms and Conditions.

*Penalty Programme Preference Dividends:* If the Issuer fails to pay a Scheduled Programme Preference Dividend in respect of a Tranche of Programme Preference Shares on the relevant Dividend Payment Date, the Issuer will, in addition to the unpaid Scheduled Programme Preference Dividends, declare and pay the Penalty Programme Preference Dividend to the Programme Preference Shareholders of that Tranche of Programme Preference Shares, calculated by the Calculation Agent in accordance with Condition 7.2 of the Programme Preference Share Terms and Conditions.

*Tax Gross-Up, Additional Programme Preference Dividends and Additional Amounts:* Subject to Condition 7.3.3 of the Programme Preference Share Terms and Conditions, should a material breach of any of the Specified Warranties in respect of any Programme Preference Share in a Tranche of Programme Preference Shares occur and, as a direct result of such breach, the Programme Preference Shareholder of that Programme Preference Share is required to pay an amount of South African income tax on any Programme Preference Dividend, the Issuer will pay to that Programme Preference Shareholder either the Additional Programme Preference Dividend or the Additional Amount, as more fully described in Condition 7.3 of the Programme Preference Share Terms and Conditions.

*Accumulated Programme Preference Dividends:* The Programme Preference Dividends in respect of a Tranche of Programme Preference Shares are cumulative (unless otherwise specified in the Applicable Pricing Supplement) and, to the extent that all or any part of a Programme Preference Dividend has accrued or has become payable in accordance with the Applicable Programme Preference Share Terms and Conditions, the Issuer will be liable to pay, by no later than the Applicable Redemption Date, all Programme Preference Dividends that have accrued or become payable in accordance with the Applicable Programme Preference Share Terms and Conditions and which have not been paid on the applicable Dividend Payment Dates.

**Programme Preference Shareholders**

The Programme Preference Shareholders are (i) the registered Programme Preference Shareholder/s of the Programme Preference Share/s, determined in accordance with the CSD Procedures (in the case of Programme Preference Shares held in the CSD) and (ii) the holders of Programme Preference Shares recorded as the registered Programme Preference Shareholders of such Programme Preference



<b>Programme Preference Share Terms and Conditions</b>	<p>Shares in the Register (in the case of Programme Preference Shares which are represented by Individual Certificates).</p> <p>The Programme Preference Share Terms and Conditions are set out in the section of this Programme Memorandum headed "<i>Terms and Conditions of the Programme Preference Shares</i>".</p> <p>The Applicable Programme Preference Share Terms and Conditions of a Tranche of Programme Preference Shares are the Programme Preference Share Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Programme Preference Shares set out in the Applicable Pricing Supplement relating to that Tranche of Programme Preference Shares.</p>
<b>Programme Preference Shares Terms - Adjustment Events and Extraordinary Event Adjustment</b>	<p>Where "<i>Adjustment Events (Programme Preference Shareholder)</i>" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Programme Preference Shares then, upon the occurrence of an Adjustment Event, (i) the Affected Preference Shareholder will be entitled to require the Issuer to increase the Scheduled Programme Preference Dividend Rate and (ii) the Issuer will be entitled to redeem the relevant Programme Preference Shares in accordance with Condition 13.3 (if applicable) or will otherwise be obliged to comply with the Adjustment Notice (unless otherwise agreed between the Affected Programme Preference Shareholder and the Issuer), as more fully set out in Condition 8 of the Programme Preference Share Terms and Conditions.</p> <p>Where "<i>Extraordinary Event Adjustment (Equity Linked Programme Preference Shares)</i>" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Equity Linked Programme Preference Shares then, upon the occurrence of an Extraordinary Event, the Issuer may, at its election (but to the exclusion of any of its rights (if any) to redeem that Tranche of Equity Linked Programme Preference Shares under the Applicable Programme Preference Share Terms and Conditions), direct the Calculation Agent to make an adjustment to the Reference Level, as more fully set out in Condition 9 of the Programme Preference Share Terms and Conditions.</p>
<b>Redemption</b>	<p><i>Final Redemption:</i> Unless previously redeemed or purchased and cancelled, a Tranche of Programme Preference Shares will, subject to the Companies Act, be redeemed by the Issuer, at the Final Redemption Amount, on the Final Redemption Date, as set out in Condition 13.1 of the Programme Preference Share Terms and Conditions.</p> <p><i>Voluntary Redemption:</i> If "<i>Voluntary Redemption (Issuer)</i>" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Programme Preference Shares, the Issuer, may in its sole and absolute discretion, voluntarily redeem that Tranche of Programme Preference Shares in accordance with Condition 13.2 of the Programme Preference Share Terms and Conditions.</p> <p><i>Redemption following an Adjustment Event (Issuer):</i> If "<i>Adjustment Events (Issuer)</i>" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Programme Preference Shares, then the Issuer may, at its election, redeem one or more Programme Preference Shares in that Tranche in whole, but not in part, at the</p>

Early Redemption Amount, on the Dividend Payment Date or other date stipulated as the date for redemption in such notice, in accordance with Condition 13.3 of the Programme Preference Share Terms and Conditions.

*Redemption upon the occurrence of an Illegality Event:* If an Illegality Event occurs then, if the Relevant Programme Preference Shareholder and the Issuer fail to remove or rectify such Illegality Event (provided such Illegality Event is capable of being removed or rectified), the Relevant Programme Preference Shareholder will be entitled to require the Issuer to redeem all of the Programme Preference Shares held by the Relevant Programme Preference Shareholder, at the Early Redemption Amount, on the Early Redemption Date, as set out in Condition 13.5 of the Programme Preference Share Terms and Conditions.

**Specified Denomination**

The denomination of each Programme Preference Share in a Tranche of Programme Preference Shares will be the denomination specified in the Applicable Pricing Supplement, provided that the Programme Preference Shares will be issued with a minimum denomination of ZAR10,000.

**Specified Minimum Investment**

Each Programme Preference Shareholder will be required to subscribe for such minimum number of Programme Preference Shares in a Tranche of Programme Preference Shares as have an aggregate Issue Price, as at the date on which such Programme Preference Shares are offered to such Programme Preference Shareholder, of ZAR1,000,000 (or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act).

**Status of Programme Preference Shares**

A Tranche of Programme Preference Shares will rank (1) equally among themselves, all other Tranches of Programme Preference Shares and the Other Preference Shares with respect to (i) the payment of dividends by the Issuer and (ii) the distribution of the assets of the Issuer in the event of the liquidation, dissolution or winding up of the Issuer or any other distribution of the assets of the Issuer (2) in priority to the rights of all Other Shares with respect to (i) the payment of dividends by the Issuer and (ii) the distribution of the assets of the Issuer in the event of the liquidation, dissolution or winding up of the Issuer or any other distribution of the assets of the Issuer and (3) below all claims in respect of any secured or unsecured Financial Indebtedness of the Issuer, as more fully set out in Condition 5.1 of the Programme Preference Share Terms and Conditions.

The Programme Preference Shares do not confer on the Programme Preference Shareholders the right to participate in the profits or assets of the Issuer except as set out in the Programme Preference Share Terms and Conditions.

The consequences of the liquidation, dissolution or winding-up of the Issuer on the rights and claims of Programme Preference Shareholders are more fully set out in Condition 5.3 of the Programme Preference Share Terms and Conditions.

**Types of Programme Preference Shares**

A Tranche of Programme Preference Shares may comprise, without limitation, Fixed Rate Programme Preference Shares, Floating Rate Programme Preference Shares, Equity Linked Programme Preference

Shares and/or such other type of Programme Preference Shares as may be determined by the Issuer and the relevant Dealer/s (if any) and specified in the Applicable Pricing Supplement.

**Use of proceeds**

The Issuer will use the proceeds of the issue of a Tranche of Programme Preference Shares for its general corporate purposes and in such a manner as to ensure that the use of such proceeds complies with the Specified Warranties (if any) set out in the Applicable Pricing Supplement.

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## RISK FACTORS

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*This section of the Programme Memorandum headed "Risk Factors" describes the risks the Issuer believes may be material for the purpose of assessing the risks associated with the Instruments, and the market for the Instruments generally. They are not an exhaustive description of all the risks associated with an investment in the Instruments and the Issuer may be unable to fulfil its payment or other obligations under or in connection with the Instruments due to a factor which the Issuer did not consider to be a material risk based on information currently available to it or which it may not currently be able to anticipate.*

*If any of the risks described below (or an unlisted risk) actually occur, the value, trading price and liquidity of the Instruments could decline, and an Instrumentholder could lose all or part of its investment in the Instruments. 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.*

*Prospective investors in the Instruments should note that the risks relating to the Issuer, Macquarie Group Limited ("MGL" and "Guarantor") and the Macquarie Group, its industry and the Instruments summarised in this section below are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor in the Instruments of whether to consider an investment in the Instruments. However, as the risks which the Issuer and MGL face relate to events and depend on circumstances that may or may not occur in the future, prospective investors in the Instruments should consider, among other things, the risks and uncertainties described below.*

### RISKS RELATING TO MGL

#### **Factors that may affect MGL's ability to fulfil its obligations under the Amended Note Guarantee and/or the Amended Programme Preference Share Guarantee**

The value, trading price and liquidity of the Instruments depends upon, amongst other things, the ability of MGL to fulfil its obligations under the Amended Note Guarantee and/or the Amended Programme Preference Share Guarantee which, in turn is primarily dependent on the financial condition and prospects of MGL and the Macquarie Group.

The financial prospects of any entity are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the entity is exposed. There are a number of risks faced by MGL and the Macquarie Group, including those that encompass a broad range of economic and commercial risks, many of which are not within their control. The performance of all of the Macquarie Group's major businesses can be influenced by external market and regulatory conditions. If all or most of the Macquarie Group's businesses were affected by adverse circumstances at or about the same time, overall earnings would suffer significantly.

The Macquarie Group's risk management framework incorporates active management and monitoring of risks including market, credit, equity, liquidity, operational, compliance, foreign exchange, legal, regulatory and reputation risks. These risks create the potential for MGL and the Macquarie Group to suffer loss.

***MGL's and the Macquarie Group's business and financial condition has been and may be negatively impacted by adverse global credit and other market conditions. Economic conditions, particularly in Australia, the United States, Europe and Asia, may have a negative impact on MGL's and the Macquarie Group's financial condition and liquidity.***

In recent years, global credit and equity markets have been characterised by uncertainty and volatility, with such markets continuing to demonstrate reduced liquidity, widened credit spreads and decreased price transparency. More recently, these challenging market conditions have resulted primarily from the ongoing sovereign debt concerns in Europe and concerns about Chinese and global economic growth, along with systemic reviews of the banking sector by rating agencies and regulators, imposing additional capital and other regulatory requirements. The Macquarie Group's businesses operate in or depend on the operation of global markets, either directly or indirectly, including through exposures in securities, loans, derivatives and other activities. In particular, uncertainty in global credit markets, increased funding costs,

constrained access to funding, and the decline in equity and capital market activity have impacted transaction flow in a range of industry sectors, all of which have adversely impacted MGL's and the Macquarie Group's financial performance.

The Macquarie Group may continue to endure similar or heightened adverse impacts from such conditions in the future. The Macquarie Group may also face new costs and challenges as a result of general economic and geopolitical events and conditions. For instance, a European sovereign default, slowdown in the United States or Chinese economies, slowing growth in emerging economies or departure of a member country from the Euro zone, the European Union (for example, the United Kingdom) or the market perception of such events could disrupt global funding markets and the global financial system more generally and may also directly impact the business activities and financial performance of the Macquarie Group. MGL and the Macquarie Group may also be impacted indirectly through their counterparties that may have direct exposure to European sovereigns and financial institutions.

Since 2008, governments, regulators and central banks globally have taken numerous steps to increase liquidity and to restore investor and public confidence. There can be no assurance that the relief measures implemented by governments and central banks around the globe to restore confidence in financial systems and bolster economic growth will result in a sustained long-term stabilisation of financial markets, or what impact the withdrawal of such relief measures or the consequential impacts of substantial fiscal stimulus on the budgets of sovereigns will have on global economic conditions or MGL's and the Macquarie Group's financial condition or prospects.

***MGL's and the Macquarie Group's businesses, including transaction execution, funds management and lending businesses have been and may be adversely affected by market uncertainty, volatility or lack of confidence due to general declines in economic activity and other unfavourable economic, geopolitical or market conditions or by the impact of changes in foreign exchange rates.***

Poor economic conditions and other adverse geopolitical conditions can adversely affect and have adversely affected investor and client confidence, resulting in significant industry-wide declines in the size and number of underwritings and of financial advisory transactions and increased market risk as a result of increased volatility, which could have and have had an adverse effect on the Macquarie Group's revenues and its profit margins. For example, the Macquarie Group's client facilitation fee income may be, and have been, impacted by transaction volumes.

In addition, in certain circumstances, market uncertainty or general declines in market or economic activity may affect the Macquarie Group's client execution businesses by decreasing levels of overall activity or by decreasing volatility, but at other times market uncertainty and even declining economic activity may result in higher trading volumes or higher spreads or both.

The Macquarie Group's trading income may be adversely impacted during times of subdued market conditions and client activity and increased market risk from higher volatility can lead to trading losses or cause the Macquarie Group to reduce the size of its trading businesses in order to limit its risk exposure. Market conditions, as well as declines in asset values, may cause the Macquarie Group's clients to transfer their assets out of the Macquarie Group's funds or other products or their brokerage accounts and result in reduced net revenues, principally in the Macquarie Group's funds management business. The Macquarie Group's funds management fee income, including base and performance fees, may be impacted by volatility in equity values and returns from the Macquarie Group's managed funds. The Macquarie Group's loan portfolio may also be impacted by deteriorating economic conditions. The Macquarie Group assesses the credit quality of its loan portfolio and the value of its proprietary investments, including its investments in managed funds, for impairment at each reporting date. The Macquarie Group's returns from asset sales are also subject to the current economic climate. If financial markets decline, revenues from the Macquarie Group's variable annuity products are likely to decrease. In addition, increases in volatility increase the level of the Macquarie Group's risk weighted assets and increase the Macquarie Group's capital requirements. This may require the Macquarie Group to raise additional capital at a time, and on terms, which may be less favourable than the Macquarie Group would otherwise achieve during stable market conditions. If this occurs, then this may have an impact on MGL's and the Macquarie Group's financial performance.

***MGL's and the Macquarie Group's liquidity, profitability and businesses may be adversely affected by an inability to access international capital markets or by an increase in their cost of funding.***

Liquidity is essential to MGL's and the Macquarie Group's businesses, and MGL and the Macquarie Group rely on credit and equity capital markets to fund their operations. The Macquarie Group's liquidity may be impaired by an inability to access secured or unsecured debt markets, an inability to sell assets or unforeseen outflows of cash or collateral. MGL's and the Macquarie Group's liquidity may also be impaired due to circumstances that MGL and entities in the Macquarie Group may be unable to control, such as general market disruptions, which may occur suddenly and dramatically, an operational problem that affects MGL and the Macquarie Group or MGL's and the Macquarie Group's trading clients, or changes in MGL's or the Macquarie Group's credit spreads, which are continuous, market-driven, and subject at times to unpredictable and highly volatile movements.

General business and economic conditions are key considerations in determining MGL's and the Macquarie Group's access to credit and equity capital markets, cost of funding and ability to meet their liquidity needs. The impact of these include, but are not limited to, changes in short-term and long-term interest rates, inflation, monetary supply, commodities volatility and results, fluctuations in both debt and equity capital markets, relative changes in foreign exchange rates, consumer confidence and changes in the strength of the economies in which MGL and the Macquarie Group operate. Renewed turbulence or a worsening general economic climate could adversely impact any or all of these factors. Should conditions remain uncertain for a prolonged period, or deteriorate further, MGL's and the Macquarie Group's funding costs may increase and may limit MGL's and the Macquarie Group's ability to replace, in a timely manner, maturing liabilities, which could adversely affect MGL's and the Macquarie Group's ability to fund and grow their businesses or otherwise have a material impact on MGL and the Macquarie Group.

In the event that MGL's or any Macquarie Group entity's current sources of funding prove to be insufficient, it may be forced to seek alternative financing, which could include selling liquid securities or other assets. The availability of alternative financing will depend on a variety of factors, including prevailing market conditions, the availability of credit, MGL's credit ratings and the Macquarie Group's credit capacity. The cost of these alternatives may be more expensive than the Macquarie Group's current sources of funding or include other unfavourable terms, or MGL or the Macquarie Group may be unable to raise as much funding as they need to support their business activities. This could slow the growth rate of the Macquarie Group's businesses, cause MGL and the Macquarie Group to reduce their term assets and increase MGL's cost of funding, all of which could reduce MGL's and the Macquarie Group's profitability. In the event that MGL and/or other entities in the Macquarie Group are required to sell assets, there is no assurance that MGL or any such Macquarie Group entity will be able to obtain favourable prices on some or all of the assets it offers for sale or that it will be able to successfully complete asset sales at an acceptable price or in an acceptable timeframe. In addition, the sale of income earning assets may adversely impact MGL's and the Macquarie Group's income in future periods.

***Many of MGL's and the Macquarie Group's businesses are highly regulated and they could be adversely affected by temporary and permanent changes in regulations and regulatory policy or unintended consequences from such changes and increased compliance requirements, particularly for financial institutions, in the markets in which MGL and the Macquarie Group operate.***

Many of MGL's and the Macquarie Group's businesses are highly regulated in most jurisdictions in which MGL and the Macquarie Group do business. The Macquarie Group has businesses in multiple sectors, including as licensed brokers, investment advisers or other regulated financial services providers. The Macquarie Group operates similar kinds of businesses across multiple jurisdictions, and some of its businesses operate across more than one jurisdiction or sector and are regulated by more than one regulator. Additionally, some members of the Macquarie Group own or manage assets and businesses that are regulated. The Macquarie Group's businesses include an "authorised deposit-taking institution" ("ADI") in Australia (regulated by the Australian Prudential Regulation Authority ("APRA")) and branches in the United Kingdom, the Dubai International Finance Centre, Singapore, Hong Kong and South Korea and representative offices in the United States, New Zealand and Switzerland. The regulations vary from country to country but generally are designed to protect depositors and the banking system as a whole, not

holders of the Macquarie Group's securities or creditors. In addition, as a diversified financial institution, many of the Macquarie Group's businesses are subject to financial services regulation other than prudential banking regulation in most jurisdictions in which MGL and the Macquarie Group operate, including in the United States in respect of the Macquarie Group's broker-dealer, over-the-counter (OTC) derivatives and funds management businesses. Certain regulatory developments will significantly alter the regulatory framework and may adversely affect MGL's and the Macquarie Group's competitive position and profitability.

Regulatory agencies and governments frequently review banking and financial services laws, regulations and policies, including fiscal policies, for possible changes. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could substantially affect MGL and the Macquarie Group or their businesses, the products and services MGL and the Macquarie Group offer or the value of their assets, or have unintended consequences or impacts across MGL's and the Macquarie Group's businesses. These may include changing required levels of liquidity and capital adequacy, increasing tax burdens generally and on financial transactions, limiting the types of financial services and products that can be offered and/or increasing the ability of other providers to offer competing financial services and products, as well as changes to prudential regulatory requirements. Future changes in laws, regulations or policies as described above can be unpredictable, and beyond MGL's and the Macquarie Group's control and could adversely affect their businesses.

MGL is regulated by APRA as a non-operating holding company ("**NOHC**"). APRA may introduce new prudential regulations or modify existing regulations, including those that apply to MGL as an NOHC. Any such event could result in changes to the organisational structure of the Macquarie Bank Group and/or the Macquarie Group and adversely affect the business or financial performance of MGL and/or the Macquarie Group.

Global economic conditions have led to increased supervision and regulation, as well as changes in regulation in markets in which MGL and the Macquarie Group operate, particularly for financial institutions, and will lead to further significant changes of this kind. In addition, regulation is becoming increasingly extensive and complex and some areas of regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach or certain jurisdictions seeking to expand the territorial reach of their regulation. Furthermore, the nature and impact of future changes are not predictable and beyond MGL's and the Macquarie Group's control and there is operational and compliance risk associated with the implementation of any new laws and regulations that apply to MGL as a financial institution. In particular, changes in applicable laws, regulations or other governmental policies could adversely affect one or more of the Macquarie Group's businesses and could require MGL and/or the Macquarie Group to incur substantial costs.

MGL is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards, where applicable, as well as rules and regulations relating to corrupt and illegal payments and money laundering) and industry codes of practice, as well as meeting its ethical standards. The failure to comply with applicable regulations could result in suspensions, restrictions of operating licenses, fines and penalties or limitations on its ability to do business. They could also have adverse reputational consequences. These costs, expenses and limitations could have an adverse effect on MGL's and the Macquarie Group's business, results of operations, financial performance or financial condition. The legal and regulatory requirements described above could also adversely affect the profitability and prospects of MGL and the Macquarie Group or their businesses to the extent that they limit MGL's and the Macquarie Group's operations and flexibility of MGL's and the Macquarie Group's businesses. The nature and impact of future changes in such requirements are not predictable and are beyond MGL's and the Macquarie Group's control.

***MGL and the Macquarie Group may be adversely affected by increased governmental and regulatory scrutiny or negative publicity.***

Governmental scrutiny from regulators, legislative bodies and law enforcement agencies with respect to matters relating to the financial services sector generally, and MGL and the Macquarie Group's business

operations, capital, liquidity and risk management, compensation and other matters, has increased dramatically over the past several years. The financial crisis and the subsequent political and public sentiment regarding financial institutions has resulted in a significant amount of adverse press coverage, as well as adverse statements or charges by regulators or other government officials, and in some cases, to increased regulatory scrutiny, investigations and litigation. Responding to and addressing such matters, regardless of the ultimate outcome, is time-consuming and expensive and can divert the time and effort of MGL's senior management from its business. Penalties and fines sought by regulatory authorities have increased substantially over the last several years, and regulators have become aggressive in commencing enforcement actions or with advancing or supporting legislation targeted at the financial services industry. Adverse publicity, governmental scrutiny and legal and enforcement proceedings can also have a negative impact on MGL's reputation with clients and on the morale and performance of its employees, which could adversely affect MGL's and the Macquarie Bank Group's businesses and the results of their operations.

***Changes and increased volatility in currency exchange rates may adversely impact MGL's financial results and its financial and regulatory capital positions.***

While MGL's consolidated financial statements are presented in Australian Dollars, a significant portion of the operating income of the Macquarie Group's is derived, and operating expenses are incurred, from its offshore business activities, which are conducted in a broad range of currencies and with counterparties around the world. Changes in the rate at which the Australian Dollar is translated from other currencies can impact the Guarantor's financial statements and the economics of its business.

Although the Macquarie Group seeks to carefully manage its exposure to foreign currencies through matching of assets and liabilities in local currencies and through the use of foreign exchange forward contracts to hedge its exposure, the Macquarie Group is still exposed to exchange risk. Insofar as any member of the Macquarie Group is unable to hedge or has not completely hedged its exposure to non-Australian currencies, the Macquarie Group's reported profit or foreign currency translation reserve would be affected.

Investors should be aware that exchange rate movements may adversely impact MGL's future financial results. MGL's regulatory capital position may be adversely impacted by a depreciating Australian Dollar, which increases the capital requirement for assets denominated in currencies other than Australian Dollars.

***MGL's and the Macquarie Group's business may be adversely affected by a failure to adequately manage the risks associated with certain strategic opportunities and new businesses, including acquisitions, and the exiting or restructuring of existing businesses.***

From time to time, MGL and/or other entities in the Macquarie Group may evaluate strategic opportunities and undertake acquisitions of businesses, some of which may be material to their operations. Certain acquisition opportunities may arise, for example, as competitors choose to exit what they consider non-core activities. MGL's and/or the Macquarie Group's completed and prospective acquisitions and growth initiatives may cause them to become subject to unknown liabilities of the acquired or new business and additional or different regulations.

MGL and such other Macquarie Group entities may over value the acquisition, may not achieve expected synergies from the acquisition, may achieve lower than expected cost savings or otherwise incur losses, may lose customers and market share, may face disruptions to their operations resulting from integrating the systems, processes and personnel (including in respect of risk management) of the acquired business into their management's time may be diverted to facilitate the integration of the acquired business into MGL or the relevant Macquarie Group entity, or the acquisition may have negative impacts on MGL's and the Macquarie Group's results, financial condition or operations. MGL or the Macquarie Group may also underestimate the costs associated with outsourcing, exiting or restructuring existing businesses. If these risks eventuate they may have a negative impact on MGL's and the Macquarie Group's results, financial condition and prospects.

Where MGL's and/or the Macquarie Group's acquisitions are in foreign jurisdictions, or are in emerging economies in particular, they may be exposed to heightened levels of regulatory scrutiny and political,



social or economic disruption and sovereign risk in emerging and growth markets. In addition, there are current and prospective strategic risks associated with timely business decisions, proper implementation of decisions or responsiveness to changes in MGL's and/or the Macquarie Group's current operating environment. From time to time, MGL and/or the Macquarie Group may evaluate other strategic opportunities, the outcome of which is dependent upon the quality of their strategic planning process, the implications of the strategy on risk appetite and their ability to evaluate and, if determined to be worthwhile, implement such strategic opportunities.

***MGL's and the Macquarie Group's businesses are substantially dependent on Macquarie's brand and reputation.***

MGL believes its reputation in the financial services markets and the recognition of the Macquarie brand by its customers are important contributors to its business. Many companies in the Macquarie Group and many of the funds managed by entities owned, in whole or in part, by the Macquarie Bank Group and the Macquarie Group use the Macquarie name. MGL does not control those entities that are not in the Macquarie Group, but their actions may reflect directly on its reputation. MGL's and the Macquarie Group's reputation and, as a result, their businesses and business prospects could be adversely affected if any of the entities using the Macquarie name take actions, or are publically accused of such actions, that bring negative publicity on MGL and the Macquarie Group.

The financial condition and results of operation of MGL and the Macquarie Group may be indirectly adversely affected by the negative performance, or negative publicity in relation to, any Macquarie-managed fund or funds that the Macquarie Bank Group has promoted or is associated with, as investors and lenders may associate such funds with the name, brand and reputation of the Macquarie Group and the Macquarie Group and other Macquarie-managed funds. In addition, if funds that use the Macquarie name or are otherwise associated with Macquarie-managed infrastructure assets, such as roads, airports, utilities and water distribution facilities that people view as community assets, are perceived to be managed inappropriately, those managing entities could be subject to criticism and negative publicity, harming MGL's and the Macquarie Group's reputation and the reputation of other entities that use the Macquarie name.

***Competitive pressure, both in the financial services industry, as well as in the other industries in which MGL and the Macquarie Group operates, could adversely impact its business and results of operation.***

MGL and the Macquarie Group face significant competition from local and international competitors, which compete vigorously for participation in the various markets and sectors across which the Macquarie Group operates, including the financial services industry. MGL and the Macquarie Group compete on the basis of a number of factors, including their products and services, depth of client relationships, innovation, reputation and price. MGL believes that it and the Macquarie Group will continue to experience pricing pressures in the future as some of their competitors seek to obtain or increase market share. MGL and the Macquarie Group compete, both in Australia and internationally, with asset managers, retail and commercial banks, private banking firms, investment banking firms, brokerage firms, internet based firms and other investment and service firms in connection with the various funds and assets they manage and services they provide. In addition, any trend toward consolidation in the global financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power. In recent years, competition in the financial services industry has also increased as large insurance and banking industry participants have sought to establish themselves in markets that are perceived to offer higher growth potential and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships. Many of MGL's and the Macquarie Group's competitors are larger than they are and may have significantly greater financial resources than the Macquarie Group and/or may be able to offer a wider range of products which may enhance their competitive position. The effect of competitive market conditions, especially in MGL's and the Macquarie Group's main markets, products and services, may lead to an erosion in MGL's and the Macquarie Group's market share or margins and adversely impact MGL's and the Macquarie Group's business and results of operation.

***MGL's and the Macquarie Group's ability to retain and attract qualified employees is critical to the success of their business and the failure to do so may materially adversely affect their performance.***

MGL's and the Macquarie Group's employees are their most important resource, and their performance is largely dependent on the talents and efforts of highly skilled individuals. As such, MGL's and the Macquarie Group's continued ability to compete effectively in their businesses and to expand into new business areas and geographic regions depends on their ability to retain and motivate their existing employees and attract new employees. Competition from within the financial services industry and from businesses outside the financial services industry, such as professional service firms, hedge funds, private equity funds and venture capital funds, for qualified employees has historically been intense and is expected to increase during periods of economic growth.

In order to attract and retain qualified employees, MGL and the Macquarie Group must compensate such employees at or above market levels. Typically, those levels have caused employee remuneration to be the Macquarie Group's greatest expense as its performance-based remuneration has historically been cash based and highly variable. Recent market events have resulted in increased regulatory and public scrutiny of corporate remuneration policies and the establishment of criteria against which industry remuneration policies may be assessed. If MGL and the Macquarie Group are unable to continue to attract and retain qualified employees, as a result of such changes or otherwise, or are required to pay higher remuneration in order to attract and retain qualified employees to maintain their competitive position, or if increased regulation requires MGL and the Macquarie Group to further change their remuneration policies, their performance, including their competitive position, could be materially adversely affected.

In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict MGL's and the Macquarie Group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact MGL's and the Macquarie Group's ability to take advantage of business and growth opportunities or potential efficiencies, which could adversely affect their profitability.

***MGL's and the Macquarie Group's businesses are subject to the risk of loss associated with falling prices in the equity and other markets in which they operate.***

MGL and the Macquarie Group are exposed to changes in the value of financial instruments and other financial assets that are carried at fair market value, as well as changes to the level of their advisory and other fees due to changes in interest rates, exchange rates, equity and commodity prices, credit spreads and other market risks. These changes may result from changes in economic conditions, monetary and fiscal policies, market liquidity, availability and cost of capital, international and regional political events, acts of war or terrorism, corporate, political or other scandals that reduce investor confidence in capital markets, natural disasters or pandemics or a combination of these or other factors. MGL and the Macquarie Group trade in foreign exchange, interest rate, commodity, bullion, energy, securities and other markets and is an active price maker in the derivatives market. Certain financial instruments that MGL and/or the Macquarie Group hold and contract to which they are a party are increasingly complex, as the Macquarie Group employs structured products to benefit their clients and themselves, and these complex structured products often do not have readily available markets to access in times of liquidity stress. The Macquarie Group may incur losses as a result of decreased market prices for products they trade, which decreases the valuation of their trading and investment positions, including their interest rate and credit products, currency, commodity and equity positions.

In addition, reductions in the level of prices in the equity markets or increases in interest rates may reduce the value of their clients' portfolios, which in turn may reduce the fees MGL and the Macquarie Group earn for managing assets in certain parts of their business. Increases in interest rates or attractive conditions in other investments could cause MGL's and the Macquarie Group's clients to transfer their assets out of their funds or other products.

***Defaults by one or more other large financial institutions or counterparties could adversely affect financial markets generally.***

The commercial soundness of many financial institutions may be closely interrelated as a result of credit,

trading, clearing or other relationships among financial institutions. As a result of, and in light of, recent significant volatility in the financial sector and the capital markets, concerns about, or a default by, one or more institutions or by a sovereign could lead to market-wide liquidity problems, losses or defaults by other institutions globally that may further affect MGL and the Macquarie Group. This is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms, hedge funds and exchanges that MGL and the Macquarie Group interacts with on a daily basis. These risks may impact the value of financial instruments and other financial assets that are carried at fair market value by the Macquarie Group or the Macquarie Group's ability to deal in those assets. If these risks eventuate, they may have an impact on MGL's and/or the Macquarie Group's results, financial condition and prospects.

***An increase in the failure of third parties to honour their commitments in connection with MGL's and the Macquarie Group's trading, lending and other activities, including funds that they manage, may adversely impact their business.***

MGL and the Macquarie Group are exposed to the potential for credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honour its contractual obligations. MGL and the Macquarie Group are also exposed to potential concentration risk arising from large individual exposures or groups of exposures. Like any financial services organisation, MGL and the Macquarie Group assume counterparty risk in connection with their lending, trading, derivatives and other businesses where they rely on the ability of a third party to satisfy their financial obligations to it on a timely basis. The resulting credit exposure will depend on a number of factors, including declines in the financial condition of the counterparty, the value of property MGL and the Macquarie Group hold as collateral and the market value of the counterparty instruments and obligations MGL and the Macquarie Group holds.

Credit losses can and have resulted in financial services organisations realising significant losses and in some cases failing altogether. To the extent MGL's and the Macquarie Group's credit exposure increases, it could have an adverse effect on their business and profitability if material unexpected credit losses occur. MGL and the Macquarie Group are also subject to the risk that their rights against third parties may not be enforceable in all circumstances, which may also adversely impact the Macquarie Group's business and profitability.

***Credit constraints of purchasers of MGL and the Macquarie Group's investment assets or on their clients may impact their income.***

Historically, a portion of MGL and the Macquarie Group's income has been generated from the sale of assets to third parties, including their funds. If buyers are unable to obtain financing to purchase assets that MGL and the Macquarie Group currently hold or purchase with the intention to sell in the future, they may be required to hold investment assets for a longer period of time than they historically have or may sell these assets at lower prices than they historically would have expected to achieve, which may lower MGL's and the Macquarie Group's rate of return on these investments and require funding for periods longer than they have anticipated.

***Failure of MGL or the Macquarie Group to maintain their credit ratings could adversely affect its cost of funds, liquidity, competitive position and access to capital markets.***

The credit ratings assigned to certain Macquarie Group entities, including MGL, by rating agencies are based on an evaluation of a number of factors, including the Macquarie Group's ability to maintain a stable and diverse earnings stream, strong capital ratios, strong credit quality and risk management controls, funding stability and security, disciplined liquidity management and its key operating environments, including the availability of systemic support in Australia. In addition, a credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this section or by other events that are not related to the Macquarie Group.

If these Macquarie Group entities fail to maintain their current credit ratings, this could (i) adversely affect MGL's or the Macquarie Group's cost of funds and related margins, liquidity, competitive position, the

willingness of counterparties to transact with the Macquarie Group and its ability to access capital markets or (ii) trigger MGL's or a Macquarie Group entity's obligations under certain bilateral provisions in some of its trading and collateralised financing contracts. Under these provisions, counterparties could be permitted to terminate contracts with the Macquarie Group or require it to post additional collateral. Termination of MGL's or a Macquarie Group entity's trading and collateralised financing contracts could cause it to sustain losses and impair its liquidity by requiring it to find other sources of financing or to make significant cash payments or securities movements.

***MGL and the Macquarie Group may incur losses as a result of ineffective risk management processes and strategies.***

While MGL and the Macquarie Group employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As such, MGL and the Macquarie Group may, in the course of their activities, incur losses. There can be no assurance that the risk management processes and strategies that MGL and the Macquarie Group have developed will adequately anticipate or be effective in addressing market stress or unforeseen circumstances.

***Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on MGL's and the Macquarie Group's managerial, legal, accounting, IT, risk management, operational and financial resources and may expose them to additional risks.***

Future growth, including through acquisitions, mergers and other corporate transactions, may place significant demands on the Macquarie Group's legal, accounting, IT, risk management and operational infrastructure and result in increased expenses. The Macquarie Group's future growth will depend, among other things, on its ability to integrate new businesses, maintain an operating platform and management system sufficient to address its growth, attract employees and other factors described below. If the Macquarie Group does not manage its expanding operations effectively, its ability to generate revenue and control its expenses could be adversely affected.

A number of the Macquarie Group's recent and planned business initiatives and further expansions of existing businesses are likely to bring it into contact, directly or indirectly, with individuals and entities that are new clients, with new asset classes and other new products or new markets. These business activities expose the Macquarie Group to new and enhanced risks, including reputational concerns arising from dealing with a range of new counterparties and investors, actual or perceived conflicts of interest, regulatory scrutiny of these activities, potential political pressure, increased credit-related and operational risks, including risks arising from accidents or acts of terrorism, and reputational concerns with the manner in which these businesses are being operated or conducted. If these risks eventuate, they may have a negative impact on MGL's and the Macquarie Group's results, financial conditions or operations.

***Poor performance of funds would cause a decline in the Macquarie Group's revenue and results of operations and may adversely affect Macquarie Group's ability to raise capital for future funds.***

The Macquarie Group's financial condition and results of operation are directly and indirectly affected by the results of the funds and the assets it and other members of the Macquarie Group manage, particularly the Macquarie-managed funds. Revenue from these funds is derived principally from three sources: (i) management fees, based on the size of the funds; (ii) incentive income, based on the performance of the funds; and (iii) investment income based on investments in the funds, referred to as "principal investments". If the value of the funds the Macquarie Group and other members of the Macquarie Group manage declines, assets under management would also decline, which would result in a decrease in the Macquarie Group's management fees from these funds. In the event that any of these funds perform poorly due to market conditions or underperformance, the Macquarie Group's revenue and results of operations may decline. In addition, investors may withdraw their investments in these funds or may decline to invest in future funds the Macquarie Group establishes as a result of poor performance of these funds or otherwise.

Long-term underperformance can have negative implications for incentive income. If the return of a fund is negative in any period (quarterly, semi-annually or annually, depending on the fund), then the amount of the performance deficit must be carried forward until eliminated.

***MGL and the Macquarie Group may experience writedowns of their fund management assets, investments, loans and other assets related to volatile market conditions.***

Macquarie Group recorded A\$796 million of impairment charges for the year ended 31 March 2016, including A\$222 million of impairment charges on investment securities available-for-sale, investments in associates and joint ventures, and other non-financial assets, and A\$574 million of loan impairment provisions. Further impairments and provisions may be required in future periods if the market value of assets similar to those held were to decline.

Sudden declines and significant volatility in the prices of assets may substantially curtail or eliminate the trading markets for certain assets, which may make it very difficult to sell, hedge or value such assets. The inability to sell or effectively hedge assets reduces MGL's and the Macquarie Group's ability to limit losses in such positions and the difficulty in valuing assets may negatively affect their capital, liquidity or leverage ratios, increase their funding costs and generally require them to maintain additional capital.

In addition, market volatility has in recent years impacted the value of the Macquarie Bank Group's and the Macquarie Group's funds. Future valuations, in light of factors then prevailing, may result in further impairments to the investments in these funds. In addition, at the time of any sale of any investments in these funds, the price ultimately realised will depend on the demand in the market at the time and may be materially lower than their current market value. Any of these factors could require MGL and the Macquarie Group to make further writedowns on their investments in their funds management assets and other investments and assets, which may be significant and may have an adverse effect on their results of operations and financial condition in future periods.

***The business model of the Macquarie Group includes revenue it generates from management of funds and transactions with the assets it manages.***

The Macquarie Group's financial condition and results of operation are directly and indirectly affected by the results of the funds or the assets it and other members of the Macquarie Group manage. In addition to risks relating to fee income (as described above) and any credit exposure it may have to funds or assets owned by funds, the Macquarie Group's funds model exposes it to such risks as:

- *Equity at risk:* the Macquarie Group maintains an equity interest in a number of the funds that it manages. The market value of the Macquarie Group's assets is directly affected by the value of the funds managed by Macquarie Group to the extent of its equity interest in those funds.
- *Reputation risk:* The Macquarie name is attached to many of the funds managed by the Macquarie Group. Any adverse developments at any of the funds the Macquarie Group manages or the assets managed by those funds could have an adverse impact on the Macquarie Group's reputation and public image which could adversely affect its business and financial condition.
- *Contingent liabilities:* In some instances entities in the Macquarie Group have sold assets to funds managed by the Macquarie Group mostly in circumstances when the Macquarie Group is seeding a newly-formed fund with assets, or the Macquarie Group has sold its interest in such assets to third parties. Under the terms of some of the agreements pursuant to which those assets have been sold the Macquarie Group may have contingent liabilities as a result of the representations and warranties, covenants, indemnities or other provisions of those agreements.
- *Conflicts of interest:* the Macquarie Group manages and advises a large number of funds, many of which compete for assets and investors. The Macquarie Group has policies in place designed to manage conflicts of interest within the Macquarie Group but no assurance can be given that those policies will be adequate to prevent actual or perceived conflicts of interest.

If the Macquarie Group is unable to effectively manage these risks, its funds management business and reputation could be materially harmed or it could be exposed to claims or other liabilities to investors in the

funds.

***MGL's and the Macquarie Group's business operations expose them to potential tax liabilities that could have an adverse impact on their results of operation and reputation.***

MGL and the Macquarie Group are exposed to risks arising from the manner in which the Australian and international tax regimes may be applied and enforced, both in terms of their own tax compliance and the tax aspects of transactions on which they work with clients and other third parties. MGL's and the Macquarie Group's international, multi-jurisdictional platform increases their tax risks. In addition, as a result of increased funding needs by governments employing fiscal stimulus measures, revenue authorities in many of the jurisdictions in which MGL and the Macquarie Group operate are known to have become more active in their tax collection activities. While the Macquarie Group believes that it has in place controls and procedures that are designed to ensure that transactions involving third parties comply with applicable tax laws and regulations, any actual or alleged failure to comply with or any change in the interpretation, application or enforcement of applicable tax laws and regulations could adversely affect its reputation and affected business areas, significantly increase its own tax liability and expose it to legal, regulatory and other actions.

***MGL and the Macquarie Group may incur financial loss, adverse regulatory consequences or reputational damage due to inadequate or failed internal or external operational systems, processes, people or systems or external events.***

MGL and the Macquarie Group's businesses are highly dependent on their ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex, across numerous and diverse markets in many currencies. As MGL's and the Macquarie Group's client base, business activities and geographical reach expands, developing and maintaining their operational systems and infrastructure becomes increasingly challenging. MGL and the Macquarie Group must continuously update these systems to support their operations and growth, which may entail significant costs and risks of successful integration. MGL's and the Macquarie Group's financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond their control, such as a spike in transaction volume or disruption in internet services provided by third parties, adversely affecting their ability to process these transactions or provide these services.

MGL and the Macquarie Group are exposed to the risk of loss resulting from human error, the failure of internal or external processes and systems, such as from the failure of the Macquarie Group IT systems, or from external events. Such operational risks may include theft and fraud, improper business practices, mishandling of client moneys or assets, client suitability and servicing risks, product complexity and pricing, and valuation risk or improper recording, evaluating or accounting for transactions or breaches of their internal policies and regulations. There is increasing regulatory and public scrutiny concerning outsourced and off-shored activities and their associated risks, including, for example, the appropriate management and control of confidential data. The failure to appropriately manage this risk, including where external service providers are used, may adversely impact MGL's and the Macquarie Group's reputation, financial performance and position.

In addition, there have been a number of highly publicised cases around the world involving actual or alleged fraud or other misconduct by employees in the financial services industry in recent years, and MGL and the Macquarie Group run the risk that employee misconduct could occur. It is not always possible to deter or prevent employee misconduct and the precautions MGL and the Macquarie Group take to prevent and detect this activity may not be effective in all cases. In addition, MGL and the Macquarie Group also face the risk of operational failure, termination or capacity constraints of any of the counterparties, clearing agents, exchanges, clearing houses or other financial intermediaries MGL and the Macquarie Group use to facilitate their securities or derivatives transactions, and as MGL and the Macquarie Group's interconnectivity with their clients and counterparties grows, MGL and the Macquarie Group increasingly face the risk of operational failure with respect to their clients' and counterparties' systems. Any such failure, termination or constraint could adversely affect MGL's and the Macquarie Group's ability to effect

or settle transactions, service their clients, manage their exposure to risk, meet their obligations to counterparties or expand their businesses or result in financial loss or liability to their clients and counterparties, impairment of their liquidity, disruption of their businesses, regulatory intervention or reputational damage.

***The Macquarie Group may face information security risks.***

The Macquarie Group's businesses are highly dependent on its information technology systems. The Macquarie Group devotes significant effort to protecting the confidentiality, integrity and availability of its computer systems, software and networks, including maintaining the confidentiality of information that may reside on those systems. However, there can be no assurances that the Macquarie Group's security measures will provide absolute security. Information security risks for financial institutions have increased in recent years, in part because of the proliferation of new technologies, the use of internet and telecommunications technology and the increased sophistication and activities of organised criminals and hackers. The Macquarie Group's computer systems, software and networks may be vulnerable to unauthorised access, misuse, denial-of-service attacks, phishing attacks, computer viruses or other malicious code and other events that could have a security impact. Information security threats may also occur as a result of the Macquarie Group's plans to continue to implement internet banking and mobile banking channel strategies and develop additional remote connectivity solutions, the outsourcing of some of the Macquarie Group's business operations and the threat of cyber terrorism. Third parties with which the Macquarie Group does business, as well as other third parties with which the Macquarie Group's clients do business, can also be sources of operational risk to it, including with respect to security breaches affecting such parties, breakdowns or failures of the systems or misconduct by the employees of such parties and cyber-attacks. Such incidents may require the Macquarie Group to take steps to protect the integrity of its own operational systems or to safeguard its confidential information and that of its clients, thereby increasing its operational costs and potentially diminishing customer satisfaction. It is possible that the Macquarie Group may not be able to anticipate or to implement effective measures to prevent or minimise damage that may be caused by all information security threats, because the techniques used can be highly sophisticated and can evolve rapidly, and those that would perpetrate attacks can be well resourced. An information security failure could have serious consequences for the Macquarie Group including operational disruption, financial losses, reputational damage, theft of intellectual property and customer data, and could result in violations of applicable privacy laws, all of which could have a material impact on the Macquarie Group.

***The Macquarie Group's businesses, including its commodities activities and particularly its physical commodities trading businesses, subject the Macquarie Group to the risk of unforeseen, hostile or potential catastrophic events, and environmental, reputational and other risks that may expose it to significant liabilities and costs.***

The Macquarie Group's businesses are subject to the risk of unforeseen, hostile or catastrophic events, many of which are outside of its control, including natural disasters, extreme weather events (such as persistent winter storms or protracted droughts) leaks, spills, explosions, release of toxic substances, fires, accidents on land or at sea, terrorist attacks or other hostile or catastrophic events. Additionally, rising climate change concerns may lead to additional regulation that could increase the operating costs and/or reduce the profitability of the Macquarie Group's investments. In addition, the Macquarie Group relies on third party suppliers or service providers to perform their contractual obligations, and any failure on their part could adversely affect the Macquarie Group's business. The Macquarie Group may also not be able to obtain insurance to cover some of these risks and the insurance that it has may be inadequate to cover its losses.

The occurrence of any such events may prevent MGL and the Macquarie Group from performing under their agreements with clients, may impair their operations or financial results, and may result in litigation, regulatory action, negative publicity or other reputational harm.

***Conflicts of interest could limit MGL's and the Macquarie Group's current and future business opportunities.***

As the Macquarie Group expands its businesses and its client base, it increasingly has to address potential or perceived conflicts of interest, including situations where its services to a particular client conflict with, or are perceived to conflict with, its own proprietary investments or other interests or with the interests of another client, as well as situations where one or more of its businesses have access to material non-public information that may not be shared with other businesses within the Macquarie Group. While MGL believes it has adequate procedures and controls in place to address conflicts of interest, including those designed to prevent the improper sharing of information among its businesses, appropriately dealing with conflicts of interest is complex and difficult, and its reputation could be damaged and the willingness of clients to enter into transactions may be adversely affected if MGL fails, or appears to fail, to deal appropriately with conflicts of interest. In addition, potential or perceived conflicts could materially adversely affect MGL's and the Macquarie Group's reputation or business, including give rise to claims by and liabilities to clients, litigation or enforcement actions or discourage clients or counterparties to do business with them.

***Litigation, regulatory actions and contingent liabilities may adversely impact MGL's and the Macquarie Group's results of operations.***

MGL and the Macquarie Group may, from time to time, be subject to material litigation, regulatory actions and contingent liabilities, for example, as a result of inappropriate documentation of contractual relationships, class actions or regulatory violations, which, if they crystallise, may adversely impact upon their results of operation and financial condition in future periods or their reputation. MGL and the Macquarie Group entities regularly obtain legal advice and make provisions, as deemed necessary. There is a risk that any losses may be larger than anticipated or provided for or that additional litigation, regulatory actions or other contingent liabilities may arise. Furthermore, even where monetary damages may be relatively small, an adverse finding in a regulatory or litigation matter could harm MGL's and the Macquarie Group's reputation or brand, thereby adversely affecting their business.

***In conducting its businesses around the world, the Macquarie Group is subject to political, economic, legal, operational and other risks.***

In conducting its businesses and maintaining and supporting its global operations, the Macquarie Group is subject to risks of possible nationalisation, expropriation, price controls, capital controls, exchange controls, economic sanctions and other restrictive governmental actions. The Macquarie Group could also be affected by the occurrence of diseases. Geopolitical instability, such as threats of, potential for, or actual conflict, occurring around the world, may also adversely affect global financial markets, general economic and business conditions and the Macquarie Group's ability to continue operating or trading in a country, which in turn may adversely affect the Macquarie Group's business, operations and financial condition.

In addition, in some countries in which the Macquarie Group does business, or may in the future do business, in particular in emerging markets, the laws and regulations applicable to the financial services industry are uncertain and evolving, and it may be difficult for the Macquarie Group to determine the exact requirements of local laws in every market. The Macquarie Group's inability to remain in compliance with local laws in a particular market could have a significant and negative effect not only on its businesses in that market but also on its reputation generally. The Macquarie Group is also subject to the enhanced risk that transactions it structures might not be legally enforceable in all cases.

The Macquarie Group is also subject in its operations worldwide to rules and regulations relating to corrupt and illegal payments and money laundering, as well as laws, sanctions and economic trade restrictions relating to doing business with certain individuals, groups and countries. While the Macquarie Group has invested and continues to invest in its anti-money laundering ("AML"), sanctions, and anti-bribery and anti-corruption compliance programs, the geographical diversity of its operations, employees, clients and customers, as well as the vendors and other third parties that it deals with, increases the risk that it may be found in violation of such rules or regulations and any such violation could subject the Macquarie Group to significant penalties or adversely affect its reputation.



The Macquarie Group is also subject to the risk that its agreements do not reflect the commercial intent of the parties, especially for complex transactions including those which involve derivatives.

***There are restrictions on the ability of subsidiaries, such as MBL, to make payments to MGL.***

MGL is a holding company and many of its subsidiaries, including its broker-dealer, bank and insurance subsidiaries, such as MBL, are subject to laws that authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to MGL. Restrictions or regulatory action of that kind could impede access to funds that MGL needs to make payments on its obligations, including debt obligations, or dividend payments. In particular, the availability of MBL's funding to meet the obligations of MGL or the Non-Banking Group is subject to regulatory restrictions.

***Failure of the Macquarie Group's insurance carriers or its failure to maintain adequate insurance cover could adversely impact its results of operations.***

The Macquarie Group maintains insurance that it considers to be prudent for the scope and scale of its activities. If the Macquarie Group's carriers fail to perform their obligations to the Macquarie Group and/or its third party cover is insufficient for a particular matter or group of related matters, its net loss exposure could adversely impact its results of operations.

***The Macquarie Group is subject to risks in using custodians.***

Certain funds the Macquarie Group manage depend on the services of custodians to carry out certain securities transactions. In the event of the insolvency of a custodian, the funds might not be able to recover equivalent assets in full (including any cash held on its behalf) as they will rank among the custodian's unsecured creditors in relation to assets which the custodian borrows, lends or otherwise uses.

## **RISKS RELATING TO THE ISSUER**

### **Factors that may affect the Issuer's ability to fulfil its obligations under the Instruments**

The factors described below represent the inherent risks relating to the Issuer. The Issuer does not represent that the statements below regarding the risks relating to it are exhaustive. A potential investor in Instruments should carefully consider the risks below and the other information in this Programme Memorandum.

The value of the Instruments depends upon, amongst other things, the ability of the Issuer to fulfil its obligations under the Instruments.

The financial prospects of any entity are sensitive to the underlying characteristics of its business and the nature and extent of the commercial risks to which the entity is exposed. There are a number of risks faced by the Issuer, including those that encompass a broad range of economic and commercial risks, many of which are not within its control. The performance of the Issuer's business can be influenced by external market and regulatory conditions. If the Issuer's business is affected by adverse circumstances in the same period, overall earnings would suffer significantly. These risks create the potential for the Issuer to suffer loss.

The principal risks and uncertainties of the Issuer are integrated with the principal risks of the Macquarie Group (see "*Risks relating to MGL*" above). These risks are not managed separately but on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations.

### ***The Issuer's business***

The Issuer is primarily engaged in the business of selling structured equity products to South African corporate and institutional clients (see the section of this Programme Memorandum headed "*Description of the Issuer*"). The Issuer's business activities and performance may be influenced by a number of risks including:

- Market risk - The general market trend for structured equity products is in particular linked to the development of the South African equity markets which are in turn influenced by the global economy as well as economic and political factors at national level. Difficult market conditions, however, may

lead to a lower sales volumes and adversely impact the Issuer's results of operations.

- Liquidity risk - the Issuer is exposed to the risk that it is unable to meet its financial commitments when they fall due, which could arise due to mismatches in cashflows.
- Competition risk - the Issuer faces significant competition from local competitors, which compete vigorously for participation in the structured products market. Any trend toward consolidation in the local financial services industry may create stronger competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power.
- Interest rate risk - Interest rate risk arises from a variety of sources including mismatches between the repricing periods of assets and liabilities. As a result of these mismatches, movements in interest rates can affect earnings of the Issuer.
- Credit risk – the Issuer is exposed to the risk of financial loss as a result of failure by a client or other counterparty to meet its contractual obligations.
- Operational risk - The daily operations of the Issuer may result in financial loss, adverse regulatory consequences or reputational damage due to a variety of operational risks including business decisions, technology risk (including business systems failure), fraud, compliance with legal and regulatory obligations, counterparty performance under outsourcing arrangements, business continuity planning, legal and litigation risk, data integrity and processing risk, managing conflicts of interests and key person risk.
- Reputational risk - the Issuer is substantially dependent on its reputation in the structured products market. If the Issuer suffers damage to its reputation, this could reduce business volume as clients might be reluctant to do business with the Issuer due to their negative perceptions.

#### ***Legal, regulatory and tax environment***

The Issuer's business in South Africa is highly regulated, including regulation relating to prudential and liquidity requirements. Failure to comply with legal and regulatory requirements, including tax laws and regulations, or government policies, may have an adverse effect on the Issuer and its reputation among customers and regulators in the market.

The Issuer could also be adversely affected by future changes in legal, regulatory and compliance requirements (including requirements relating to licensing and the management of conflicts of interest). In particular, any change in regulation of the Issuer to increase the requirements for capital adequacy or liquidity could have an adverse effect on the Issuer's business.

Future tax developments or changes to tax laws in South Africa may also have a material adverse effect on the Issuer and on its business.

#### **EXCHANGE CONTROLS**

Since 1995, certain exchange controls in South Africa were relaxed. The extent to which the South African Government ("**Government**") may further relax such exchange controls cannot be predicted with certainty, although the Government has committed itself to a gradual approach of relaxation. Further relaxation, or abolition of exchange controls, may precipitate a change in the capital flows to and from South Africa. If the net result of this were to cause large outer outflows, this could adversely affect the Issuer's business and it could have an adverse effect on the financial conditions of the Issuer as a whole. In the event of the immediate abolition of exchange controls there may be a sudden withdrawal of Rand from the South African market by investors.

#### **RISKS RELATING TO THE INSTRUMENTS GENERALLY**

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

Investors in the Instruments should have (either alone or with the help of a financial adviser) sufficient knowledge and experience in financial and business matters to meaningfully evaluate the merits and risks of investing in a particular issue of Instruments and the information contained in or incorporated by

reference into this Programme Memorandum, or any Applicable Pricing Supplement, as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risks in the context of their particular circumstances.

### **Issue Price and optional redemption risks**

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

### **Listing of Registered Instruments and limited liquidity**

The Issuer may issue listed or unlisted Registered Instruments. The continued listing of any Tranche of Registered Instruments which is listed on the Interest Rate Market of the JSE or the Main Board of the JSE (as applicable) and/or on any other Relevant Financial Exchange is subject to the rules of the Relevant Financial Exchange/s in force from time to time. There can accordingly be no assurance that the listing of any Tranche of Registered Instruments will continue until maturity.

There may be a limited secondary market for the Instruments. There can be no assurance that any secondary market for any of the Instruments will continue until maturity. Generally, Instruments that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors will have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Instruments. Consequently, a subscriber or purchaser of Instruments must be prepared to hold its Instruments until maturity.

In addition, global credit market conditions may lead to a general lack of liquidity in the secondary market for instruments similar to the Instruments. Such lack of liquidity may result in investors in the Instruments suffering losses in secondary re-sales even if there is no decline in the performance of the assets of the Issuer.

Instrumentholders that trade in interest-bearing Instruments during the period that the Register is closed prior to each Interest Payment Date or Dividend Payment Date (as applicable), will need to reconcile any amounts payable on the following Interest Payment Date or Dividend Payment Date (as applicable) pursuant to a partial redemption of the Instruments. As a result, secondary market liquidity of the Instruments may reduce during this period.

If Instruments 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.

### **Registered Instruments held in the CSD**

Each Tranche of unlisted Registered Notes, each Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE and each Tranche of Programme Preference Shares will be issued in registered uncertificated form and will be held in the CSD. The Instrumentholders of such Registered Instruments (and the holders of Beneficial Interests in such Registered Instruments) will have to rely on the CSD Procedures for transfer, payment and communication with the Issuer.

Except in the circumstances described in the Condition 11.1 of the Note Terms and Conditions or Condition 14.1 of the Programme Preference Share Terms and Conditions, as applicable, the holders of Beneficial Interests in such Registered Instruments will not be entitled to receive Individual Certificates.

The Participants will maintain records of the Beneficial Interests in Registered Instruments held in the CSD. While Registered Instruments are held in the CSD, the holders of Beneficial Interests in such Registered

Instruments will be able to trade their Beneficial Interests only through the CSD.

While Registered Instruments are held in the CSD, the Issuer will discharge its payment obligations under such Registered Instruments by making payments to, or to the order of, the CSD, for distribution, via the Participants, to the holders of Beneficial Interests in such Registered Instruments, in accordance with the CSD Procedures. A holder of a Beneficial Interest in Registered Instruments must rely on the CSD Procedures to receive payments under such Registered Instruments. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests.

Holders of Beneficial Interests in Registered Instruments must vote in accordance with the CSD Procedures. Holders of Beneficial Interests in Registered Instruments must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in Registered Instruments, in accordance with the CSD Procedures.

Holders of Beneficial Interests will only be entitled to exchange such Beneficial Interest for Registered Instruments represented by an Individual Certificate in accordance with Condition 11.1 of the Note Terms and Conditions or Condition 14.1 of the Programme Preference Share Terms and Conditions, as applicable.

**Registered Instruments represented by Individual Certificates where the denominations involve integral multiples**

If the aggregate Nominal Amount of Registered Instruments held by an Instrumentholder is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, the Individual Certificate representing such Registered Instruments will be issued in accordance with, and be governed by, the Applicable Procedures.

An Instrumentholder which holds Registered Instruments in an aggregate Outstanding Amount which is less than the minimum Specified Denomination may not receive an Individual Certificate in respect of such holding and may need to purchase an additional Nominal Amount of Registered Instruments such that its total holding of such Registered Instruments amounts to the minimum Specified Denomination.

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

**Meetings of Instrumentholders**

Condition 19 of the Note Terms and Conditions and Condition 22 of the Programme Preference Share Terms and Conditions contain provisions for calling meetings of the relevant Instrumentholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Instrumentholders including Instrumentholders who do not attend and vote at the relevant meeting and Instrumentholders who vote in a manner contrary to the majority.

**Change of law**

This Programme Memorandum, the Notes, the Applicable Note Terms and Conditions, the Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions are governed by, and will be construed in accordance with, the laws of South Africa.

The Amended Note Guarantee and the Amended Programme Preference Share Guarantee are each governed by, and will be construed in accordance with, the laws of New South Wales, Australia.

No assurance can be given as to the impact of any possible judicial decision or change to the laws of South Africa or the laws of New South Wales, Australia or administrative practice in either such jurisdiction after the Programme Date.

**The secondary market generally**

The Instruments may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, Instrumentholders may not be able to sell their

Instruments easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Instruments that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Instruments generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Instruments. No assurance of a secondary market or a market price for the Instruments is provided by the Issuer.

In addition, Instrumentholders should be aware of the risk that global credit market conditions may result in a general lack of liquidity in the secondary market for instruments similar to the Instruments. Such lack of liquidity may result in Instrumentholders suffering losses on the Instruments in secondary re-sales even if there is no decline in the performance of the assets of the Issuer and/or the Guarantor.

### **Exchange rate risks and exchange controls**

The Issuer will pay principal and interest or dividend on the Instruments in the relevant specified currency ("**Specified Currency**"). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit ("**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Instruments, (2) the Investor's Currency equivalent value of the principal payable on the Instruments, and (3) the Investor's Currency equivalent market value of the Instruments.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

In addition, events may occur that, from a legal or practical perspective, make it impossible or not reasonably practicable to convert one currency into another currency, as may be required in order to make a determination or payment in respect of the Instruments. The occurrence of such an inconvertibility event may result in payment under the Instruments being delayed and/or an investor receiving payment in a currency other than the Specified Currency.

### **Interest rate risks**

Investment in fixed rate Instruments involves the risk that subsequent changes in market interest rates may adversely affect the value of the fixed rate Instruments.

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

Instrumentholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices.

### **Rating may not reflect all risks**

As at the Programme Date, the Programme has been assigned a Rating of BBB/A-2 (Global Scale) and zaAA-/zaA-1 (SA National Scale) from Standard & Poor's. The Issuer will procure that any change to the Rating of the Programme that occurs after the Programme Date is announced on SENS.

A Tranche of Instruments may, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Instruments may also be issued. The Applicable Pricing Supplement will reflect the Rating, if any, which has been assigned to a Tranche of Instruments, as well as the Rating Agency/ies which assigned such Rating.

Neither a Rating of the Guarantor nor a Rating of the Programme nor a Rating of a Tranche of Instruments will necessarily reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of a Tranche of Instruments.

Neither a Rating of the Guarantor nor a Rating of the Programme nor a Rating of a Tranche of Instruments is a recommendation to subscribe for, buy, sell or hold any Instruments, inasmuch as, among other things, a Rating does not comment on the market price or suitability of the Instruments for a particular investor.

A Rating of a Tranche of Notes only addresses the likelihood that the Final Redemption Amount of Notes in that Tranche will be fully repaid by the Maturity Date and that the interest (if any) payable in respect of such Notes will be paid on a timely basis. A Rating of a Tranche of Programme Preference Shares only addresses the likelihood that the Final Redemption Amount of Programme Preference Shares in that Tranche will be fully repaid by the Final Redemption Date and that the dividend due and payable in respect of such Programme Preference Shares will be paid on a timely basis.

In addition, there can be no assurance that a Rating of the Guarantor and/or or a Rating of the Programme and/or a Rating of a Tranche of Instruments will remain for any given period of time and such Rating may be subject to suspension, cancellation, reduction or withdrawal at any time.

There can be no assurance of any connection between a Rating on a national scale basis and a Rating on an international scale basis. A Rating assigned to the Guarantor and/or the Programme and/or a Tranche of Instruments by a rating agency that has not been requested by the Issuer and/or the Guarantor to do so, may be lower than the equivalent Rating of the Guarantor and/or the Programme and/or that Tranche of Instruments assigned by the Rating Agency appointed by the Issuer and/or the Guarantor, or such rating agency may rate the Guarantor and/or the Programme and/or a Tranche of Instruments on an international scale basis which may be lower than the Rating on a national basis assigned to the Guarantor and/or the Programme and/or that Tranche of Instruments by the Rating Agency appointed by the Issuer and/or the Guarantor.

Any adverse change in the Rating of the Guarantor and/or the Programme and/or a Tranche of Instruments could adversely affect the trading price of all or any of the Instruments.

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

### **Risks related to the structure of a particular issue of Notes**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. The risks of a particular Tranche of Notes will depend on the Applicable Note Terms and Conditions of that Tranche of Notes, but may include, without limitation, the possibility of significant changes in the values of the applicable interest rates or other indices or formula. Noteholders could lose all or a substantial portion of their investment in the Notes.

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

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

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

### **Index Linked Notes**

The Issuer may issue Index Linked Notes the terms of which provide for interest or principal payable in

respect of such Note to be determined by reference to an index or formula, to changes in the prices of securities or commodities, to movement in currency exchange rates or other factors (each, a "**Relevant Factor**"). Potential investors in Index Linked Notes should be aware that:

- the market price of Index Linked Notes may be volatile;
- no interest may be payable on Index Linked Notes;
- payments of principal or interest on Index Linked Notes may occur at a different time than expected;
- the amount of principal payable at redemption may be less than the Nominal Amount of Index Linked 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 Index Linked Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable is likely to be magnified; and
- the timing of changes in a Relevant Factor may affect the actual yield to Noteholders of Index Linked Notes, even if the average level is consistent with expectations: in general, the earlier the change in the Relevant Factor, the greater the effect on yield.

## **RISKS RELATING TO THE PROGRAMME PREFERENCE SHARES GENERALLY**

### **Risks related to the structure of a particular issue of Programme Preference Shares**

A range of Programme Preference Shares may be issued under the Programme. A number of these Programme Preference Shares may have features which contain particular risks for potential investors. The risks of a particular Tranche of Programme Preference Shares will depend on the Applicable Programme Preference Share Terms and Conditions of that Tranche of Programme Preference Shares, but may include, without limitation, the possibility of significant changes in the values of the applicable dividend rates or other indices or formula. Programme Preference Shareholders could lose all or a substantial portion of their investment in Programme Preference Shares.

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

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

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

### **Equity Linked Programme Preference Shares**

The Issuer may issue Equity Linked Programme Preference Shares the terms of which provide for dividend or principal payable in respect of such Programme Preference Shares to be determined by reference to an underlying equity or a basket of underlying equities, as the case may be, which may be specified in the Applicable Pricing Supplement (each, a "**Reference Security**"). Potential investors in Equity Linked Programme Preference Shares should be aware that:

- the market price of Equity Linked Programme Preference Shares may be volatile. In order to realize a

return upon an investment in an Equity Linked Programme Preference Share, an investor in Equity Linked Programme Preference Shares must have correctly anticipated the timing and magnitude of an anticipated increase or the absence of a decrease of the value of the relevant Reference Security relative to the Issue Price and must also be correct about when the change will occur. If the value of the Reference Security does not increase, or decreases, as the case may be, before the Equity Linked Programme Preference Shares are redeemed, part of the investor's investment in the Equity Linked Programme Preference Shares may be lost on such redemption;

- no dividend/s may be payable on the Equity Linked Programme Preference Shares;
- payments of principal or dividends on the Equity Linked Programme Preference Shares may occur at a different time than expected;
- fluctuations in the price of the relevant Reference Security or value of the basket of Reference Securities will affect the value of the Equity Linked Programme Preference Shares;
- fluctuations in the value of currency or currencies in or to which the Reference Security or Reference Securities, as the case may be, will also affect the value of the Equity Linked Programme Preference Shares; and
- due to the character of the particular markets on which most equity securities are traded, the absence of last sale information and the limited availability of quotations for equity securities may make it difficult for many investors in Equity Linked Programme Preference Shares to obtain timely, accurate data for the price or yield of the relevant equity securities.

## **GENERAL**

This Programme Memorandum identifies some of the information that a prospective investor in the Instruments should consider prior to making an investment in the Instruments. However, neither this Programme Memorandum nor any Applicable Pricing Supplement provides (or will provide) (and does not purport to provide) all of the information or the comprehensive analysis necessary to evaluate the economic and other consequences of investing in the Instruments. Therefore, a potential investor in the Instruments should conduct its own thorough analysis, including its own accounting, legal and tax analysis, prior to deciding to invest in the Instruments. A potential investor in the Instruments should make an investment in the Instruments only after it has determined that such investment is suitable for its financial investment objectives. Neither this Programme Memorandum nor any Applicable Pricing Supplement is (or will be) (and does not purport to be) investment advice.

## **RISKS RELATING TO OTHER INSTRUMENTS**

The risks (if any) of investing in particular types of Instruments which are not set out in, or covered by, this section of the Programme Memorandum headed "*Risk Factors*" will be set out in an annexure to the Applicable Pricing Supplement relating to the relevant Tranche of Instruments and/or in a supplement to this Programme Memorandum prior to the Issue Date of the first Tranche of such Instruments to be issued under the Programme.



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## FORM OF THE INSTRUMENTS

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A Tranche of Notes may be issued in the form of Registered Notes (see "*Registered Instruments*" below) or Bearer Notes (see "*Bearer Notes*" below) or Order Notes (see "*Order Notes*" below), as specified in the Applicable Pricing Supplement. A Tranche of Programme Preference Shares will be issued in registered uncertificated form (see "*Registered Instruments*" below).

### REGISTERED INSTRUMENTS

#### Registered Instruments issued in uncertificated form

Each Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE, each Tranche of unlisted Registered Notes, each Tranche of Programme Preference Shares which is listed on the Main Board of the JSE and each Tranche of unlisted Programme Preference Shares will be issued in registered uncertificated form, in terms of Chapter IV of the Financial Markets Act, and will be held in the CSD (see "*Beneficial Interests in Registered Instruments held in the CSD*" below). Registered Instruments issued in registered uncertificated form will not be represented by any certificate or written instrument.

#### Beneficial Interests in Registered Instruments held in the CSD

The Participants will maintain records of the Beneficial Interests in Registered Instruments held in the CSD.

The registered Instrumentholder/s of the Registered Instrument/s in a Tranche of Registered Instruments which is held in the CSD will be determined in accordance with the CSD Procedures, and such registered Instrumentholder/s will be named in the Register as the registered holder/s of such Registered Instrument/s.

While a Tranche of Registered Instruments is held in its entirety in the CSD, the registered Instrumentholder/s of the Registered Instrument/s in that Tranche of Registered Instruments, determined in accordance with the CSD Procedures, will be named in the Register as the sole Instrumentholder/s of such Registered Instrument/s.

The CSD will hold each Tranche of Registered Instruments subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid and, subject to the CSD Procedures, all rights to be exercised in respect of Registered Instruments held in the CSD will be paid to and, subject to the CSD Procedures, may be exercised only by the CSD for the holders of Beneficial Interests in such Registered Instruments.

The CSD maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Standard Chartered Bank Johannesburg Branch, Société Generale, Citibank N.A., South Africa Branch, 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 Instruments 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 Instruments held by them in the CSD only through their Participants. Euroclear and Clearstream Banking may hold Instruments 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 or a particular Outstanding Redemption Amount of Programme Preference Shares, as the case may be, 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 or the Outstanding Redemption Amount of such Programme Preference Shares, as the case may be, standing to the account of any person shall be *prima facie* proof of such Beneficial Interest.

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 securities accounts maintained by such Participants for such clients.

Beneficial Interests may be transferred only in accordance with the CSD Procedures.

Holders of Beneficial Interests must vote in accordance with the Applicable Procedures. Holders of Beneficial Interests in Registered Instruments must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in Registered Instrument, in accordance with the CSD Procedures.

### **Registered Instruments represented by Individual Certificates**

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Registered Instruments represented by an Individual Certificate in accordance with Condition 11.1 of the Note Terms and Conditions or Condition 14.1 of the Programme Preference Share Terms and Conditions, as applicable.

Each Instrumentholder of Registered Instruments which are represented by an Individual Certificate will be named in the Register as the registered Instrumentholder of such Registered Instruments.

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

Title to Registered Instruments represented by Individual Certificates will pass upon registration of transfer in accordance with Condition 13.1.2 of the Note Terms and Conditions or Condition 16.2 of the Programme Preference Share Terms and Conditions, as applicable.

### **Payments**

Only the CSD (in the case of Registered Instruments held in the CSD) and Instrumentholders named in the Register at 17h00 (South African time) on the relevant Last Day to Register (in the case of Registered Instruments represented by Individual Certificates) will be entitled to payments of interest and/or dividend and/or principal in respect of such Registered Instruments.

Payments of all amounts due and payable in respect of Registered Instruments represented by Individual Certificates will be made in accordance with Condition 8.2 of the Note Terms and Conditions or Condition 12.2 of the Programme Preference Share Terms and Conditions, as applicable, to the CSD (in the case of Registered Instruments held in the CSD) or to the person named as the registered Instrumentholder of Registered Instruments in the Register at 17h00 (South African time) on the relevant Last Day to Register (in the case of Registered Instruments represented by Individual Certificates).

### **BEARER NOTES**

A Tranche of Bearer Notes will be embodied in, and represented by, Bearer Certificate/s.

Bearer Certificates which represent and embody interest-bearing Bearer Notes shall, if indicated in the Applicable Pricing Supplement, have interest Coupons attached to the relevant Bearer Certificates on issue. Bearer Certificates which represent and embody Bearer Notes which are repayable in instalments shall have Receipts for the payment of the instalments of principal (other than the final instalment) attached to the relevant Bearer Certificates on issue.

The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or a person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

Title to Bearer Notes will pass by delivery of the relevant Bearer Certificate in accordance with Condition

13.2 of the Note Terms and Conditions.

**ORDER NOTES**

A Tranche of Order Notes will be embodied in, and represented by, Order Certificate/s.

Order Certificates which represent and embody interest-bearing Order Notes shall, if indicated in the Applicable Pricing Supplement, have interest Coupons attached to the relevant Order Certificates on issue. Order Certificates which represent and embody Order Notes which are repayable in instalments shall have Receipts for the payment of the instalments of principal (other than the final instalment) attached to the relevant Order Certificates on issue.

Title to Order Notes will pass by way of Endorsement and delivery of the relevant Order Certificate in accordance with Condition 13.3 of the Note Terms and Conditions.

**TRANSFERABILITY OF INSTRUMENTS**

The Instruments in a Tranche of Instruments will, upon issue, be freely transferrable and fully paid.

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**PRO FORMA APPLICABLE PRICING SUPPLEMENT – NOTES**


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The form of Applicable Pricing Supplement which will be completed for each Tranche of Registered Notes which is to be listed on the Interest Rate Market of the JSE is set out below.

The form of Applicable Pricing Supplement which will be completed for each Tranche of Registered Notes which is to be listed on any Relevant Stock Exchange other than (or in addition to) the Interest Rate Market of the JSE will, subject to the rules of that Relevant Stock Exchange and all Applicable Laws, be substantially in the form set out below, adapted, as applicable, to comply with the rules of that Relevant Stock Exchange and all Applicable Laws.

The form of Applicable Pricing Supplement which will be completed for each Tranche of unlisted Registered Notes, each Tranche of Bearer Notes and each Tranche of Order Notes will be substantially in the form set out below, adapted, as applicable, in such manner as is agreed by the Issuer and the relevant Dealer/s (if any).

**MACQUARIE SECURITIES SOUTH AFRICA LIMITED** *(incorporated with limited liability under registration number 2006/023546/06 in the Republic of South Africa)*

**ZAR10,000,000,000**  
**DEBT INSTRUMENT PROGRAMME**

**Unconditionally and irrevocably guaranteed by**

**MACQUARIE GROUP LIMITED** *((ABN 94 122 169 279), a corporation constituted with limited liability under the laws of the Commonwealth of Australia)*



**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] due [Maturity Date]**

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Notes described herein ("**Notes**" and "**this Tranche of Notes**").

This Applicable Pricing Supplement must be read in conjunction with the Amended and Updated Programme Memorandum, dated 8 September 2016, as amended and/or supplemented from time to time ("**Programme Memorandum**") prepared by Macquarie Securities South Africa Limited ("**Issuer**") in connection with the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme ("**Programme**").

The Programme Memorandum, dated 8 September 2016, was approved by JSE Limited ("**JSE**") on 27 July 2016.

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

This Tranche of Notes will be issued on, and subject to, the Applicable Note Terms and Conditions. The Applicable Note Terms and Conditions are the Note Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of this Tranche of Notes set out in this Applicable Pricing Supplement.

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

A. DESCRIPTION OF THE NOTES		
1.	Issuer	Macquarie Securities South Africa Limited
2.	Guarantor	Macquarie Group Limited
3.	Tranche number	[            ]
4.	Series number	[            ]
5.	Status of the Notes	The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank <i>pari passu</i> and rateably without any preference or priority among themselves and (save for certain debts required to be preferred by law that is both mandatory and of general application) at least <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer, as described in Condition 5.
6.	Security	Unsecured
7.	Form of the Notes	Registered Notes.  The Notes in this Tranche are issued in registered uncertificated form and will be held in the CSD.
8.	Type of Notes	[Fixed Rate Notes] [Floating Rate Notes] [Index Linked Notes] [Exchangeable Notes] [Equity Linked Notes] [Zero Coupon Notes] [specify other]
9.	Issue Date/First Settlement Date	[            ]
10.	Issue Price	ZAR[            ] [[            ]% of the Nominal Amount]
11.	Interest Basis	[[            ]% Fixed Rate] [[specify Reference Rate] +/- [            ]% Floating Rate] [Zero Coupon] [Index Linked Interest] [specify other]
12.	Redemption/Payment Basis	[Redemption at par] [Index Linked Redemption] [specify other]
13.	Change of Interest or Redemption/ Payment Basis	[specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
14.	Aggregate Nominal Amount	ZAR[            ]
15.	Specified Currency	[ZAR] [specify other]
16.	Specified Denomination (Nominal Amount per Note)	[ZAR1,000,000] [such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act]
17.	Minimum Specified Denomination of each Note	[ZAR1,000,000] [specify such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act]
18.	Business Day Convention	[Following Business Day Convention] [Floating Rate Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [specify other]
B. PROGRAMME AMOUNT		
1.	Programme Amount as at the Issue Date	[ZAR10,000,000,000] [specify other]
2.	Aggregate Outstanding Amount of all of Instruments	ZAR[            ], excluding the aggregate Nominal Amount of this Tranche, the aggregate Nominal Amount of each other Tranche of

in issue under the Programme (including Existing Instruments) as at the Issue Date

Notes issued on the Issue Date and the aggregate Redemption Amount of each Tranche of Programme Preference Shares issued on the Issue Date.

3. Issuer confirmation as to Programme Amount
- The Issuer confirms that the issue of this Tranche of Notes will not cause the Issuer to exceed the Programme Amount.

**C. FIXED RATE NOTES** (\*delete if not applicable)

1. Fixed Interest Rate [ ] % per annum payable [annually] [semi-annually] [quarterly] [monthly] in arrear
2. Interest Commencement Date [ ]
3. Interest Payment Date/s [ ]
4. First Interest Payment Date [ ]
5. Interest Periods [The first Interest Period shall commence on (and include) the Interest Commencement Date and end on (but exclude) the first Interest Payment Date. Thereafter, each successive Interest Period shall commence on (and include) the immediately preceding Interest Payment Date and end on (but exclude) the immediately following Interest Payment Date; provided that the final Interest Period shall end on (but exclude) the Final Redemption Date.] *[specify other]*
6. Initial Broken Amount [Not Applicable] [ ]
7. Final Broken Amount [Not Applicable] [ ]
8. Day Count Fraction [Actual/365] [30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] *[specify other]*
9. Default Rate [ ] % per annum (see Condition 7.6.7.1)
10. Other terms relating to the method of calculating the Fixed Interest Rate [Not Applicable] *[give details]*

**D. FLOATING RATE NOTES** (\*delete if not applicable)

1. Interest Commencement Date [ ]
2. Interest Payment Date/s [ ]
3. First Interest Payment Date [ ]
4. Interest Periods [The first Interest Period shall commence on (and include) the Interest Commencement Date and end on (but exclude) the first Interest Payment Date. Thereafter, each successive Interest Period shall commence on (and include) the immediately preceding Interest Payment Date and end on (but exclude) the immediately following Interest Payment Date; provided that the final Interest Period shall end on (but exclude) the Final Redemption Date.] *[specify other]*
5. Manner in which the Floating Interest Rate is to be determined [ISDA Determination] [Screen Rate Determination] *[specify other]*

6. ***If ISDA Determination applicable:***

- (a) Floating Rate Option [            ]
- (b) Designated Maturity [            ]
- (c) Reset Date [            ]

7. ***If Screen Rate Determination applicable:***

- (a) Reference Rate [JIBAR (being, subject to Condition 7.3.3, the average mid-market yield rate per annum for 3-month deposits in Rand which appears on the Relevant Screen Page as the "SFX 3M YIELD" at or about the Relevant Time on the Rate Determination Date, determined by the Calculation Agent in accordance with Condition 7.3.3] [*specify other*]
- (b) Rate Determination Date [The first day of each Interest Period; provided that the first Rate Determination Date shall be [            ]] [*specify other*]
- (c) Relevant Screen Page [Reuters Screen SAFEX MNY MKT page] [*specify other*]
- (d) Relevant Time [11h00 (South African time) ] [*specify other*]

8. ***If Other Determination applicable:*** [*give details*]

9. Margin [Not Applicable] [[            ]% per annum]
10. Minimum Rate of Interest [Not Applicable] [[            ]% per annum]
11. Maximum Rate of Interest [Not Applicable] [[            ]% per annum]
12. Day Count Fraction [Actual/365] [30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)] [*specify other*]
13. Default Rate [            ]% per annum (*see Condition 7.6.7.1*)
14. Fall back provisions, rounding provisions and any other terms relating to the method of calculating the Floating Interest Rate [Not Applicable] [*give details*]

**E. INDEX LINKED NOTES (\*delete if not applicable)**

1. Type of Index Linked Notes [Indexed Interest Notes] [Indexed Redemption Amount Notes]
2. Index/Formula by reference to which Interest Rate / Interest Amount / Applicable Redemption Amount is to be determined [*give details*]
3. Manner in which the Interest Rate / Interest Amount / Applicable Redemption Amount is to be determined [*give details*]
4. Provisions where calculation by reference to Index/Formula is impossible or impracticable [*give details*]

5. Interest Commencement Date [ ]
6. Interest Payment Date/s [ ]
7. First Interest Payment Date [ ]
8. Interest Periods [ ]
9. Minimum Rate of Interest [Not Applicable] [[ ]% per annum]
10. Maximum Rate of Interest [Not Applicable] [[ ]% per annum]
11. Day Count Fraction [Actual/365] [30/360] [Actual/Actual (ICMA)] [Actual/Actual (ISDA)]  
[specify other]
12. Market Disruption or Settlement Disruption Events [Describe any market disruption or settlement disruption events that affect the Index]
13. Default Rate [[ ]% per annum] (see Condition 7.6.7.1) [specify other]
14. Other terms relating to the calculation of Interest Rate / Interest Amount / Applicable Redemption Amount [Not Applicable] [give details]

#### **F. EXCHANGEABLE NOTES** (\*delete if not applicable)

1. Mandatory Exchange [Applicable] [Not Applicable]
2. Noteholders' Exchange Right [Applicable] [Not Applicable]
3. Exchange Securities [give details]
4. Manner of determining Exchange Price [give details]
5. Exchange Period [ ]
6. Other terms [Not Applicable] [give details]

#### **G. EQUITY LINKED NOTES** (\*delete if not applicable)

1. Whether this Tranche of Notes relates to a single equity security or a basket of equity securities (each, an "Underlying Equity") and the identity of the issuer/s of the Underlying Equity/ies (each, an Equity Issuer) [Single Underlying Equity] (Note: specify or annex details)  
[Equity Issuer [Specify]]  
[Basket of Underlying Equities] (Note: specify or annex details)  
[Equity Issuers [Specify]]
2. Whether redemption of this Tranche of Notes will be by (i) Cash Settlement, (ii) Physical Settlement or (iii) in certain circumstances depending on the closing price of the Underlying Equity/ies, Cash Settlement or Physical Delivery at the option of the Issuer: [Cash Settlement]  
[Physical Settlement]  
[In the event of (describe triggers linked to the closing price of the Underlying Equity/ies), Cash Settlement or Physical Settlement at the option of the Issuer]
3. Exchange[s]: [specify]



4. Related Exchange[s]: [specify]
5. Valuation Dates/s: [specify dates in each year]
6. Valuation Time: [specify]
7. Multiplier for each Underlying Equity comprising the basket of Equities [(which is subject to adjustment)]: [specify]
8. Trade Date [specify]
9. Relevant Assets [specify]
10. Asset Amount [specify]
11. Cut-off Date [specify]
12. Delivery provisions for Asset Amount (including details of who is to make such delivery):
13. If Cash Settlement applicable:
  - (a) Cash Settlement Amount [specify]
14. If Physical Settlement applicable:
  - (a) Delivery provisions for Underlying Equity/ies (including details of who is to make such delivery): [specify]
15. Potential Adjustment Events:
16. Disrupted Day: [specify]
17. Additional Disruption Events:
18. 2002 ISDA Equity Derivatives Definitions [Applicable] [Not Applicable]  
If applicable:  
  
Save where expressly otherwise provided for in this Item G, the 2002 ISDA Equity Derivatives Definitions as at [specify date], as published by the International Swaps and Derivatives Association Inc. ("**2002 ISDA Equity Derivatives Definitions**") are incorporated by reference into and form part of and apply in and to this Item G. The expressions defined in the 2002 ISDA Equity Derivatives Definitions shall, save where otherwise defined in this Item G, have the same meanings in this Item G.
19. Other terms or special conditions [Not Applicable] [give details]

#### H. ZERO COUPON NOTES (\*delete if not applicable)

1. Amortisation Yield [ ]% per annum [NACA] [specify other] (Note: see Condition 7.6.7.2)
2. Accrual Yield [ ]% per annum [NACA] [specify other] (Note: see Condition 9.9)

3. Reference Price ZAR[                      ]
4. Default Rate [Condition 7.6.7.2 applicable]] [*specify other*]
5. Any other formula or basis for determining the amount payable on redemption of Zero Coupon Notes [Not Applicable] [*give details*]

#### **I. OTHER NOTES** (*\*delete if not applicable*)

1. If the Notes are not Floating Rate Notes, Fixed Rate Notes, Mixed Rate Notes, Index Linked Notes, Exchangeable Notes, Partly Paid Notes, Instalment Notes or Zero Coupon Notes, or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional terms and conditions applicable to such Notes [*give details*]

#### **J. REDEMPTION**

##### **1. Redemption at maturity:**

- (a) Maturity Date [                      ]
- (b) Final Redemption Amount [the aggregate Outstanding Nominal Amount of this Tranche] [*specify other*]

##### **2. Put Option:** [Applicable] [Not Applicable] (*Note: see Condition 9.2*)

##### 3. If Put Option applicable:

##### (a) *Redemption in whole:*

- Optional Redemption Date (Noteholder) [                      ] (*Note 1: specify the Optional Redemption Date (Noteholder) on which (subject to Condition 9.2.2) the Issuer will be required to redeem all or any (as specified in the Put Option Notice) of the Notes in this Tranche held by the relevant Noteholder ("relevant Notes") in full in terms of Condition 9.2.4*)

*(Note 2: if no date is specified above, the Optional Redemption Date (Noteholder) will be the Interest Payment Date (in the case of interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the Optional Redemption Date (Noteholder) in the Put Option Notice)*

##### (b) *Redemption in part:*

- Optional Redemption Date/s (Noteholder) [                      ] [                      ] [                      ] [                      ] (*Note 1: specify each Optional Redemption Date (Noteholder) on which (subject to Condition 9.2.2) the Issuer will be required to redeem the relevant Notes in part in terms of Condition 9.2.4*)

*(Note 2: if no dates are specified above, each Optional Redemption Date (Noteholder) will be the Interest Payment Date (in the case of*

*interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the Optional Redemption Date (Noteholder) in the Put Option Notice)*

- Percentage of the aggregate Outstanding Nominal Amount to be redeemed [            ]% [            ]% [            ]% [            ]% (Note 1: *specify the portion (expressed as a percentage) of the relevant Notes which (subject to Condition 9.2.2) the Issuer will be required to redeem on each Optional Redemption Date (Noteholder)*)

*(Note 2: if no percentage/s is/are specified above, the portion (expressed as a percentage) of the relevant Notes which (subject to Condition 9.2.2) the Issuer will be required to redeem on each Optional Redemption Date (Noteholder) will be the percentage specified in the Put Option Notice)*

- (c) Optional Redemption Amount (Put) [the aggregate Outstanding Nominal Amount (or the relevant portion thereof (see Item (b) above)) of the relevant Notes] [the Amortised Face Amount (or the relevant portion thereof (see Item (b) above)) of the relevant Notes] [*specify other*]

- (d) Put Option Notice In order to exercise the Put Option in respect of the whole of any portion of the relevant Notes, the relevant Noteholder shall, not less than 30 (thirty) nor more than 60 (sixty) days before the Optional Redemption Date (Noteholder), send the duly completed and signed Put Option Notice to the Issuer (with a copy of the Put Option Notice to the Paying Agent, the Calculation Agent and the Transfer Agent) (see Condition 9.2.2).

- (e) *Pro forma* Put Option Notice attached [Yes] [No]

**4. Call Option:** [Applicable] [Not Applicable] (Note: see Condition 9.3)

5. If Call Option applicable:

- (a) Notice Period: [30 days] [*specify other*] (Note: see Condition 9.3.1)

(b) Redemption in whole:

- Optional Redemption Date (Issuer) [            ] (Note 1: *specify the Optional Redemption Date (Issuer) on which the Issuer will redeem this Tranche in full in terms of Condition 9.3)*

*(Note 2: if no date is specified above, the Optional Redemption Date (Issuer) will be the Interest Payment Date (in the case of interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the Optional Redemption Date (Issuer) in the notice of redemption given by the Issuer in terms of Condition 9.3)*

(c) Redemption in part:

- Optional Redemption Date/s (Issuer) [            ] [            ] [            ] [            ] (Note 1: *specify each Optional Redemption Date (Issuer) on which the Issuer will redeem this Tranche in part in terms of Condition 9.3)*

*(Note 2: if no dates are specified above, each Optional Redemption Date (Issuer) will be the Interest Payment Date (in the case of interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the Optional Redemption Date (Issuer) in the notice of redemption given by the Issuer in terms of Condition*

## 9.3)

- Percentage of the aggregate Outstanding Nominal Amount to be redeemed [ ]% [ ]% [ ]% [ ]% (Note 1: specify the portion (expressed as a percentage) of this Tranche which will be redeemed on each Optional Redemption Date (Issuer))  
(Note 2: if no percentage/s is/are specified above, the portion (expressed as a percentage) of this Tranche which will be redeemed on each Optional Redemption Date (Issuer) will be the percentage specified in the notice of redemption given by the Issuer in terms of Condition 9.3)
- (d) Optional Redemption Amount (Call) [the aggregate Outstanding Nominal Amount (or the relevant portion thereof (see Item (c) above)) of this Tranche] [the Amortised Face Amount (or the relevant portion thereof (see Item (c) above)) of this Tranche] [specify other]
- 6. **Optional early redemption following a Tax Event and/or a Change in Law** Applicable (Note: see Condition 9.4)
- (a) Early Redemption Date The Interest Payment Date (in the case of interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the date for redemption of this Tranche in the notice of redemption given by the Issuer in terms of Condition 9.4.
- (b) Early Redemption Amount [the aggregate Outstanding Nominal Amount of this Tranche] [the Amortised Face Amount of this Tranche] [specify other]
- 7. **Other terms:** [Not Applicable] [give details of any other terms relating to the redemption of this Tranche]

**K. ADDITIONAL TERMS (\*delete if not applicable)**

1. Specify the additional terms and conditions (if any) which are applicable to this Tranche [Not Applicable] [give details]

**L. AGENTS AND SPECIFIED OFFICES**

1. Calculation Agent [Macquarie Securities South Africa Limited] [specify other]
2. Specified Office of the Calculation Agent [Level 2, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa] [specify other]
3. Paying Agent [Macquarie Securities South Africa Limited] [specify other]
4. Specified Office of the Paying Agent [Level 2, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa] [specify other]
5. Transfer Agent [Macquarie Securities South Africa Limited] [specify other]
6. Specified Office of the Transfer Agent [Level 2, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa] [specify other]

**M. REGISTER CLOSED**

1. Last Day to Register Up until 17h00 (South African time) on the [eleventh] [specify other] day (whether such is a Business Day or not) preceding each Interest Payment Date (where applicable) and the Applicable Redemption Date, being in each instance, the last date on which the Transfer Agent will accept Transfer Forms and record in the Register the

transfer of Notes represented by Individual Certificates.

Only Noteholders named in the Register at 17h00 (South African time) on the Last Day to Register will be entitled to payments of amounts due and payable in respect of the Notes.

2. Books Closed Period  
The Register will be closed during the [ten] [*specify other*] days preceding each Interest Payment Date (where applicable) and the Applicable Redemption Date from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding each Interest Payment Date (where applicable) and the Applicable Redemption Date.
3. Books Closed Dates  
[*specify*]

## **N. GENERAL**

1. Exchange control approval  
(*Note: see the section of the Programme Memorandum headed "Exchange Control"*)  
  
[In terms of the Exchange Control Approvals, the Exchange Control Authorities have approved the issue of this Tranche of Notes (and the provision of the Amended Note Guarantee by the Guarantor in respect of this Tranche of Notes).] [*specify other*]
2. Additional selling restrictions  
[Not Applicable] [*give details*]
3. International Securities Numbering (ISIN)  
[ ]
4. Stock Code Number  
[ ]
5. Financial Exchange  
JSE Limited (Interest Rate Market)
6. Debt Sponsor  
[The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division] [*specify other*]
7. Stabilisation Manager (if applicable)  
[Not Applicable] [*give details*]
8. Names of Dealer/s  
[Macquarie Securities South Africa Limited] [*specify other*]
9. Method of Distribution  
[Private Placement] [Dutch Auction] [Dutch Auction (sealed bid without feedback)] [*specify other*]
10. Bookbuild and Allocation Policy  
[Not Applicable] [Method of Distribution set out in the Term Sheet, dated [ ], prepared by [ ] and sent to potential investors for purposes of placing the Notes in this Tranche] [*specify other*]
11. Pricing Methodology  
[Not Applicable] [*give details*]
12. Governing law  
  
The Notes and the Applicable Note Terms and Conditions are governed by, and shall be construed in accordance with, the laws of South Africa.  
  
The Amended Note Guarantee is governed by, and shall be construed in accordance with, the laws of New South Wales, Australia.
13. Additional Business Centre  
[Not Applicable] [*specify*]
14. Rating assigned to the Programme as at the Issue Date, Rating Agency/ies and  
[As at the Issue Date, the Programme has been assigned a Rating of BBB/A-2 (Global Scale) and zaAA-/zaA-1 (SA National Scale) from Standard & Poor's, last reviewed on [ ] (and expected to be

date on which such Rating is reviewed in [        ].][*specify other*]  
expected to be reviewed

15. Rating (if any) assigned to this Tranche of Notes as at the Issue Date, Rating Agency/ies and date on which such Rating is expected to be reviewed [Not Applicable] [*give details*]
16. Commercial Paper Regulations [Not Applicable] [Applicable - see Annexure "A" to this Applicable Pricing Supplement]
17. Other provisions [Not Applicable] [*give details*]

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement, the annual financial statements of the Issuer and any amendments to such annual financial statements, and each supplement to the Programme Memorandum published by the Issuer from time to time (except as otherwise stated therein).

The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which would make any statement contained in the Programme Memorandum false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the Programme Memorandum contains or incorporates by reference (see the section of the Programme Memorandum headed "*Documents Incorporated by Reference*") all information required by the JSE Debt Listings Requirements and all other Applicable Laws.

Application is hereby made to list Tranche [        ] of Series [        ] of the Notes on the Interest Rate Market of the JSE, as from [        ], pursuant to the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme.

**For: MACQUARIE SECURITIES SOUTH AFRICA LIMITED**

By: \_\_\_\_\_

*duly authorised*

Name of signatory: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

*duly authorised*

Name of signatory: \_\_\_\_\_

Date: \_\_\_\_\_

## ANNEXURE "A" TO THE APPLICABLE PRICING SUPPLEMENT- COMMERCIAL PAPER REGULATIONS

### Disclosure requirements in terms of paragraph 3(5) of the Commercial Paper Regulations

If the Issuer, in relation to the issue and placing of a Tranche of Notes ("**relevant Tranche of Notes**"), is obliged (or is not obliged but nevertheless elects) to comply with the Commercial Paper Regulations, the Issuer will procure that this Annexure "A" is completed and attached to the Applicable Pricing Supplement relating to the relevant Tranche of Notes ("**Applicable Pricing Supplement**").

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

1. **Issuer and Ultimate Borrower** (*paragraph 3(5)(a) of the Commercial Paper Regulations*)

The Issuer of the relevant Tranche of Notes is Macquarie Securities South Africa Limited (incorporated with limited liability under registration number 2006/023546/06 in South Africa).

The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) is [the Issuer] [*specify other*].

(*Note: only applicable if the relevant Tranche of Notes is not listed – see paragraph 7 below*) [The Issuer, during the 18 months prior to the Issue Date, has held net assets in excess of ZAR100 million, as certified by the auditors of the Issuer in the Issuer's most recent audited financial statements, and, in the calculation of the value of such net assets, (a) intangible assets that are not readily marketable have been excluded and (b) the total amount of the Issuer's off-balance-sheet liabilities and contingent liabilities have been deducted.]

2. **Going concern** (*paragraph 3(5)(b) of the Commercial Paper Regulations*)

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

3. **Auditor** (*paragraph 3(5)(c) of the Commercial Paper Regulations*)

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

4. **Total amount of Commercial Paper** (*paragraph 3(5)(d) of the Commercial Paper Regulations*)

a) [The Issuer has not, prior to the Issue Date, issued any "*commercial paper*" (as defined in the Commercial Paper Regulations).]

[The Issuer has, prior to the Issue Date, issued "*commercial paper*" (as defined in the Commercial Paper Regulations) in an aggregate amount of ZAR[ ]]

b) [As at Issue Date, to the best of the Issuer's knowledge and belief, the Issuer estimates that it will not issue any "*commercial paper*" (as defined in the Commercial Paper Regulations) during the Issuer's current financial year (excluding the relevant Tranche of Notes).]

[As at Issue Date, to the best of the Issuer's knowledge and belief, the Issuer estimates that it will issue "*commercial paper*" (as defined in the Commercial Paper Regulations) in an aggregate amount of ZAR[ ] during the Issuer's current financial year (excluding the relevant Tranche of Notes).]

5. **Other information** (*paragraph 3(5)(e) of the Commercial Paper Regulations*)

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

6. **Material adverse change** (*paragraph 3(5)(f) of the Commercial Paper Regulations*)

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

[give details, if applicable]

7. **Listing** (*paragraph 3(5)(g) of the Commercial Paper Regulations*)

The relevant Tranche of Notes will be [unlisted] [listed on [the Interest Rate Market of the JSE] [specify other]].

8. **Use of proceeds** (*paragraph 3(5)(h) of the Commercial Paper Regulations*)

[The proceeds of the issue of the relevant Tranche of Notes will be used by the Issuer for its general corporate purposes] [specify other].

9. **Security** (*paragraph 3(5)(i) of the Commercial Paper Regulations*)

The obligations of the Issuer in respect of the relevant Tranche of Notes are unsecured (in that the Noteholders have no real rights of security in respect of such obligations). However, Macquarie Group Limited has, in terms of and subject to the Amended Note Guarantee, irrevocably and unconditionally guaranteed to the Noteholders the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of the Notes.

10. **Auditors confirmation** (*paragraph 3(5)(j) of the Commercial Paper Regulations*)

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

11. **Audited financial statements** (*paragraphs 3(5)(j)(i) and (j)(ii) of the Commercial Paper Regulations*)

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



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## TERMS AND CONDITIONS OF THE NOTES

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*The following is the text of the Note Terms and Conditions:*

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

In the Note Terms and Conditions, unless inconsistent with the context or, in relation to a Tranche of Notes, separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

**"Accrual Yield"** means, in relation to a Tranche of Zero Coupon Notes, the accrual yield specified as such in the Applicable Pricing Supplement;

**"Actual Payment Date"** means, in relation to each Note in a Tranche of Notes, the earlier of (A) the date on which the full amount due and payable by the Issuer to the Noteholder of such Note under the Applicable Note Terms and Conditions has been paid to the Noteholder of such Note or (B) if such Note is held in the CSD, the date on which the full amount due and payable by the Issuer to the Noteholder of such Note under the Applicable Note Terms and Conditions has been paid to the CSD and (in the circumstances set out in Condition 7.6.7) notice to that effect has been given by the Issuer to the Noteholder of such Note (in the manner set out in Condition 17.1);

**"Actual Redemption Date"** means, in relation to each Note in a Tranche of Notes, the earlier of (A) the date upon which such Note is actually redeemed in full by the Issuer and the full amount due and payable by the Issuer to the Noteholder of such Note under the Applicable Note Terms and Conditions has been paid to the Noteholder of such Note or (B) if such Note is held in the CSD, the date on which such Note is actually redeemed in full by the Issuer and the full amount due and payable by the Issuer to the Noteholder of such Note under the Applicable Note Terms and Conditions has been paid to the CSD and (in the circumstances set out in Condition 7.6.7) notice to that effect has been given by the Issuer to the Noteholder of such Note (in the manner set out in Condition 17.1);

**"Additional Business Centre"** means, in relation to a Tranche of Notes (where applicable), the city specified as such in the Applicable Pricing Supplement;

**"Agency Agreement"** means, if the Issuer elects to appoint another entity as Transfer Agent and/or Calculation Agent and/or Paying Agent, the written agency agreement/s entered into between the Issuer and that successor Transfer Agent and/or successor Calculation Agent and/or successor Paying Agent, as amended, novated and/or substituted from time to time in accordance with its/their terms;

**"Amended Note Guarantee"** means the guarantee deed poll, dated 8 September 2016 (which amends and replaces the guarantee deed poll dated 8 October 2010), executed by the Guarantor in favour of (i) the holders of Existing Notes and (ii) the Noteholders of Tranches of Notes issued, under the Programme, pursuant to this Programme Memorandum, as amended, novated and/or substituted from time to time in accordance with its terms;

**"Amended Programme Preference Share Guarantee"** means the guarantee deed poll, dated 8 September 2016 (which amends and replaces the guarantee deed poll dated 14 December 2012), executed by the Guarantor in favour of (i) the holders of Existing Programme Preference Shareholders and (ii) the Programme Preference Shareholders of Tranches of Programme Preference Shares issued, under the Programme, pursuant to this Programme Memorandum, as amended, novated and/or substituted from time to time in accordance with its terms;

**"Amortised Face Amount"**, in relation to a Tranche of Zero Coupon Notes, has the meaning ascribed thereto in Condition 9.9.1;

**"Amortisation Yield"** means, in relation to a Tranche of Zero Coupon Notes, the yield specified as such in the Applicable Pricing Supplement;

**"Applicable Laws"** means, in relation to the Issuer (or any other Person), all and any statutes, subordinate legislation, regulations, ordinances, directives, circulars and guidance notices, and judgments and decisions of any competent authority in South Africa, (including without limitation, the JSE Debt Listings Requirements, the JSE Main Board Listing Requirements and the Applicable Procedures), compliance with which is mandatory for the Issuer (or that other Person);

**"Applicable Note Terms and Conditions"** means, in relation to a Tranche of Notes, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions set out in the Applicable Pricing Supplement relating to that Tranche of Notes;

**"Applicable Pricing Supplement"** means, 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 which are applicable to that Tranche of Notes, based upon the *pro forma* Applicable Pricing Supplement which is set out in the section of the Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement - Notes*";

**"Applicable Procedures"** means, in relation to a Tranche of Registered Notes which is held in the CSD, the CSD Procedures, the JSE Rules, the JSE Debt Listings Requirements and such other rules and operating procedures for the time being as are applicable to the CSD and/or Participants and/or the JSE and, in relation to a Tranche of Registered Notes which is listed on any other Relevant Stock Exchange, the rules and operating procedures for the time being of that other Relevant Stock Exchange;

**"Applicable Redemption Amount"** means, in relation to all or any of the Notes in a Tranche of Notes (as applicable), the Final Redemption Amount or the Optional Redemption Amount (Put) or the Optional Redemption Amount (Call) or the Early Redemption Amount, as applicable;

**"Applicable Redemption Date"** means, in relation to all or any of the Notes in a Tranche of Notes (as applicable), the Maturity Date or the Optional Redemption Date (Noteholder) or the Optional Redemption Date (Issuer) or the Early Redemption Date or any other date on which that Tranche of Notes (or any Note/s in that Tranche) is/are due to be redeemed (in whole or in part) in terms of the Applicable Note Terms and Conditions, as applicable;

**"Arranger"** means the Issuer;

**"Australian Corporations Act"** means the Corporations Act 2001 of Australia;

**"Banks Act"** means the Banks Act, 1990, of South Africa;

**"Bearer"** means the Person who is the bearer of a Bearer Certificate, as contemplated in the Bills of Exchange Act;

**"Bearer Certificate"** means, in relation to a Bearer Note, a certificate which is a negotiable instrument and which represents (and embodies) that Bearer Note, as contemplated in the Bills of Exchange Act and, unless the context otherwise requires, the term "**Bearer Certificate**" shall include the Coupons (if any) attached on issue to that certificate;

**"Bearer Note"** means a Note payable to the bearer thereof, as contemplated in the Bills of Exchange Act and, unless the context otherwise requires, the term "**Bearer Note**" shall include the rights to payment of interest and/or principal represented by and embodied in the Coupon/s (if any) attached on issue to the Bearer Certificate representing and embodying such Bearer Note;

**"Beneficial Interest"** means, in relation to a Tranche of Registered Notes which is held in the CSD, the beneficial interest as co-owner of all of the Registered Notes in that Tranche, as contemplated in Chapter IV of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Registered Notes in that Tranche, is determined by reference to the proportion that the aggregate Outstanding Nominal Amount of such number of Registered Notes bears to the aggregate Outstanding Nominal Amount of all of the Registered Notes in that Tranche, as provided in Chapter IV of the Financial Markets Act;

**"Bills of Exchange Act"** means the Bills of Exchange Act, 1964, of South Africa;

**"Blocked Rand"** means, for purposes of the Exchange Control Regulations, funds which may not be remitted out of South Africa or paid into a bank account outside South Africa;

**"Books Closed Period"** means, in relation to a Tranche of Registered Notes, the period commencing on the day following the relevant Last Day to Register until 17h00 (South African time) on the day preceding each Interest Payment Date (where applicable) and the Applicable Redemption Date;

**"Business Day"** means, in relation to a Tranche of Notes, a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement, save that if the Applicable Pricing Supplement so provides, **"Business Day"** shall include a Saturday;

**"Business Day Convention"** means, in relation to a Tranche of Notes, the convention (if any) for adjusting any date if it would otherwise fall on a day that is not a Business Day, and the following terms, when specified in the Applicable Pricing Supplement and used in conjunction with the term Business Day Convention and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- a) if *"Following"* is specified in the Applicable Pricing Supplement the relevant payment date will be the first following day that is a Business Day; or
- b) if *"Modified Following"* or *"Modified"* is specified in the Applicable Pricing Supplement, the relevant payment date will be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day; or
- c) if *"Preceding"* is specified in the Applicable Pricing Supplement, the relevant payment date will be the first preceding day that is a Business Day; or
- d) such other method of adjusting the relevant payment date as is specified in the Applicable Pricing Supplement;

**"Calculation Agent"** means the Issuer, unless the Issuer elects to appoint another entity as Calculation Agent, as contemplated in Condition 16, in which event that other entity will act as Calculation Agent;

**"Call Option"** means, if applicable to a Tranche of Notes, the option of the Issuer to redeem that Tranche of Notes (in whole or in part) on the Optional Redemption Date (Issuer) in terms of Condition 9.3;

**"Change in Law"** means, in relation to a Tranche of Notes, an event where, as a result of (a) the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law) in any jurisdiction, or (b) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority) in any jurisdiction, (i) the Issuer determines in good faith that it will incur a materially increased cost in performing its obligations under the Applicable Note Terms and Condition of that Tranche of Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) which adoption, change or promulgation is announced on or after the Issue Date of that Tranche of Notes or (ii) the Guarantor determines in good faith that it will incur a materially increased cost in performing its obligations under the Amended Note Guarantee (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on its tax position) which adoption, change or promulgation is announced on or after the Issue Date of that Tranche of Notes;

**"Commercial Paper Regulations"** means 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;

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

**"Companies Act"** means the Companies Act, 2008, of South Africa;

**"Condition"** means a numbered term or condition forming part of the Note Terms and Conditions;

**"Coupon"** means, in relation to Bearer Notes and Order Notes, an interest coupon representing and embodying the right to an interest payment in respect of an interest bearing Bearer Note or Order Note, as the case may be, and which is attached on issue to the relevant Bearer Certificate or Order Certificate, as the case may be;

**"CSD"** means Strate Proprietary Limited (incorporated with limited liability in South Africa under registration number 1998/022242/07), licensed as a central securities depository in terms of the Securities Services Act or any successor depository operating in terms of the Financial Markets Act or any additional or alternate depository approved by the Issuer;

**"CSD Procedures"** means, in relation to a Tranche of Registered Notes which is held in the CSD, the rules and operating procedures for the time being of the CSD and Participants;

**"Day Count Fraction"** means, in relation to a Tranche of Notes (where applicable):

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

**"Dealer"** means the Issuer and/or any third party Dealer (if any) appointed by the Issuer from time to time to place one or more Tranches of Instruments, as described in the section of this Programme Memorandum headed "*Subscription and Sale*" under "*Arranger, Debt Sponsor, Dealer and Placing*

*Arrangements*");

**"Debt Sponsor"** means The Standard Bank of South Africa Limited (incorporated with limited liability under registration number 1962/000738/06 in South Africa), acting through its Corporate and Investment Banking division or such other person as may be appointed by the Issuer from time to time in accordance with the Applicable Procedures;

**"Default Rate"** means, in relation to a Tranche of Notes (where applicable), the default rate specified as such in the Applicable Pricing Supplement;

**"Early Redemption Amount"** means, in relation to a Tranche of Notes which is to be redeemed (in whole) in terms of Condition 9.4, the (i) aggregate Outstanding Nominal Amount of that Tranche of Notes plus accrued interest (if any) to the Early Redemption Date or (ii) the Amortised Face Amount of that Tranche of Notes or (iii) such other amount as is specified in, or determined in the manner specified in, the Applicable Pricing Supplement, as applicable;

**"Early Redemption Date"** means, in relation to a Tranche of Notes which is to be redeemed (in whole) in terms of Condition 9.4, the Interest Payment Date (in the case of interest-bearing Notes) or other date (in the case of non-interest-bearing Notes) stipulated as the date for redemption of that Tranche of Notes in the notice of redemption given by the Issuer in terms of Condition 10.4, as applicable;

**"Early Termination Amount"** means, following an Event of Default in respect of a Series of Notes, in relation to each Note in each Tranche of Notes in that Series, subject to Condition 15.3, (i) the Outstanding Nominal Amount of that Note plus accrued interest (if any) to the Actual Redemption Date or (ii) the Amortised Face Amount of that Note or (iii) such other amount as is specified in, or determined in the manner specified in, the Applicable Pricing Supplement, as applicable;

**"Endorsement"** means, in relation to Order Notes, an *"indorsement"* as contemplated in the Bills of Exchange Act;

**"Endorsement in Blank"** means, in relation to Order Notes, an Endorsement which specifies no named Payee;

**"Equity Linked Notes"** means a Tranche of Notes, payments in respect of which will be calculated by reference to the underlying equity specified in the Applicable Pricing Supplement or the basket of underlying equities specified in the Applicable Pricing Supplement, as the case may be, as indicated in the Applicable Pricing Supplement;

**"Event of Default"** means, in relation to a Series of Notes and each Tranche of Notes in that Series, any of the events described in Condition 15.1;

**"Exchangeable Notes"** means a Tranche of Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the relevant Noteholders of cash or of so many of the Exchange Securities as are determined in accordance with the Applicable Pricing Supplement;

**"Exchange Control Approvals"** has the meaning specified in the section of this Programme Memorandum headed *"Exchange Control"*;

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

**"Exchange Control Regulations"** means the South African Exchange Control Regulations, 1961 promulgated pursuant to the Currency and Exchanges Act, 1933, of South Africa;

**"Exchange Period"** means, in relation to a Tranche of Exchangeable Notes to which the Noteholders' Exchange Right applies, the period specified as such in the Applicable Pricing Supplement during which such right may be exercised;

**"Exchange Price"** means, in relation to a Tranche of Exchangeable Notes to which the Noteholders'

Exchange Right applies, the value specified in the Applicable Pricing Supplement according to which the number of Exchange Securities which may be delivered in redemption of such Exchangeable Notes will be determined;

**"Exchange Securities"** means, in relation to a Tranche of Exchangeable Notes to which the Noteholders' Exchange Right applies, the securities specified as such in the Applicable Pricing Supplement which may be delivered by the Issuer upon the redemption of such Exchangeable Notes to the value of the Exchange Price;

**"Existing Instruments"** means, collectively, the Existing Notes and the Existing Programme Preference Shares;

**"Existing Notes"** means "Notes" (as defined in the Previous Note Conditions) issued under the Programme, pursuant to the Previous Note PM, which remain in issue under the Programme as at the Programme Date;

**"Existing Programme Preference Shares"** means "*C*" preference shares" (as defined in the Previous Programme Preference Share Conditions) issued under the Programme, pursuant to the Previous Programme Preference Share PM, which remain in issue under the Programme as at the Programme Date.

**"Extraordinary Resolution"** means a resolution passed at a meeting (duly convened) of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) upon a poll, by a majority consisting of not less than 75% of the votes cast on such poll;

**"Final Broken Amount"** means, in relation to a Tranche of Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;

**"Final Redemption Amount"** means, in relation to a Tranche of Notes, (i) the aggregate Outstanding Nominal Amount of that Tranche of Notes plus accrued interest (if any) to the Maturity Date or (ii) such other amount as is specified in, or determined in the manner specified in, the Applicable Pricing Supplement, as applicable;

**"Financial Indebtedness"** means, in respect of any Person, any indebtedness, present or future, actual or contingent of that Person in respect of moneys borrowed or raised or any financial accommodation whatsoever (including, without limiting the generality of the foregoing):

- a) under or in respect of any guarantee or indemnity given in respect of moneys borrowed or raised, bill, acceptance or endorsement or any discounting arrangement;
- b) in respect of any obligation to pay par value, premium and dividend (whether or not declared, and whether or not there are sufficient profits or other moneys for payment) of any redeemable share or stock issued by that Person or to purchase any share or stock issued by that Person which is the subject of a put option against that Person;
- c) the deferred purchase price (for more than 90 days) of any asset or service and any related obligation;
- d) in respect of any obligation to deliver goods or services which are paid for in advance by a financier or which are paid for in advance in relation to any financing transaction;

**"Financial Markets Act"** means the Financial Markets Act, 2012, of South Africa;

**"First Interest Payment Date"** means, in relation to a Tranche of Notes (where applicable), the date specified as such in the Applicable Pricing Supplement;

**"Fixed Interest Rate"** means, in relation to a Tranche of Notes (where applicable), the fixed rate of interest specified as such in the Applicable Pricing Supplement;

**"Fixed Rate Notes"** means a Tranche of Notes which will bear interest at the Fixed Interest Rate, as indicated in the Applicable Pricing Supplement;

**"Floating Interest Rate"** means, in relation to a Tranche of Notes (where applicable), the floating rate of interest specified as such in the Applicable Pricing Supplement;

**"Floating Rate Notes"** means a Tranche of Notes which will bear interest at the Floating Interest Rate, as indicated in the Applicable Pricing Supplement;

**"Group Company"** means the Guarantor or any Subsidiary;

**"Group of Noteholders"** means the Noteholders of one or more Tranche/s of Notes or the Noteholders of a Series of Notes (as applicable);

**"Guarantor"** means Macquarie Group Limited (ABN 94 122 169 279) incorporated with limited liability in the Commonwealth of Australia;

**"Income Tax Act"** means the Income Tax Act, 1962, of South Africa;

**"Indexed Linked Interest Notes"** means a Tranche of 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;

**"Index Linked Notes"** means a Tranche of Indexed Linked Interest Notes or a Tranche of Indexed Linked Redemption Notes, as applicable;

**"Indexed Linked Redemption Notes"** means a Tranche of Notes in respect of which the Applicable Redemption Amount is calculated by reference to an index and/or a formula, as indicated in the Applicable Pricing Supplement;

**"Individual Certificate"** means the single certificate in definitive registered form without interest coupons representing Registered Notes for which a Beneficial Interest has been exchanged in accordance with Condition 11.1;

**"Initial Broken Amount"** means, in relation to a Tranche of Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;

**"Instrumentholders"** means, collectively, the Noteholders and the Programme Preference Shareholders;

**"Instruments"** means, collectively, the Notes and the Programme Preference Shares;

**"Interest Amount"** means, in relation to a Tranche of Notes (where applicable) and an Interest Period, the amount of interest payable in respect of that Tranche of Notes for that Interest Period, as determined by the Calculation Agent in accordance with Condition 7 (or as may otherwise be provided in the Applicable Pricing Supplement);

**"Interest Commencement Date"** means, in relation to a Tranche of Notes (where applicable), the Issue Date or such other date as is specified as the Interest Commencement Date in the Applicable Pricing Supplement;

**"Interest Payment Date"** means, in relation to a Tranche of Notes (where applicable), the First Interest Payment Date and each other date specified as such in the Applicable Pricing Supplement or, if no such date is specified in the Applicable Pricing Supplement, the last day of each Interest Period and, if a Business Day Convention is specified in the Applicable Pricing Supplement, as the same may be adjusted in accordance with the relevant Business Day Convention;

**"Interest Period"** means, in relation to a Tranche of Notes (where applicable), each period from and including one Interest Payment Date up to but excluding the next Interest Payment Date; provided that the first Interest Period will commence on (and include) the Interest Commencement Date and the last Interest Period will end on (but exclude) the Applicable Redemption Date;

**"Interest Rate"** means, in relation to a Tranche of Notes (where applicable), the Fixed Interest Rate or the Floating Interest Rate or such other rate/s of interest applicable to that Tranche of Notes as is/are specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Interest Rate Market of the JSE"** means the separate platform or sub-market of the JSE designated as the *"Interest Rate Market"* and on which "Debt Securities" (as defined in the JSE Debt Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all Applicable Laws;

**"ISDA Definitions"** means, in relation to a Tranche of Floating Rate Notes (where applicable), the 2006 ISDA Definitions (Interest Rate and Currency Derivative Transactions) published by the International Swaps and Derivatives Association Inc. ('ISDA'), as amended, supplemented, revised and/or republished from time to time;

**"ISDA Determination"** means, in relation to a Tranche of Floating Rate Notes (where applicable), the manner (set out in Condition 7.3.4 as read with the Applicable Pricing Supplement) in which the Floating Interest Rate applicable to that Tranche of Notes is to be determined;

**"Issue Date"** means, in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;

**"Issue Price"** means, in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;

**"Issuer"** and **"MSSA"** means Macquarie Securities South Africa Limited (incorporated with limited liability under registration number 2006/023546/06 in South Africa);

**"JSE"** means the JSE Limited (incorporated with limited liability in South Africa under registration number 2005/022939/06), licensed as an exchange in terms of the Financial Markets Act, or any exchange which operates as a successor exchange to the JSE in terms of the Financial Markets Act;

**"JSE Debt Listings Requirements"** means the JSE Debt Listings Requirements published by the JSE and set out in Bulletin 1 of 2015 (8 June 2015) effective 4 August 2015, as amended and/or supplemented from time to time;

**"JSE Main Board Listing Requirements"** means those of the JSE Listings Requirements applicable to the Main Board of the JSE which are specified by the JSE (in the e-mail from the JSE to the Issuer dated 18 December 2012) as being applicable to Programme Preference Shares which are listed on the Main Board of the JSE, including Schedule 18 (*Corporate action timetables*) of the JSE Listings Requirements;

**"JSE Rules"** means the exchange rules of the JSE promulgated from time to time pursuant to the provisions of the Financial Markets Act;

**"Last Day to Register"** means, in relation to a Tranche of Registered Notes, the eleventh day (or such other day as is specified in the Applicable Pricing Supplement) preceding each Interest Payment Date (if any) and the Applicable Redemption Date until 17h00 (South African time) on that day, such day being the last day on which the Transfer Agent will accept Transfer Forms and record in the Register the transfer of Registered Notes in that Tranche represented by Individual Certificate/s;

**"Macquarie Group"** and **"Group"** means the Guarantor and its Subsidiaries;

**"Main Board of the JSE"** means the separate platform or sub-market of the JSE designated as the *"Main Board"* and on which "Securities" (as defined in the JSE Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all Applicable Laws

**"Mandatory Exchange"** means, in relation to a Tranche of Exchangeable Notes (where applicable), the obligation of the Issuer to redeem such Exchangeable Notes on the Applicable Redemption Date by delivery of Exchange Securities to the Noteholders of such Exchangeable Notes;

**"Margin"** means, in relation to a Tranche of Floating Rate Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;

**"Maturity Date"** means, in relation to a Tranche of Notes, the date specified as such in the Applicable



Pricing Supplement;

**"Maximum Rate of Interest"** means, in relation to a Tranche of Notes (where applicable), the maximum rate of interest specified as such in the Applicable Pricing Supplement;

**"Minimum Rate of Interest"** means, in relation to a Tranche of Notes (where applicable), the minimum rate of interest specified as such in the Applicable Pricing Supplement;

**"NACA"** means nominal annual compounded annually;

**"NACM"** means nominal annual compounded monthly;

**"NACQ"** means nominal annual compounded quarterly;

**"NACS"** means nominal annual compounded semi-annually;

**"Nominal Amount"** means, in relation to a Note, the nominal amount of that Note (being the amount equivalent to the Specified Denomination);

**"Noteholder"** and **"holder"** means (i) the registered Noteholder/s of the Registered Note/s, determined in accordance with the CSD Procedures (in the case of Registered Notes held in the CSD), (ii) the holders of Registered Notes recorded as the registered Noteholder of such Registered Notes in the Register (in the case of Registered Notes which are represented by Individual Certificates), (iii) the Bearers of Bearer Notes and (iv) the Payees of Order Notes;

**"Noteholders' Exchange Right"** means, in relation to a Tranche of Exchangeable Notes (where applicable), the right of the Noteholders of such Exchangeable Notes to elect to receive delivery of the Exchange Securities *in lieu* of cash from the Issuer upon redemption of such Exchangeable Notes;

**"Notes"** means "Notes" (as defined in the Previous Note Conditions) issued by the Issuer, under the Programme, pursuant to this Programme Memorandum;

**"Note Terms and Conditions"** means this section of this Programme Memorandum headed "*Terms and Conditions of the Notes*";

**"Optional Redemption Amount (Call)"** means, in relation to a Tranche of Notes to which the Call Option is applicable and which is to be redeemed (in whole or in part) in terms of Condition 9.3, (i) the aggregate Outstanding Nominal Amount (or the relevant portion thereof) of that Tranche of Notes plus accrued interest (if any) to the Optional Redemption Date (Issuer) or (ii) the Amortised Face Amount (or the relevant portion thereof) of that Tranche of Notes or (iii) such other amount as is specified in, or determined in the manner specified in, the Applicable Pricing Supplement, as applicable;

**"Optional Redemption Amount (Put)"** means, in relation to each Note in a Tranche of Notes to which the Put Option is applicable and which Note is to be redeemed (in whole or in part) in terms of Condition 9.2, (i) the Outstanding Nominal Amount (or the relevant portion thereof) of that Note plus accrued interest (if any) to the Optional Redemption Date (Noteholder) or (ii) the Amortised Face Amount (or the relevant portion thereof) of that Note or (iii) such other amount as is specified in, or determined in the manner specified in, the Applicable Pricing Supplement, as applicable;

**"Optional Redemption Date (Issuer)"** means, in relation to a Tranche of Notes to which the Call Option is applicable and which is to be redeemed (in whole or in part) in terms of Condition 9.3, the date/s specified as such in the Applicable Pricing Supplement or, if no such date/s is/are specified in the Applicable Pricing Supplement, the Interest Payment Date/s (in the case of interest-bearing Notes) or other or other date/s (in the case of non-interest-bearing Notes) stipulated as the date for redemption of that Tranche of Notes or the relevant portion of that Tranche of Notes, as the case may be, in the notice of redemption given by the Issuer in terms of Condition 9.3, as applicable;

**"Optional Redemption Date (Noteholder)"** means, in relation to each Note in a Tranche of Notes to which the Put Option is applicable and which Note is to be redeemed (in whole or in part) in terms of Condition 9.2, the date/s specified as such in the Applicable Pricing Supplement or, if no such date/s

is/are specified in the Applicable Pricing Supplement, the Interest Payment Date/s (in the case of interest-bearing Notes) or other date/s (in the case of non-interest-bearing Notes) stipulated as the date/s for redemption of such Note or the relevant portion of such Note, as the case may be, in the Put Option Notice, as applicable;

**"Order Certificate"** means a certificate which is a negotiable instrument and which represents (and embodies) an Order Note, as contemplated in the Bills of Exchange Act and, unless the context otherwise requires, the term Order Certificate shall include the Coupons (if any) attached on issue to that certificate;

**"Order Note"** means a Note payable to order, as contemplated in the Bills of Exchange Act and, unless the context otherwise requires, the term **"Order Note"** shall include the rights to payment of interest and/or principal represented by and embodied in the Coupon/s (if any) attached on issue to the Order Certificate representing and embodying such Order Note;

**"Ordinary Resolution"** means a resolution passed at a meeting (duly convened) of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) upon a poll, by a majority consisting of not less than 51% of the votes cast on such poll;

**"Other Banking Jurisdiction"** means, in relation to a Tranche of Rate Notes (where applicable), the banking jurisdiction specified as such in the Applicable Pricing Supplement;

**"Outstanding Amount"** means, in relation to the Instruments (including Existing Instruments) in issue under the Programme at any point in time, the aggregate of the Outstanding Nominal Amount and the Outstanding Redemption Amount at that point in time;

**"Outstanding Nominal Amount"** means, in relation to each Note in a Tranche of Notes (including Existing Notes), the Nominal Amount of that Note less (on each occasion on which that Note is partially redeemed) that portion of the Nominal Amount of that Note which has been so partially redeemed and, in relation to the Programme at any point in time, the aggregate of such Nominal Amounts of all of the Notes in issue under the Programme (including Existing Notes) at that time;

**"Outstanding Redemption Amount"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares (including Existing Programme Preference Shares), the Issue Price of that Programme Preference Share less any Capital Return which has been paid (if any) in respect of that Programme Preference Share and, in relation to the Programme at any point in time, the aggregate of such Issue Prices less the aggregate of such Capital Returns of all of the Programme Preference Shares in issue under the Programme (including Existing Programme Preference Shares) at that time;

**"Participant"** means a Person accepted by the CSD as a participant in terms of the Securities Services Act (prior to 3 June 2013) or the Financial Markets Act (on and after 3 June 2013), as applicable;

**"Payee"** means the Person reflected as the payee on an Order Certificate or the Person to whom such Order Certificate has been negotiated (by way of delivery and Endorsement), as the case may be, as contemplated in the Bills of Exchange Act;

**"Paying Agent"** means the Issuer, unless the Issuer elects to appoint another entity as Paying Agent, as contemplated in Condition 16, in which event that other entity will act as Paying Agent;

**"Permitted Investments"** has the meaning specified in the section of this Programme Memorandum headed *"Exchange Control"*;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of state or other entity, whether or not having separate legal personality;

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

**"Previous Note Conditions"** means the section of the Previous Note PM headed *"Terms and Conditions of the Notes"*;

**"Previous Note Guarantee"** means the guarantee deed poll, dated 8 October 2010, executed by the Guarantor in favour of the holders of Existing Notes;

**"Previous Note PM"** means the portion of the Previous Programme Memorandum comprising the Amended and Updated Programme Memorandum, dated 17 May 2012, as amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013;

**"Previous Programme Memorandum"** means the Amended and Updated Programme Memorandum, dated 17 May 2012, as amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 December 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013;

**"Previous Programme Preference Share Conditions"** means the section of the Previous Programme Preference Share PM headed *"Terms and Conditions of the "C" Preference Shares"*;

**"Previous Programme Preference Share Guarantee"** means the guarantee deed poll, dated 14 December 2012, executed by the Guarantor in favour of the holders of Existing Programme Preference Shares;

**"Previous Programme Preference Share PM"** means the portion of the Previous Programme Memorandum comprising the Supplement, dated 14 December 2012, as amended and supplemented by the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013;

**"Programme"** means the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme under which the Issuer may issue Instruments from time to time;

**"Programme Amount"** means the maximum aggregate Outstanding Amount of all of the Instruments (including Existing Instruments) that may be in issue under the Programme at any point in time being, as at the Programme Date, ZAR10,000,000,000 or such increased amount as is determined by the Issuer from time to time, as set out in the section of this Programme Memorandum headed *"General Description of the Programme"*;

**"Programme Date"** means the date of this Programme Memorandum, being 8 September 2016;

**"Programme Memorandum"** means this document so entitled in respect of the Programme dated 8 September 2016; provided that if the Issuer publishes a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be (as contemplated in the section of this document headed *"Documents Incorporated by Reference"*), references to **"Programme Memorandum"** shall be construed as references to that new Programme Memorandum or the Programme Memorandum as supplemented, as the case may be;

**"Programme Preference Shareholder"** and **"holder"** means (i) the registered Programme Preference Shareholder/s of the Programme Preference Share/s, determined in accordance with the CSD Procedures (in the case of Programme Preference Shares held in the CSD) and (ii) the holders of Programme Preference Shares recorded as the registered Programme Preference Shareholders of such Programme Preference Shares in the Register (in the case of Programme Preference Shares which are represented by Individual Certificates);

**"Programme Preference Shares"** means *"C" Preference Shares* (as defined in the Previous Programme Preference Share Conditions) issued by the Issuer, under the Programme, pursuant to this Programme Memorandum;

**"Programme Preference Share Terms and Conditions"** means the section of this Programme Memorandum headed *"Terms and Conditions of the Programme Preference Shares"*;

**"Programme Termination Date"** means the later of the date on which the Programme is terminated

by the Issuer and the date on which all the obligations of the Issuer under or in respect of all of the Instruments (including Existing Instruments) have been discharged in full;

**"Put Option"** means, in relation to a Tranche of Notes (where Put Option is specified in the Applicable Pricing Supplement as being applicable), the option of a Noteholder of Notes in that Tranche to require the Issuer to redeem all or any of such Notes (in whole or in part) on the Optional Redemption Date (Noteholder) in terms of Condition 9.2;

**"Put Option Notice"** means, in relation to a Tranche of Notes to which the Put Option is applicable, a written notice (in the form obtainable from the Issuer and/or the Transfer Agent and/or attached to the Applicable Pricing Supplement) which must be completed and signed by a Noteholder of any Notes in that Tranche and which must be sent to the Issuer (among others) in accordance with Condition 9.2 in order for that Noteholder to exercise the Put Option in respect of all or any of such Notes (in whole or in part);

**"R", "Rand" or "ZAR"** means the lawful currency of South Africa;

**"Rate Determination Date"** means, in relation to a Tranche of Floating Rate Notes (where applicable), the day falling on the first day of each Interest Period or, if such day is not a Business Day, the first following day that is a Business Day, unless it would thereby fall into the next calendar month, in which event the Rate Determination Date shall be brought forward to the first preceding Business Day, as specified in the Applicable Pricing Supplement;

**"Rating/s"** means, in relation to the Programme or a Tranche of Notes, as the case may be, the rating/s assigned to the Programme or that Tranche of Notes, as the case may be, by the Rating Agency/ies, as specified in the Applicable Pricing Supplement;

**"Rating Agency/ies"** means Standard & Poor's and/or Moody's Investor Services Limited and/or Global Credit Rating Co. Proprietary Limited and/or any other rating agency/ies as is/are appointed by the Issuer and/or the Guarantor from time to time;

**"Reference Banks"** means, in relation to a Tranche of Notes (where applicable), the banks specified as such in the Applicable Pricing Supplement or if no such banks are specified in the Applicable Pricing Supplement, four leading banks selected by the Calculation Agent (and approved by the Issuer) in the market that is most closely connected with the Reference Rate;

**"Reference Price"** means, in relation to a Tranche of Zero Coupon Notes, the price specified as such in the Applicable Pricing Supplement;

**"Reference Rate"** means, in relation to a Tranche of Floating Rate Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;

**"Register"** means the register of the Issuer's securities (including the register of the Issuer's uncertificated securities) contemplated in (and maintained in accordance) with Part E of the Companies Act;

**"Registered Note"** means a Note issued in registered uncertificated form in terms of Chapter IV of the Financial Markets Act, registered in the Register in the name of the Noteholder thereof, and transferable in accordance with Condition 13.1.2;

**"Relevant Screen Page"** means, in relation to a Tranche of Floating Rate 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;

**"Relevant Stock Exchange"** means, in relation to a Tranche of Registered Notes (where applicable), the Interest Rate Market of the JSE and/or such other (or additional) stock exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws, as

specified in the Applicable Pricing Supplement;

**"Relevant Time"** means, in relation to a Tranche of Floating Rate Notes (where applicable), the time specified as such in the Applicable Pricing Supplement;

**"Representative"** means a Person duly authorised to act on behalf of a Noteholder, which Person may be regarded by each of the Issuer, the Transfer Agent and the Paying Agent (acting in good faith) as being duly authorised to act based upon the tacit or express representation made by such Person, in the absence of express notice to the contrary from that Noteholder;

**"Screen Rate Determination"** means, in relation to a Tranche of Floating Rate Notes (where applicable), the manner (set out in Condition 7.3.3 as read with the Applicable Pricing Supplement) in which the Floating Interest Rate applicable to that Tranche is to be determined;

**"Securities Services Act"** means the Securities Services Act, 2004, of South Africa;

**"SENS"** means the JSE Stock Exchange News Service;

**"Series"** means a Tranche of Notes which, together with any other Tranche/s of Notes, is expressed in the Applicable Pricing Supplement to form a single series of Notes, identified in the relevant Applicable Pricing Supplements by way of a unique numeral (such as Series 1);

**"South Africa"** means the Republic of South Africa;

**"Specified Currency"** means, in relation to each Note in a Tranche of Notes, subject to the Exchange Control Regulations, the currency specified as such in the Applicable Pricing Supplement;

**"Specified Denomination"** means, in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement; provided that such amount shall not be less than ZAR1,000,000 or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act;

**"Specified Office"** means, in relation to each of the Issuer, the Guarantor, the Calculation Agent, the Paying Agent, the Debt Sponsor and the Transfer Agent, the address specified in respect of such entity at the end of this Programme Memorandum, or such other address as is notified by any such entity (or, where applicable, a successor to any such entity) to the Noteholders in accordance with Condition 17.1;

**"Subscription Agreement"** means an agreement in terms of which the Issuer agrees to issue one or more Tranches of Instruments and one or more Dealers agree to place such Tranche or Tranches of Instruments, in accordance with such agreement, as described in the section of this Programme Memorandum headed "*Subscription and Sale*" under "*Arranger, Debt Sponsor, Dealer and Placing Arrangements*";

**"Subsidiary"**, in relation to the Guarantor, has the same meaning as that provided in Section 9 of the Australian Corporations Act. The following is a summary of the definition of the term "*subsidiary*" for the purposes of Section 9 of the Australian Corporations Act as at the Programme Date:

"1) *A body corporate (the first body) is a subsidiary of another body corporate if, and only if:*

*a) the other body:*

*(i) controls the composition of the first body's board; or*

*(ii) is in a position to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the first body; or*

*(iii) holds more than one-half of the issued share capital of the first body (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or*

*b) the first body is a subsidiary of a subsidiary of the other body.*

- 2) *Without limiting the circumstances in which the composition of a body corporate's board is taken to be controlled by another body corporate, the composition of the board is taken to be so controlled if:*
- a) *the other body by exercising a power exercisable (whether with or without the consent or concurrence of any other person) by it, can appoint or remove all, or the majority, of the directors of the first-mentioned body; and*
  - b) *the other body is taken to have power to make such an appointment if:*
    - (i) *a person cannot be appointed as a director of the first-mentioned body without the exercise by the other body of such a power in the person's favour; or*
    - (ii) *a person's appointment as a director of the first-mentioned body follows necessarily from the person being a director or other officer of the other body.*
- 3) *In determining whether a body corporate is a subsidiary of another body corporate, the following matters are to be disregarded.*
- a) *Any shares held, or power exercisable, by the other body in a fiduciary capacity are treated as not held or exercisable by it.*
  - b) *Subject to paragraphs (c) and (d) below, any shares held, or power exercisable:*
    - (i) *by a person as a nominee for the other body (except where the other body is concerned only in a fiduciary capacity); or*
    - (ii) *by, or by a nominee for, a subsidiary of the other body (not being a subsidiary that is concerned only in a fiduciary capacity);**are treated as held or exercisable by the other body.*
  - c) *Any shares held, or power exercisable, by a person by virtue of the provisions of debentures of the first body, or of a trust deed for securing an issue of such debentures, are to be disregarded.*
  - d) *Any shares held, or power exercisable, otherwise than as mentioned in paragraph (c), by, or by a nominee for, the other body or a subsidiary of it are to be treated as not held or exercisable by the other body if:*
    - (i) *the ordinary business of the other body or that subsidiary, as the case may be, includes lending money; and*
    - (ii) *the shares are held, or the power is exercisable, only by way of security given for the purposes of a transaction entered into in the ordinary course of business in connection with lending money, not being a transaction entered into with an associate of the other body, or of that subsidiary, as the case may be."*

**"Taxes"** means all present and future taxes, duties, imposts, levies, charges, fees withholdings or deductions of whatever nature imposed, levied, collected, withheld or assessed by, or on behalf of, any governmental, fiscal or other competent authority in South Africa (including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and "Tax" and "Taxation" will be construed accordingly;

**"Tax Event"** means, in relation to a Tranche of Notes, an event where, as a result of a Tax Law Change, the Issuer has paid (or will or would on the next Interest Payment Date be required to pay) additional amounts in respect of any Notes in that Tranche as provided or referred to in Condition 10 and the Issuer cannot avoid the foregoing by taking measures reasonably available to it;

**"Tax Law Change"** means, in relation to a Tranche of Notes, (a) a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of South Africa, or any political subdivision or any authority thereof or therein having power to tax, or any change in the application

or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), whether or not having retrospective effect, which change, proposed change, amendment or proposed amendment is announced on or after the Issue Date or (b) the coming into force, on or after the Issue Date, of any amendment to the laws or regulations of South Africa made prior to such Issue Date;

**"Tranche"** or **"Tranche of Notes"** means those Notes which are issued on and subject to the identical Applicable Note Terms and Conditions (including as to listing) and in respect of which the same Applicable Pricing Supplement applies;

**"Transfer Agent"** means the Issuer, unless the Issuer elects to appoint another entity as a Transfer Agent, as contemplated in Condition 16, in which event that other entity shall act as an Transfer Agent;

**"Transfer Form"** means the written form for the transfer of Registered Notes represented by an Individual Certificate, in the usual form or in such form as is approved by the Transfer Agent;

**"Underlying Equity/ies"** means, in relation to a Tranche of Equity Linked Notes, the equity or basket of equities, as the case may be, specified as such in the Applicable Pricing Supplement;

**"VAT Act"** means the Value-Added Tax Act, 1991, of South Africa;

**"Zero Coupon Notes"** means a Tranche of 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.

## 1.2 Interpretation

### 1.2.1 In the Note Terms and Conditions:

1.2.1.1 if an expression is stated in Condition 1.1 to have the meaning given in the Applicable Pricing Supplement, but the Applicable Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the relevant Tranche of Notes;

1.2.1.2 any reference to any statute, regulation or other legislation (including, without limiting the generality of the foregoing, the Financial Markets Act, the Applicable Laws, the Applicable Procedures, the JSE Rules, the JSE Debt Listings Requirements, the Exchange Control Regulations and the Australian Corporations Act) will be a reference to that statute, regulation or other legislation as at the Programme Date and as amended, re-enacted or replaced and substituted from time to time;

1.2.1.3 any reference to "Currency" or "currency" means the lawful currency from time to time of a country.

### 1.2.2 Unless inconsistent with the context or save where the contrary is expressly specified in the Note Terms and Conditions:

1.2.2.1 references to any Condition are to that Condition of the Note Terms and Conditions;

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

1.2.2.3 the use of the word "*including*" followed by a specific example/s will not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule will not be applied in the interpretation of such general wording or such specific example/s. Such references to "*including*" and "*in particular*" will not be construed restrictively but will mean "*including, without prejudice to the generality of the foregoing*" and "*in particular, but without prejudice to the generality of the foregoing*" respectively;

1.2.2.4 any reference to days (other than a reference to Business Days), months or years will be a

reference to calendar days, months or years, as the case may be;

- 1.2.2.5 where any number of days is to be calculated from a particular day, such number shall be calculated as inclusive of the first day and exclusive of the last day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the immediately preceding day which is a Business Day.
- 1.2.3 If any provision in a definition in the Note Terms and Conditions is a substantive provision conferring a right or imposing an obligation on any party then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of the Note Terms and Conditions.
- 1.2.4 Headings and sub-headings in the Note Terms and Conditions are inserted for convenience only.
- 1.2.5 Where any term is defined within a particular Condition, that term shall bear the meaning ascribed to it in that Condition wherever it is used in the Note Terms and Conditions.
- 1.2.6 The *contra proferentem* rule shall not be applied in the interpretation of the Note Terms and Conditions.

## **2. ISSUE**

- 2.1 The Issuer may, at any time and from time to time (without the consent of any Noteholder) issue one or more Tranche/s of Notes pursuant to the Programme; provided that the maximum aggregate Outstanding Amount of all Instruments in issue under the Programme (including Existing Instruments) from time to time 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 Note Terms and Conditions.
- 2.3 A Tranche of Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Equity Linked Notes, Zero Coupon Notes, Index Linked Notes or Exchangeable Notes (as specified in the Applicable Pricing Supplement) 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 (if any) and specified in the Applicable Pricing Supplement. References in the Note Terms and Conditions to a "Tranche of Notes" and "Notes" are to the type of Notes specified in the relevant Applicable Pricing Supplement. For the avoidance of doubt, where certain of the Note Terms and Conditions are expressed to apply only to certain types of Notes, such Note Terms and Conditions shall only apply to that type of Notes, as specified in the relevant Applicable Pricing Supplement, and shall not apply to any other type of Notes.
- 2.4 The Applicable Note Terms and Conditions of a Tranche of Registered Notes are incorporated by reference into the Individual Certificate/s (if any) representing any of the Registered Notes in that Tranche. The Applicable Pricing Supplement relating to any Registered Notes in a Tranche which are represented by Individual Certificate/s will be attached to such Individual Certificate/s.
- 2.5 A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE or on such other or further Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws. Unlisted Registered Notes may also be issued under the Programme. Unlisted Registered Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Registered Notes will be listed and, if so, on which Relevant Stock Exchange/s.
- 2.6 The Noteholders of Registered Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE.

## **3. FORM AND DENOMINATION**

### **3.1 General**



3.1.1 All payments in relation to the Notes in a Tranche will be made in the Specified Currency. The denomination of each Note in a Tranche will be the Specified Denomination.

3.1.2 A Tranche of Notes may be issued in the form of Registered Notes, Bearer Notes or Order Notes, as specified in the Applicable Pricing Supplement.

### 3.2 Registered Notes

#### 3.2.1 *Registered Notes issued in uncertificated form*

Each Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Registered Notes will be issued in registered uncertificated form, in terms of Chapter IV of the Financial Markets Act, and will be held in the CSD. Registered Notes issued in uncertificated form will not, upon issue, be represented by any certificate or written instrument.

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

All Registered Notes which are held in the CSD will be held subject to the Financial Markets Act and the CSD Procedures. All amounts to be paid and, subject to the CSD Procedures, all rights to be exercised in respect of Registered Notes held in the CSD will be paid to and, subject to the CSD Procedures, may be exercised only by the CSD for the holders of Beneficial Interests in such Registered Notes.

#### 3.2.3 *Registered Notes represented by Individual Certificates*

Subject to the Financial Markets Act, a holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Registered Notes represented by an Individual Certificate in accordance with Condition 11.1.

### 3.3 Bearer Notes and Order Notes

Bearer Notes will be embodied in, and represented by, Bearer Certificate/s. Order Notes will be embodied in, and represented by, Order Certificate/s. Interest-bearing Bearer Notes and Order Notes may have Coupons attached to the relevant Bearer Certificate or Order Certificate on issue.

## 4. TITLE

### 4.1 Registered Notes

#### 4.1.1 *Registered Notes issued in uncertificated form*

The registered Noteholder/s of the Registered Note/s in a Tranche of Registered Notes which is held in the CSD will be determined in accordance with the CSD Procedures, and such registered Noteholder/s will be named in the Register as the registered holder/s of such Registered Note/s.

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

4.1.2.1 The Participants will maintain records of the Beneficial Interests in Registered Notes held in the CSD.

4.1.2.2 While a Tranche of Registered Notes is held in its entirety in the CSD, the registered Noteholder/s of the Registered Note/s in that Tranche, determined in accordance with the CSD Procedures, will be named in the Register as the sole Noteholder/s of such Registered Note/s.

4.1.2.3 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.

4.1.2.4 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 Instruments held by them in the CSD only through their Participants.

4.1.2.5 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 Registered 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 Registered Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest.

4.1.2.6 Beneficial Interests in Registered Notes may be transferred only in accordance with the CSD Procedures. Such transfers will not be recorded in the Register.

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

#### 4.1.3 *Registered Notes represented by Individual Certificates*

4.1.3.1 Each holder of Registered Notes which are represented by an Individual Certificate will be named in the Register as the registered Noteholder of such Registered Notes.

4.1.3.2 Title to Registered Notes which are represented by an Individual Certificate will pass upon registration of transfer in the Register in accordance with Condition 13.1.2.

#### 4.1.4 *Register*

The Issuer, the Transfer Agent and the Paying Agent shall recognise a Noteholder as the sole and absolute owner of the Registered 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 neither the Issuer nor the Transfer Agent shall be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Registered Note may be subject.

### 4.2 **Bearer Notes**

4.2.1 The Issuer, the Transfer Agent and the Paying Agent may deem and treat the Bearer of any Bearer Certificate as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

4.2.2 Title to Bearer Notes will pass by delivery of the relevant Bearer Certificate in accordance with Condition 13.2.

4.2.3 The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or a person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

### 4.3 **Order Notes**

4.3.1 The Issuer, the Transfer Agent and the Paying Agent may deem and treat the person who from the face of the Order Certificate appears to be the Payee thereof as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or notice of any previous loss or theft thereof) for all purposes, and payment to such person or its Representative shall discharge the Issuer from all liability to the Payee in relation to such Order Certificate, even if the relevant Endorsement has been forged or made without authority.

4.3.2 Title to Order Notes will initially pass by Endorsement and delivery of the relevant Order Certificate in accordance with Condition 13.3. An Order Certificate upon which the last Endorsement is an Endorsement in Blank shall be treated as a Bearer Certificate, for so long as not subject to further Endorsement.

- 4.3.3 Provided the Issuer pays any amount due upon presentation and surrender of an Order Certificate in good faith, it shall not be incumbent upon the Issuer or the Transfer Agent or the Paying Agent to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the person whose Endorsement it purports to be.

## 5. STATUS OF THE NOTES

The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference or priority among themselves and (save for certain debts required to be preferred by law that is both mandatory and of general application) at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer.

## 6. AMENDED NOTE GUARANTEE

- 6.1 The Guarantor has, subject to and in accordance with the terms of the Amended Note Guarantee, irrevocably and unconditionally guaranteed to the Noteholders of each Tranche of Notes issued, under the Programme, pursuant to this Programme Memorandum, the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of each such Tranche of Notes and the Applicable Note Terms and Conditions of each such Tranche of Notes.
- 6.2 The original signed Amended Note Guarantee has been deposited with and will be held by the Issuer, at its Specified Office, for and on behalf of the Noteholders, until the Programme Termination Date.
- 6.3 The provisions of the Amended Note Guarantee which confer benefits on a Noteholder of Notes referred to in Condition 6.1 constitute stipulations for the benefit of that Noteholder, and that Noteholder, upon its subscription for such Notes and the issue of such Notes to it, or upon the transfer of any such Notes to it, as the case may be, shall be deemed to have accepted such benefits, and shall accordingly be bound by all those provisions of the Amended Note Guarantee (if any) which impose obligations and/or restrictions on that Noteholder.
- 6.4 It is recorded, for the avoidance of doubt that, on and with effect from the Programme Date, the Amended Note Guarantee has replaced the Previous Note Guarantee in its entirety, and the Amended Note Guarantee is applicable to both (i) the holders of Existing Notes and (ii) the holders of Notes issued, under the Programme, pursuant to this Programme Memorandum.

## 7. INTEREST

### 7.1 General

A Tranche of Notes may be interest-bearing or non-interest bearing, as specified in the Applicable Pricing Supplement. Interest may accrue on an interest-bearing Tranche of Notes 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, all as specified in the Applicable Pricing Supplement. The Applicable Pricing Supplement may specify the actual Interest Amount rather than, or in addition to, the Interest Rate. The Applicable Pricing Supplement will specify which of Conditions 7.2, 7.3, 7.4 and 7.5 will be applicable to a Tranche of interest-bearing Notes. Condition 7.6 will be applicable to each Tranche of interest-bearing Notes unless (and to the extent) otherwise provided in the Applicable Pricing Supplement.

### 7.2 Interest on Fixed Rate Notes

#### 7.2.1 Accrual of interest

- 7.2.1.1 Each Fixed Rate Note in a Tranche shall bear interest on its Outstanding Nominal Amount from (and including) the Interest Commencement Date to (but excluding) the Final Redemption Date, at the rate per annum equal to the Fixed Interest Rate.
- 7.2.1.2 Interest in respect of a Tranche of Fixed Rate Notes shall be payable in arrear on each Interest Payment Date and on the Applicable Redemption Date if the Applicable Redemption Date does not fall on an Interest Payment Date. The first payment of interest will be made on the First Interest Payment Date.

## 7.2.2 *Calculation of Interest Amount*

- 7.2.2.1 Unless otherwise specified in the Applicable Pricing Supplement, the amount of interest payable in respect of a Tranche of Fixed Rate Notes in respect of any six-monthly Interest Period shall be calculated by multiplying the Fixed Interest Rate by the Outstanding Nominal Amount of that Tranche of Fixed Rate Notes and then dividing the product by two, provided that:
- 7.2.2.1.1 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
- 7.2.2.1.2 if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.
- 7.2.2.2 Save as provided in the preceding paragraphs of this Condition 7.2, if interest is required to be calculated for a period of other than one year (in the case of annual interest payments) or other than six months (in the case of semi-annual interest payments), as the case may be, such interest shall be calculated on the basis of the actual number of days in such period divided by 365.

## 7.3 **Interest on Floating Rate Notes**

### 7.3.1 *Accrual of interest*

- 7.3.1.1 Each Floating Rate Note in a Tranche shall bear interest on its Outstanding Nominal Amount from (and including) the Interest Commencement Date to (but excluding) the Applicable Redemption Date, at the rate per annum equal to the Floating Interest Rate.
- 7.3.1.2 Interest in respect of a Tranche of Floating Rate Notes shall be payable in arrear on each Interest Payment Date and on the Applicable Redemption Date if the Applicable Redemption Date does not fall on an Interest Payment Date. The first payment of interest will be made on the First Interest Payment Date.

### 7.3.2 *Floating Interest Rate*

The Floating Interest Rate which is applicable to a Tranche of Floating Rate Notes for an Interest Period will be determined on the basis of Screen Rate Determination or on the basis of ISDA Determination or on such other basis as may be determined by the Issuer and specified in the Applicable Pricing Supplement.

### 7.3.3 *Screen Rate Determination*

Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Floating Interest Rate is to be determined, the Floating Interest Rate applicable to the relevant Tranche of Floating Rate Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- 7.3.3.1 if the Relevant Screen Page is available, either (a) the offered quotation (if only one quotation appears on the screen page) or (b) the arithmetic mean (rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations, as the case may be, for the Reference Rate which appears on the Relevant Screen Page as at the Relevant Time on the relevant Rate Determination Date plus or minus (as appropriate the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or
- 7.3.3.2 if the Relevant Screen Page is not available or if, in the case of Condition 7.3.3.1(a), no such

offered quotation appears or, in the case of Condition 7.3.3.1(b), fewer than three such offered quotations appear, in each case as at the Relevant Time, 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 the Relevant Time on the relevant Rate Determination Date. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Floating Interest Rate for the relevant 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

- 7.3.3.3 if the Floating Interest Rate cannot be determined by applying the provisions of Condition 7.3.3.1 or Condition 7.3.3.2, as the case may be, the Floating Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, for deposits (in the Specified Currency) in an amount approximately equal to the aggregate Nominal Amount of the relevant Tranche of Floating Rate Notes, for a period equal to that which would have been used for the Reference Rate, quoted at approximately the Relevant Time on the relevant Rate Determination Date plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Floating Interest Rate for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits (in the Specified Currency) in an amount approximately equal to the aggregate Nominal Amount of the relevant Tranche of Floating Rate Notes, for a period equal to that which would have been used for the Reference Rate, quoted at approximately the Relevant Time on the relevant Rate Determination Date, by four leading banks in Johannesburg (selected by the Calculation Agent and approved by the Issuer) plus or minus (as appropriate) the Margin (if any); or
- 7.3.3.4 if the Floating Interest Rate cannot be determined in accordance with the provisions of Condition 7.3.3.3, the Floating Interest Rate shall be determined as at the last preceding Rate Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

#### 7.3.4 *ISDA Determination*

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Floating Interest Rate applicable to a Tranche of Floating Rate Notes is to be determined, the Floating Interest Rate applicable to that Tranche of Floating Rate Notes for each Interest Period will be the relevant ISDA Rate plus or minus (as appropriate) the Margin (if any), where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- 7.3.4.1 the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the Applicable Pricing Supplement;
- 7.3.4.2 the Designated Maturity (as defined in the ISDA Definitions) is the period specified in the Applicable Pricing Supplement; and
- 7.3.4.3 the relevant Reset Date (as defined in the ISDA Definitions) is either (i) if the applicable Floating Rate Option is based on the Johannesburg inter-bank offered rate (JIBAR), the first day

of that Interest Period or (ii) in any other case, as specified in the Applicable Pricing Supplement.

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

If the Applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then the Floating Interest Rate for such Interest Period shall in no event be less than such Minimum Rate of Interest. If the Applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then the Floating Interest Rate for such Interest Period shall in no event be greater than such Maximum Rate of Interest.

#### **7.3.6 *Determination of Floating Interest Rate and calculation of Interest Amount***

7.3.6.1 The Calculation Agent will on, or as soon as is practicable after, each Rate Determination Date or each Reset Date, as applicable, but in any event not later than 3 (three) Business Days after the Rate Determination Date or the Reset Date, as applicable, determine the Floating Interest Rate applicable to each Tranche of Floating Rate Notes for the Interest Period commencing on that Rate Determination Date or that Reset Date, as applicable.

7.3.6.2 Unless specified otherwise in the Applicable Pricing Supplement, the Interest Amount payable in respect of a Tranche of Floating Rate Notes for an Interest Period shall be calculated by multiplying the Floating Interest Rate applicable to that Tranche of Floating Rate Notes for that Interest Period by the Outstanding Nominal Amount of that Tranche of Floating Rate Notes, then multiplying the product by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards).

#### **7.4 *Indexed Linked Interest Notes***

The Interest Rate/s applicable to a Tranche of Indexed Linked Interest Notes for each Interest Period, and the Interest Amount payable for such Interest Period, shall be determined in the manner specified in the Applicable Pricing Supplement.

#### **7.5 *Equity Linked Notes and other Notes***

The Applicable Pricing Supplement relating to a Tranche of Equity Linked Notes, and the Applicable Pricing Supplement relating to any Tranche of Notes not specifically provided for in the Note Terms and Conditions, will set out, among other things, the manner in which the interest and/or other amounts payable in respect of that Tranche are to be calculated, the Interest Commencement Date (and/or other payment commencement date), the Interest Payment Date/s (and/or other payment date/s) and the Interest Period/s (and/or other payment period/s).

#### **7.6 *Supplemental provisions***

##### **7.6.1 *Calculation of Interest Amount***

The Interest Amount payable by the Issuer in respect of a Tranche of interest-bearing Notes for an Interest Period will be calculated by the Calculation Agent, on the terms and conditions of the Agency Agreement (if any), on the basis set out in this Condition 7 or as may otherwise be provided in the Applicable Pricing Supplement.

##### **7.6.2 *Calculation of other amounts***

If the Applicable Pricing Supplement specifies that any other amount, rate, index and/or formula in relation to the relevant Tranche of Notes is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount, rate, index and/or formula is to be determined, calculate the relevant amount, rate, index and/or formula in the manner specified in the Applicable Pricing Supplement.

##### **7.6.3 *Fallback Interest Rate***

Unless otherwise specified in the relevant Applicable Pricing Supplement, if the Calculation Agent

is unable to determine a rate (or, as the case may be, the arithmetic mean of rates) in accordance with the above provisions of this Condition 7, the Interest Rate applicable to the relevant Tranche of Notes during the relevant Interest Period will be the Interest Rate applicable to that Tranche of Notes during the immediately preceding Interest Period (with adjustment for any change in the Margin, Maximum Interest Rate or Minimum Interest Rate).

#### 7.6.4 *Rounding*

For the purposes of any calculations required pursuant to the Note Terms and Conditions (unless otherwise specified in the relevant Applicable Pricing Supplement), (a) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (b) all figures shall be rounded to seven significant figures (with halves being rounded up) and (c) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes unit means the lowest amount of such currency that is available as legal tender in the country of such currency.

#### 7.6.5 *Notification of Floating Interest Rate and each Interest Amount*

7.6.5.1 The Calculation Agent will cause each Floating Interest Rate and each Interest Amount determined by it (and any other amount/s required to be determined by it) to be notified to the Paying Agent as soon as practicable after such determination but in any event not later than 3 (three) Business Days after the Rate Determination Date or the Reset Date, as applicable (in the case of the determination of the Floating Interest Rate) and not later than 3 (three) Business Days before the Interest Payment Date (in the case of the determination of the Interest Amount). The Calculation Agent will, as contemplated in Rule 7.23 of the JSE Debt Listing Requirements, cause each Floating Rate of Interest applicable to a Tranche of Registered Notes which is listed on the Interest Rate Market to be published on SENS not later than 3 (three) Business Days before the relevant Interest Payment Date.

7.6.5.2 The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.

#### 7.6.6 *Certificates to be final*

7.6.6.1 All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7 by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error or dispute as set out in Condition 7.6.6.2) be binding on the Issuer, the Calculation Agent and the Noteholders and 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 the provisions of this Condition 7.

7.6.6.2 If the Issuer acts as the Calculation Agent and Noteholders holding not less than 25% of the aggregate Outstanding Nominal Amount of the Notes in the relevant Tranche/s of Notes deliver a notice to the Issuer (in the manner set out in Condition 17.1) objecting to any determination made by the Issuer in respect of the relevant Tranche/s of Notes, within five Business Days of notification to the relevant Noteholders of the Interest Rate and/or Interest Amount in accordance with Condition 7.6.5, such determination shall not be regarded as being final and, upon receipt of such notification, the Issuer shall request the chief executive officer for the time being of the JSE to appoint an independent third party to make such determination. The Issuer shall use its best endeavours to procure that such independent third party will make such determination promptly, acting as an expert and not as an arbitrator. The determination made by such third party shall, in the absence of wilful deceit, bad faith or manifest error, be binding on the Issuer and the relevant Noteholders, and no liability to the Issuer or the relevant Noteholders shall attach to such third party in connection with the

exercise or non-exercise by it of its powers, duties and discretions contemplated in this Condition 7.6.6.2. The costs of procuring and effecting the determination made by such third party shall be borne by the Issuer if such determination differs from that of the Issuer and shall be borne by the relevant Noteholders disputing the Issuer's determination if the determination made by such third party confirms that of the Issuer.

#### 7.6.7 *Default interest*

- 7.6.7.1 If payment of principal (or the relevant portion thereof) and/or interest due and payable in respect of a Tranche of interest-bearing Notes (or the relevant Notes in that Tranche) is improperly withheld or refused, the overdue principal (or the relevant portion thereof) and/or interest will bear interest at the Default Rate from (and including) the due date for payment of such principal (or the relevant portion thereof) and/or interest to (but excluding) the Actual Payment Date.
- 7.6.7.2 If payment of principal (or the relevant portion thereof) due and payable in respect of a Tranche of Zero Coupon Notes (or the relevant Notes in that Tranche) is improperly withheld or refused then, unless otherwise specified in the Applicable Pricing Supplement, the overdue principal (or the relevant portion thereof) will bear interest at the Amortisation Yield from (and including) the due date for payment of such principal (or the relevant portion thereof) to (but excluding) the Actual Payment Date.

## 8. **PAYMENTS**

### 8.1 **General**

- 8.1.1 All payments of all amounts (whether in respect of principal, interest or otherwise) due and payable in respect of any Registered Notes, Bearer Notes or Order Notes, as applicable, shall be made by the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party to act as Paying Agent), as the case may be, on the terms and conditions of the Agency Agreement (if any) and this Condition 8.
- 8.1.2 All references in this Condition 8 to "*Paying Agent*" shall be construed as references to the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Paying Agent), as the case may be.
- 8.1.3 Payments will be subject in all cases to any Taxation or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9.

### 8.2 **Payments - Registered Notes**

#### 8.2.1 *Registered Noteholders*

- 8.2.1.1 Only the CSD (in the case of Registered Notes held in the CSD) and Noteholders of Registered Notes named in the Register at 17h00 (South African time) on the relevant Last Day to Register (in the case of Registered Notes represented by Individual Certificates) shall be entitled to payments of amounts due and payable in respect of Registered Notes.
- 8.2.1.2 Payments of interest and/or principal in respect of Registered Notes shall be made, in accordance with this Condition 8.2, to the CSD (in the case of Registered Notes held in the CSD) or to the person reflected as the registered Noteholder of Registered Notes in the Register at 17h00 (South African time) on the relevant Last Day to Register (in the case of Registered Notes represented by Individual Certificates).

#### 8.2.2 *Method of payment*

- 8.2.2.1 The Paying Agent shall pay all amounts due and payable in respect of any Registered Notes:
- 8.2.2.1.1 in the case of Registered Notes which are held in the CSD, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer to the bank account of the CSD;



8.2.2.1.2 in the case of Registered Note/s which are represented by an Individual Certificate, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account of the person named as the registered Noteholder of such Registered Note/s in the Register or, in the case of joint registered Noteholders, the bank account of the first one of them named in the Register in respect of such Registered Note/s; provided that if several persons are entered into the Register as joint registered Noteholders of Registered Notes then, without affecting the previous provisions of this Condition 8, payment to any one of them shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Paying Agent and/or the Issuer may have of the right, title, interest or claim of any other person to or in any such Registered Notes.

8.2.2.2 Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank account referred to in Condition 8.2.2.1.1 or Condition 8.2.2.1.2, as the case may be, in accordance with Condition 8.2.2.1, shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Noteholders under the relevant Registered Notes and the Applicable Note Terms and Conditions.

### 8.2.3 *Beneficial Interests*

8.2.3.1 Following payment to the CSD of amounts due and payable in respect of Registered Notes which are held in the CSD pursuant to Condition 8.2.2.1.1, the relevant funds will be transferred by the CSD, via the Participants, to the holders of Beneficial Interests in such Registered Notes, in accordance with the CSD Procedures.

8.2.3.2 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 Registered Notes, will 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 the Paying Agent, on behalf of the Issuer, to or for the order of the CSD.

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

8.2.3.4 Payments of amounts due and payable in respect of Beneficial Interests in Registered Notes will be recorded by the CSD, distinguishing between interest and principal, and such record of payments by the CSD will be *prima facie* proof of such payments.

### 8.2.4 *Surrender of Individual Certificates*

8.2.4.1 Payments of principal in respect of any Registered Note/s which is/are represented by Individual Certificate/s shall be made to the Noteholder/s of such Registered Note/s only if, prior to the Applicable Redemption Date, such Individual Certificate/s shall have been surrendered to the Transfer Agent (at its Specified Office).

8.2.4.2 If the relevant Individual Certificate is not surrendered to the Transfer Agent (at its Specified Office) in accordance with Condition 8.2.4.1, the amount of principal payable to the Noteholder of the Registered Note/s represented by that Individual Certificate shall be retained by the Paying Agent for such Noteholder, at the latter's risk, until that Individual Certificate shall have been surrendered to the Transfer Agent (at its Specified Office), and such Noteholder will not be entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

## 8.3 **Payments – Bearer Notes**

8.3.1 Payments of:

8.3.1.1 principal in respect of any Bearer Note/s which is/are to be redeemed (whether in whole or in part) pursuant to the applicable Note Terms and Conditions shall be made to the relevant

Bearer/s only against presentation and surrender, by the relevant Bearer/s or its/their Representative/s, of the relevant Bearer Certificate/s, to the Paying Agent (at its Specified Office);

- 8.3.1.2 interest in respect of Bearer Note/s shall be made to the relevant Bearer/s only against presentation and surrender, by the relevant Bearer/s or its/their Representative/s, of the relevant Coupon/s (or where the relevant Bearer Certificate/s are issued without Coupons, of the relevant Bearer Certificate/s), to the Paying Agent (at its Specified Office).
- 8.3.2 Upon presentation and surrender of the relevant Bearer Certificate or Coupon, as the case may be, to the Paying Agent (at its Specified Office) in terms of Condition 8.3.1, the relevant Bearer (or its Representative) shall notify the Paying Agent of the address (within South Africa or such Other Banking Jurisdiction as is specified in the Applicable Pricing Supplement) of the relevant Bearer and the bank account (within South Africa) into which the relevant payment must be made.
- 8.3.3 Subject to Conditions 8.3.1 and 8.3.2, the Paying Agent shall pay all amounts due and payable in respect of any Bearer Note/s, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account referred to in Condition 8.3.2. Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into such bank account, in accordance with this Condition 8.3.3, shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Noteholders under the relevant Bearer Note/s and the applicable Note Terms and Conditions.

#### 8.4 Payments – Order Notes

##### 8.4.1 Payments of:

- 8.4.1.1 principal in respect of any Order Note/s which is/are to be redeemed (whether in whole or in part) pursuant to the applicable Note Terms and Conditions shall be made to the relevant Payee/s only against presentation and surrender, by the relevant Payee/s or its/their Representative/s, of the relevant Order Certificate/s, to the Paying Agent (at its Specified Office);
- 8.4.1.2 interest in respect of Order Note/s shall be made to the relevant Payee/s only against presentation and surrender, by the relevant Payee/s or its/their Representative/s, of the relevant Coupon/s (or where the relevant Order Certificate/s are issued without Coupons, of the relevant Order Certificate/s), to the Paying Agent (at its Specified Office).
- 8.4.2 Upon presentation and surrender of the relevant Order Certificate or Coupon, as the case may be, to the Paying Agent (at its Specified Office) in terms of Condition 8.4.1, the relevant Payee (or its Representative) shall notify the Paying Agent of the address (within South Africa or such Other Banking Jurisdiction as is specified in the Applicable Pricing Supplement) of the relevant Payee and the bank account (within South Africa) into which the relevant payment must be made.
- 8.4.3 Subject to Conditions 8.4.1 and 8.4.2, the Paying Agent shall pay all amounts due and payable in respect of any Order Note/s, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account referred to in Condition 8.4.2. Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into such bank account, in accordance with this Condition 8.4.3, shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Noteholders under the relevant Order Note/s and the applicable Note Terms and Conditions.

#### 8.5 Payments by cheque

- 8.5.1 If the Paying Agent is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding provisions of this Condition 8 (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 Paying Agent), such inability to make payment will not constitute an Event of Default and the Paying Agent shall be entitled (subject to Applicable Laws and banking practice) to make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice).

- 8.5.2 Payments by cheque shall, promptly after the Paying Agent is so prevented or restricted from making payment by electronic funds transfer (as contemplated in Condition 8.5.1), be sent by post, at the risk of the relevant Noteholder (unless otherwise requested by the relevant Noteholder by notice in writing to the Paying Agent):
  - 8.5.2.1 in the case of Registered Notes, to the address of the relevant Noteholder of Registered Notes set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of such Registered Notes;
  - 8.5.2.2 in the case of Bearer Notes, to the address of the relevant Bearer referred to in Condition 8.3.2;
  - 8.5.2.3 in the case of Order Notes, to the address of the relevant Payee referred to in Condition 8.4.2.
- 8.5.3 Each cheque issued in respect of Registered Notes shall be made payable to or for the order of the Noteholder of such Registered Notes or, in the case of joint Noteholders of Registered Notes, the first one of them named in the Register. Each cheque issued in respect of Bearer Notes shall be made payable to or for the order of the name of the Bearer referred to in Condition 8.3.2. Each cheque issued in respect of Order Notes shall be made payable to or for the order of the Payee. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss, including without limitation any loss due to theft or fraud, in transmission and the postal authorities shall be deemed to be the agent of the relevant Noteholders of Registered Notes, the relevant Bearer or the relevant Payee, as applicable, for the purposes of all cheques posted in terms of this Condition 8.5.
- 8.5.4 Payment by cheque sent in terms of this Condition 8.5 shall be a complete discharge by the Issuer of its obligations in respect of the amount of the cheque. The relevant Noteholders of Registered Notes, the relevant Bearer or the relevant Payee, as applicable, shall not be entitled to any interest or other payment in respect of any delay in payment of any amount in respect of the relevant Registered Notes, the relevant Bearer Notes or the relevant Order Notes, as applicable, resulting from a cheque mailed in accordance with this Condition 8.5 arriving after the due date for such payment or being lost in the mail.

## 8.6 Business Day

Notwithstanding anything to the contrary contained in the Note Terms and Conditions, if the date for payment of any amount due and payable in respect of any Notes is not a Business Day then:

- 8.6.1 if a Business Day Convention is not specified in the Applicable Pricing Supplement, such date for payment shall be the following Business Day;
- 8.6.2 if a Business Day Convention is specified in the Applicable Pricing Supplement, such date for payment shall be adjusted according to such Business Day Convention,

and the Noteholders of such Notes shall not be entitled to any interest, dividend or other payments in respect of such delay.

## 8.7 Interpretation of principal and/or interest

- 8.7.1 Any reference in the Note Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to principal under Condition 10, the Applicable Redemption Amount, and 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.

- 8.7.2 Any reference in the Note 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 10.

## 9. REDEMPTION AND PURCHASE

Unless previously redeemed or purchased and cancelled, a Tranche of Notes will be redeemed by the Issuer, on the Maturity Date, at par or at such other Final Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the Note Terms and Conditions and/or the Applicable Pricing Supplement, as set out in Condition 9.1. The Applicable Pricing Supplement will specify either that the relevant Tranche of Notes cannot be redeemed prior to the Maturity Date (other than following the occurrence of a Tax Event and/or a Change in Law, as described in Condition 9.4 or following an Event of Default, as described in Condition 15) or that the relevant Tranche of Notes may, if the Put Option is specified in the Applicable Pricing Supplement as being applicable, be redeemed at the option of the Noteholders (as described in Condition 9.2) and/or that the relevant Tranche of Notes may, if the Call Option is specified in the Applicable Pricing Supplement as being applicable, be redeemed at the option of the Issuer (as described in Condition 9.3).

### 9.1 Redemption on the Maturity Date

Unless previously redeemed or purchased and cancelled, a Tranche of Notes will be redeemed by the Issuer, at the Final Redemption Amount, on the Maturity Date.

### 9.2 Early redemption at the option of Noteholders

- 9.2.1 If the Put Option is applicable to a Tranche of Notes, a Noteholder of any Notes in that Tranche of Notes may, at its option (but subject to Condition 9.2.2) require the Issuer to redeem all or any of such Notes (as specified in the Put Option Notice) ("**relevant Notes**"), in whole or in part (as specified in the Put Option Notice), at the Optional Redemption Amount (Put), on the Optional Redemption Date (Noteholder).
- 9.2.2 In order to exercise the Put Option, the relevant Noteholder shall, not less than 30 (thirty) days nor more than 60 (sixty) days before the Optional Redemption Date (Noteholder), send the duly completed and signed Put Option Notice, together (in the case of Registered Notes) with a copy of the Individual Certificate (if any) representing such Registered Notes or (in the case of Bearer Notes and Order Notes), a copy of the relevant Bearer Certificate or the relevant Order Certificate, as the case may be, to the Issuer (with a copy of the Put Option Notice to the Paying Agent, the Calculation Agent and the Transfer Agent).
- 9.2.3 No Individual Certificate representing the relevant Registered Notes which has been surrendered to the Transfer Agent in accordance with Condition 8.2.4, and no Bearer Certificate or Order Certificate, as the case may be, representing and embodying the relevant Bearer Notes or Order Notes, as the case may be, which has been presented and surrendered to the Paying Agent in accordance with Condition 8.3 or Condition 8.4, as the case may be, may be withdrawn; provided that if, prior to the Optional Redemption Date (Noteholder), the relevant Registered Notes Bearer Notes or Order Notes, as the case may be, become immediately due and payable or payment of the relevant redemption monies is improperly withheld or refused, such Individual Certificate, Bearer Certificate or Order Certificate, as the case may be, shall, without prejudice to the exercise of the Put Option, be returned to the relevant Noteholder by uninsured mail at the address specified by the relevant Noteholder in the relevant Put Option Notice.
- 9.2.4 Provided that the Put Option shall have been duly exercised by the relevant Noteholder in accordance with Condition 9.2.2, the Issuer shall, redeem the relevant Notes, on the Optional Redemption Date (Noteholder), at the Optional Redemption Amount (Put).

### 9.3 Early redemption at the option of the Issuer

- 9.3.1 If the Call Option is applicable to a Tranche of Notes, the Issuer may, at its option, having given not less than 30 days' notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) to the Paying Agent, the Calculation Agent and the Transfer Agent (unless the Issuer itself acts as Paying Agent and/or Calculation Agent and/or Transfer Agent) and to the relevant Noteholders in accordance with Condition 17.1 (which notice shall be irrevocable), redeem that Tranche of Notes (in whole or in part, as specified in such notice) in the manner set out in Condition 9.3.2.
- 9.3.2 If the Issuer exercises the Call Option in accordance with Condition 9.3.1, the Issuer shall redeem the relevant Tranche of Notes, on the Optional Redemption Date (Issuer), at the Optional Redemption Amount (Call).

### 9.4 Early redemption following the occurrence of a Tax Event and/or a Change in Law

- 9.4.1 Any Tranche of Notes may be redeemed, at the option of the Issuer, in whole but not in part, subject to the Issuer having given not less than 30 days' notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) to the Paying Agent, the Calculation Agent and the Transfer Agent (unless the Issuer itself acts as Paying Agent and/or Calculation Agent and/or Transfer Agent) and to the relevant Noteholders in accordance with Condition 17.1), on the Early Redemption Date, at the Early Redemption Amount, if a Tax Event and/or a Change in Law has occurred and is continuing.
- 9.4.2 From the date of publication of the notice to Noteholders of the redemption referred to in Condition 9.4.1, the Issuer shall make available at its Specified Office, for inspection by the relevant Noteholders (i) a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to effect such redemption have occurred and (ii) a copy of a legal opinion from a reputable firm of lawyers in South Africa to the effect that a Tax Event and/or a Change in Law has occurred.

### 9.5 Redemption following an Event of Default

In terms of (and subject to) Condition 15.3, if an Event of Default occurs in relation to a Series of Notes (and each Tranche of Notes in that Series), the relevant Noteholder/s of Note/s may declare such Note/s to be immediately due and payable (whether or not due for payment).

### 9.6 Exchangeable Notes

A Tranche of Exchangeable Notes will be redeemed in accordance with the provisions of this Condition 9 and the Applicable Pricing Supplement. If Mandatory Exchange is indicated in the Applicable Pricing Supplement as being applicable, or if the relevant Noteholders exercise the Noteholders Exchange Right, as the case may be, the relevant Tranche of Exchangeable Notes will be redeemed by the Issuer delivering to the relevant Noteholders 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 the relevant Tranche of Exchangeable Notes.

### 9.7 Equity Linked Notes

A Tranche of Equity Linked Notes will be redeemed in accordance with the provisions of this Condition 9 and the Applicable Pricing Supplement. If Physical Settlement is specified in the Applicable Pricing Supplement as being applicable, or if Cash Settlement or Physical Settlement at the option of the Issuer is specified in the Applicable Pricing Supplement as being applicable and the Issuer elects Physical Settlement, as the case may be, the relevant Tranche of Equity Linked Notes will be redeemed by the Issuer delivering to the relevant Noteholders the relevant Underlying Equity/ies. The delivery by the Issuer of the relevant Underlying Equity/ies in the manner set out in the Applicable Pricing Supplement shall constitute the *in specie* redemption in full of the relevant

Tranche of Equity Linked Notes.

## 9.8 Other Notes

Any other Tranche of Notes not specifically provided for in the Note Terms and Conditions will be redeemed in accordance with the provisions of this Condition 9 and the Applicable Pricing Supplement.

## 9.9 Early redemption of Zero Coupon Notes

- 9.9.1 If a Tranche of Zero Coupon Notes (or the relevant Notes in that Tranche) is/are redeemed (in whole or in part) at any time prior to the Maturity Date then, unless otherwise specified in the Applicable Pricing Supplement, the amount of principal which is due and payable by the Issuer to the relevant Noteholders on the due date for redemption of such Notes will be an amount ("**Amortised Face Amount**") equal to the sum of (A) the Reference Price (or the relevant portion thereof) and (B) the product of the Accrual Yield (compounded annually unless otherwise specified in the Applicable Pricing Supplement) being applied to the Reference Price (or the relevant portion thereof) from (and including) the Issue Date to (but excluding) the Applicable Redemption Date.
- 9.9.2 Where such calculation is to be made for a period which is not a whole number of years, it shall be made on the basis of a 360-day year consisting of 12 months of 30 days each or such other calculation basis as may be specified in the Applicable Pricing Supplement.

## 9.10 Purchases

The Issuer and any Group Company may at any time purchase Notes at any price in the open market or otherwise. In the event of the Issuer purchasing Notes, such Notes may, subject to Applicable Law, be held, resold or, at the option of the Issuer, cancelled.

## 9.11 Cancellation

All Notes which are redeemed or purchased by the Issuer and, at the option of the Issuer, cancelled, will forthwith be cancelled and may not be re-issued or resold. Each Individual Certificate (if any) representing any Registered Notes, and each Order Certificate or Bearer Certificate, as the case may be, representing and embodying Order Notes or Bearer Notes, as the case may be, so cancelled or, following a partial redemption, partially cancelled, shall be forwarded to the Transfer Agent for cancellation. The Transfer Agent will, in respect of a Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE and/or held in the CSD, notify the CSD and the JSE of any cancellation, partial redemption or redemption of Registered Notes in that Tranche so that such entities can record the reduction in the aggregate Outstanding Nominal Amount of the Registered Notes in issue. Where only a portion of Registered Notes represented by an Individual Certificate is redeemed or where only a portion of Order Notes or Bearer Notes, as the case may be, represented and embodied in an Order Certificate or a Bearer Certificate, as the case may be, is redeemed, as the case may be, the Transfer Agent will deliver a new Individual Certificate, representing the balance of such Registered Notes, to the Noteholder of such Registered Notes, or will make available for delivery, to the relevant Payee or the relevant Bearer, as the case may be, at the Specified Office of the Transfer Agent, a new Order Certificate or a new Bearer Certificate, as the case may be, representing and embodying the balance of such Order Notes or such Bearer Notes, as the case may be.

## 9.12 Applicable Procedures

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

## 10. TAXATION

- 10.1 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 Taxes 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 in the absence of such withholding or deduction except that no such additional amounts shall be payable with respect to any Note:

- 10.1.1 to a Noteholder who is liable for such Taxes 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
- 10.1.2 held by or on behalf of a Noteholder who would not be liable for or subject to such withholding or deduction by complying with any statutory requirement or by making a declaration of non-residency or other similar claim for exemption to the relevant tax authority; or
- 10.1.3 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 the relevant Noteholder; or
- 10.1.4 where (in the case of any payment of principal and/or interest which is conditional on surrender of the relevant Individual Certificate in accordance with the Note Terms and Conditions or conditional on presentation and surrender of the relevant Order Certificate or the relevant Bearer Certificate, as the case may be, in accordance with the Note Terms and Conditions) the relevant Individual Certificate or the relevant Order Certificate or the relevant Bearer Certificate, as the case may be, is surrendered more than 30 days after the Relevant Date except to the extent that the Noteholder thereof would have been entitled to such additional amounts if it had surrendered the relevant Individual Certificate, or presented and surrendered the relevant Order Certificate or the relevant Bearer Certificate, as the case may be, on such thirtieth day; or
- 10.1.5 if such withholding or deduction arises through the exercise by the revenue authorities of special powers in respect of tax defaulters; or
- 10.1.6 where any withholding is required under sections 1471 through to 1474 of the U.S. Internal Revenue Code ("**FATCA**") (including any regulations or official interpretations issued with respect thereto, or any law implementing an intergovernmental agreement in respect thereto, including pursuant to the intergovernmental agreement signed between the Government of the Republic of South Africa and the U.S. Government on 9 June 2014).
- 10.2 Any reference in the Note 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 the Applicable Note Terms and Conditions or under any undertakings given in addition to, or in substitution for, the Applicable Note Terms and Conditions.

## **11. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES**

### **11.1 Exchange of Beneficial Interests**

- 11.1.1 A holder of a Beneficial Interest in Registered Notes may, if permitted by the Financial Markets 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 Registered Notes in definitive form represented by an Individual Certificate ("**Exchange Notice**"). The Exchange Notice shall specify (a) the name, address and bank account details of the holder of the Beneficial Interest and (b) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) calendar days after the day on which such Exchange Notice is given.
- 11.1.2 The holder's nominated Participant will, within 7 (seven) days of receipt of the Exchange Notice,

through the CSD, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Registered 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 day period ("**Exchange Date**"), to the holder's nominated Participant (acting on behalf of the holder of the Beneficial Interest in respect of the conversion) at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

- 11.1.3 In order to effect the exchange of a Beneficial Interest in any Registered Notes (a) such Registered Notes will, prior to the Exchange Date, be surrendered (through the CSD) to the Transfer Agent at its Specified Office and (b) the Transfer Agent will obtain the release of such Registered Notes from the CSD in accordance with the CSD Procedures.
- 11.1.4 An Individual Certificate shall, in relation to a Beneficial Interest in any number of Registered Notes of a particular aggregate Outstanding Nominal Amount standing to the account of the holder thereof, represent that number of Registered Notes of that aggregate Outstanding Nominal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Outstanding 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.

## 11.2 Replacement

If any Individual 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 Individual Certificates must be surrendered at the Specified Office of the Transfer Agent before replacements will be issued.

## 11.3 Death and sequestration or liquidation of Noteholder

Any Person becoming entitled to Notes in consequence of the death, sequestration or liquidation of the Noteholder of such Notes may, upon producing evidence to the satisfaction of the Issuer and the Transfer Agent that he holds the position in respect of which he proposes to act under this Condition 11.3 or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the Noteholder of such Notes (where such Notes are Registered Notes) or, subject to the Applicable Procedures, this Condition 11.3 and Condition 13.1.2, 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.

## 11.4 Costs

The costs and expenses of the printing, issue and delivery of each Individual Certificate and all Taxes and governmental charges or insurance 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 Noteholder of the Registered Notes represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Registered 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 printing, issue and delivery of Bearer Certificates and Order Certificates, and any Coupons, shall be borne by the Issuer, save as otherwise provided in the Applicable Pricing Supplement.



## 12. REGISTER

- 12.1 The Register will be kept at the Specified Office of the Transfer Agent. The Register will reflect the number of Registered Notes which issued and outstanding and the serial number of Individual Certificates (if any) issued in respect of such Registered Notes.
- 12.2 The registered Noteholder/s of the Registered Note/s in a Tranche of Registered Notes which is held in the CSD will be determined in accordance with the CSD Procedures, and such registered Noteholder/s will be named in the Register as the registered holder/s of such Registered Note/s.
- 12.3 The Register will contain the name, address and bank account details of the CSD, and the name, address and bank account details of the registered Noteholders of Registered Notes represented by Individual Certificates.
- 12.4 The Register will set out the aggregate Nominal Amount of the Registered Notes in a Tranche issued to a Noteholder or the aggregate Outstanding Nominal Amount of Registered Notes in a Tranche transferred to a Noteholder, as the case may be, the Issue Date or the date of transfer, as the case may be, and the date upon which the Noteholder became registered as such.
- 12.5 The Register will be open for inspection during normal business hours on Business Days by any Noteholders of Registered Notes or any Representative of such Noteholder. The Register will be closed during the Books Closed Period.
- 12.6 The Transfer Agent shall alter the Register in respect of any change of name, address or bank account number of any of the registered Noteholders of which it is notified; provided that the Register will only be amended to reflect a transfer of Registered Notes if such transfer is carried out in accordance with Condition 13.1.2.
- 12.7 Neither the Issuer nor the Transfer Agent shall be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Registered Note issued by the Issuer may be subject.

## 13. TRANSFER OF NOTES

### 13.1 Transfer of Registered Notes

#### 13.1.1 *Transfer of Beneficial Interests in Registered Notes held in the CSD*

- 13.1.1.1 Beneficial Interests may be transferred only in accordance with the CSD Procedures through the CSD.
- 13.1.1.2 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 CSD Procedures.
- 13.1.1.3 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 CSD Procedures.
- 13.1.1.4 Transfers of Beneficial Interests in Registered Notes will not be recorded in the Register and the CSD will continue to be reflected in the Register as the Noteholder of such Registered Notes notwithstanding such transfers.

#### 13.1.2 *Transfer of Registered Notes represented by Individual Certificates*

- 13.1.2.1 In order for any transfer of Registered Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
  - 13.1.2.1.1 the transfer of such Registered Notes must be embodied in a Transfer Form;
  - 13.1.2.1.2 the Transfer Form must be signed by the registered Noteholder of such Registered Notes and the transferee, or any authorised Representative of that registered Noteholder or that transferee;

- 13.1.2.1.3 the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Individual Certificate representing such Registered Notes for cancellation.
- 13.1.2.2 Registered Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
- 13.1.2.3 Subject to this Condition 13.1.2, the Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Registered Notes represented by an Individual Certificate (or the relevant portion of such Registered 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 Individual Certificate in respect of the Registered Notes transferred reflecting the aggregate Outstanding Nominal Amount of the Registered Notes transferred.
- 13.1.2.4 Where a Noteholder has transferred a portion only of Registered Notes represented by an Individual 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 Individual Certificate representing the balance of the Registered Notes held by such Noteholder.
- 13.1.2.5 The transferor of any Registered Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 13.1.2.6 Before any transfer of Registered Notes represented by an Individual Certificate is registered in the Register, all relevant transfer Taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- 13.1.2.7 No transfer of any Registered Notes represented by an Individual Certificate will be registered during the relevant Books Closed Period.
- 13.1.2.8 If a transfer of any Registered Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.

## **13.2 Transfer of Bearer Notes**

Bearer Notes may be transferred only by the negotiation of the Bearer Certificate representing and embodying such Bearer Notes (by way of the delivery of such Bearer Certificate), as contemplated in the Bills of Exchange Act.

## **13.3 Transfer of Order Notes**

Order Notes may be transferred only by the negotiation of the Order Certificate representing and embodying such Order Notes (by way of the Endorsement of such Order Certificate by the old Payee and the delivery of such Order Certificate to the new Payee), as contemplated in the Bills of Exchange Act.

## **13.4 Prohibition on stripping**

Where so specified in the Applicable Pricing Supplement, Bearer Certificates or Order Certificates, as the case may be, which are issued with Coupons attached shall be issued subject to the condition that the relevant Bearer Notes or Order Notes, as the case may be, may only be transferred to a single transferee at a time and, accordingly, that the various rights in respect of the relevant Bearer Notes or Order Notes, as the case may be, may not be stripped and transferred to various transferees at different times.

#### 14. PRESCRIPTION

Any claim for payment of any amount in respect of the Notes and the Applicable Note Terms and Conditions will prescribe 3 (three) years after the date on which such amount becomes due and payable under the Applicable Note Terms and Conditions; provided that if payment of such amount is required, in accordance with the Applicable Note Terms and Conditions, to be made to the CSD, any claim for payment of such amount will prescribe 3 (three) years after the date on which such amount has been received by the CSD and provided further that the three-year time period shall be 6 (six) years in the case of Order Notes and Bearer Notes.

#### 15. EVENTS OF DEFAULT

15.1 An Event of Default in respect of a Series of Notes (and each Tranche of Notes in that Series) will occur upon the happening of any of the following events:

15.1.1 (*non-payment*): the Issuer fails to pay any amount of principal or any interest due and payable in respect of any Notes in that Series within 14 (fourteen) days of the due date for payment of such amount; or

15.1.2 (*other obligations*):

15.1.2.1 the Issuer fails to perform any of its other obligations under the Applicable Note Terms and Conditions of any Tranche of Notes in that Series and such failure to perform is incapable of remedy or, if capable of remedy, is not remedied within 21 (twenty one) Business Days after notice requiring such failure to perform to be remedied has been given to the Issuer (in accordance with Condition 17.2) by any Noteholder of such Notes; or

15.1.2.2 the Guarantor fails to perform any of its obligations under clause 4 (*Negative Pledge*) of the Amended Note Guarantee and such failure to perform is incapable of remedy or, if capable of remedy, is not remedied within 21 (twenty one) Business Days after notice requiring such failure to perform to be remedied has been given to the Guarantor (in accordance with the Amended Note Guarantee) by any Noteholder of such Notes; or

15.1.3 (*cross default*): the Issuer fails to pay any amount under any Financial Indebtedness which, individually or in the aggregate at any point in time, exceeds US\$50 000 000 (or its equivalent in any other currency or currencies) (i) when due or within any applicable grace period as originally provided or, if payable on demand, when demanded or (ii) which becomes due and repayable before its scheduled due date for payment by reason of a default or event of default (howsoever described); or

15.1.4 (*winding-up*):

15.1.4.1 (a) an application (other than a frivolous or vexatious application or an application which is discharged or stayed within 21 (twenty one) Business Days) to any court of competent jurisdiction or an order is made for the placing of the Issuer under business rescue or for a business rescue practitioner or liquidator to be appointed in respect of the Issuer or for the winding-up of the Issuer or (b) a resolution is passed providing for the Issuer to be wound-up or placed under business rescue, other than, in each of (a) and (b) for purposes of a solvent reconstruction or amalgamation in which the Issuer remains the debtor under the Notes; or

15.1.4.2 an application (other than a frivolous or vexatious application or an application which is discharged or stayed within 21 (twenty one) Business Days) or an order is made for the winding-up of the Guarantor or a resolution is passed for the winding-up of the Guarantor other than for the purposes of a solvent reconstruction or amalgamation provided that Noteholders have the benefit of the same (or equivalent) as the Amended Note Guarantee from the Guarantor (or its successor); or

15.1.5 (*receiver*):

15.1.5.1 a receiver, receiver and manager, administrator, business rescue practitioner, liquidator,

official manager, trustee or similar officer is appointed in respect of all or a substantial part of the assets of the Issuer and such appointment is not terminated within 21 (twenty one) Business Days; or

- 15.1.5.2 a receiver, receiver and manager, administrator, liquidator, official manager, trustee or similar officer is appointed in respect of all or a substantial part of the assets of the Guarantor and such appointment is not terminated within 21 (twenty one) Business Days; or

15.1.6 (*insolvency*):

- 15.1.6.1 the Issuer is unable to pay its debts when they fall due or is deemed to be unable to pay its debts under any Applicable Laws (other than as the result of a failure to pay a debt or claim which is the subject of a good faith dispute); or
- 15.1.6.2 the Guarantor is unable to pay its debts when they fall due or is deemed unable to pay its debts under any applicable legislation (other than as the result of a failure to pay a debt or claim which is the subject of a good faith dispute); or

15.1.7 (*arrangement or composition*):

- 15.1.7.1 the Issuer (a) compromises or attempts to compromise with its creditors generally (or any significant class of creditors) in respect of the payment of any Financial Indebtedness or (b) any procedural step is taken by the Issuer (including an application, a proposal or a convening of a meeting) with a view to a compromise or arrangement with its creditors generally (or any significant class of its creditors) in respect of the payment of any Financial Indebtedness, other than, in each of (a) and (b) for purposes of a solvent reconstruction or amalgamation; or
- 15.1.7.2 the Guarantor makes or enters into (a) a readjustment or rescheduling of its indebtedness with creditors generally or (b) an assignment for the benefit of, or an arrangement or composition with, its creditors generally, in each case, other than for the purposes of a reconstruction, amalgamation, reorganisation or merger where the Guarantor is solvent; or

15.1.8 (*cessation of business*):

- 15.1.8.1 the Issuer ceases or threatens to cease to carry on its business or ceases or threatens to cease payment of its debts generally; or
- 15.1.8.2 the Guarantor ceases or threatens to cease to carry on its business or ceases or threatens to cease payment of its debts generally; or

15.1.9 (*illegality*):

- 15.1.9.1 it is or will become unlawful for the Issuer to perform or to comply with any of its obligations under the Applicable Note Terms and Conditions of any Tranche of Notes in that Series; or
- 15.1.9.2 it is or it will become unlawful for the Guarantor to perform or to comply with any of its obligations under the Amended Note Guarantee.

- 15.2 The Issuer, upon becoming aware that any Event of Default has occurred and is continuing in respect of any Tranche of Notes in a Series of Notes, shall forthwith give notice thereof in writing to the Guarantor, the Paying Agent, the Calculation Agent and the Transfer Agent, and to the Noteholders of the Notes in that Series (in accordance with Condition 17.1) and, if any Notes are listed on the Interest Rate Market of the JSE, to the JSE and the CSD.

- 15.3 If any Event of Default has occurred and is continuing in respect of any Tranche of Notes in a Series of Notes then, by notice to the Issuer in accordance with Condition 17.2 (effective upon the date of receipt thereof by the Issuer):

- 15.3.1 in the case of an Event of Default specified in Condition 15.1.1 or any of Conditions 15.1.4 to 15.1.8 inclusive, any Noteholder in that Series may declare that all of the Notes in that Series held by that Noteholder are immediately due and payable (whether or not due for payment) and, upon such notice being given to the Issuer, all of the Notes in that Series held by that

Noteholder shall become immediately due and payable, at the Early Termination Amount, without further action or formality; or

- 15.3.2 in the case of any Event of Default, Noteholders holding not less than 25% of the aggregate Outstanding Nominal Amount of all of the Notes in that Series may declare that all of the Notes in that Series are immediately due and payable (whether or not due for payment) and, upon such notice being given to the Issuer, all of the Notes in that Series shall become immediately due and payable, at the Early Termination Amount, without further action or formality.
- 15.4 For the purposes of calculating the South African Rand equivalent of the amount of any Financial Indebtedness which is in a currency other than South African Rand, the South African Rand equivalent of the amount of that Financial Indebtedness shall be determined on the basis of the spot rate for the sale of South African Rand against the purchase of the currency of that Financial Indebtedness in the Johannesburg inter-bank foreign exchange market, as quoted by any Reference Bank selected by the Issuer.

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

- 16.1 Any third party appointed by the Issuer as Calculation Agent and/or Paying Agent and/or Transfer Agent shall act solely as the agent 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 the Transfer Agent and/or the Calculation Agent and/or the Paying Agent in accordance with the Agency Agreement and/or to appoint additional or other agents.
- 16.2 If the Issuer elects to appoint another entity as Calculation Agent and/or Paying Agent and/or Transfer Agent, that other entity, on execution of an appropriate Agency Agreement or an appropriate accession letter to the Agency Agreement, as the case may be, shall serve in that capacity in respect of the Notes. The Issuer shall notify the Noteholders (in the manner set out in Condition 17.1) of any such appointment and, if any Notes are listed on the Interest Rate Market of the JSE, the Issuer shall notify the JSE of any such appointment.
- 16.3 If and to the extent that the Issuer acts as Calculation Agent and/or Paying Agent and/or Transfer Agent:
- 16.3.1 all references in the Applicable Note Terms and Conditions to any action, conduct or function in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and
- 16.3.2 all requirements in the Applicable Note Terms and Conditions for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and the Calculation Agent and/or the Paying Agent and/or the Transfer Agent shall be disregarded to the extent that the Issuer performs such role.

## **17. NOTICES**

### **17.1 Notice to Noteholders**

- 17.1.1 All Notices to the Noteholders of Registered Notes represented by Individual Certificates shall be in writing and shall be sent by registered mail to the respective postal addresses of those Noteholders appearing in the Register or delivered by hand to the respective addresses of those Noteholders appearing in the Register. Each such notice shall be deemed to have been received by the relevant Noteholder on the date of delivery (if such notice is delivered by hand) or the seventh day after the date on which such notice is sent by registered mail (if such notice is sent by registered mail).
- 17.1.2 For so long as any Registered Notes represented by Individual Certificates are listed on the Interest Rate Market of the JSE, there may be substituted for the notice contemplated in Condition 17.1.1, the publication of the relevant notice on SENS or on any other electronic news service of general distribution.

- 17.1.3 All notices to holders of Beneficial Interest in Registered Notes shall be in writing and shall be delivered by hand or transmitted by e-mail to the CSD, the JSE and the Participants, for communication by the CSD and the Participants to the holders of Beneficial Interests in such Registered 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 (if such notice is delivered by hand) or the date on which such notice is transmitted by e-mail (if such notice is sent by e-mail).
- 17.1.4 Notices to Noteholders of Bearer Notes and Noteholders of Order Notes shall be published in an English language daily newspaper of general circulation in South Africa, and such notice shall be deemed to have been received by such Noteholders on the date on which that notice is published in such newspaper.
- 17.1.5 In addition to the applicable notice requirements set out in this Condition 17.1 above, all notices of meetings of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) shall be published on SENS.

## **17.2 Notice by Noteholders**

- 17.2.1 All notices to be given by any holder of Registered Note/s represented by an Individual Certificate or Bearer Notes or Order Notes, as the case may be, to the Issuer shall be in writing and given by delivering the notice, by hand or by registered post, together with a certified copy of the relevant Individual Certificate or the relevant Bearer Certificate or the relevant Order Certificate, as the case may be, to the Specified Office of the Issuer. Each such notice shall be deemed to have been received by the Issuer, if delivered to the Specified Office of the Issuer, on the date of delivery and, if sent by registered mail, on the seventh day after the day on which it is sent.
- 17.2.2 All notices to be given by any holder of a Beneficial Interest in Registered Notes to the Issuer shall be in writing and given by such holder via such holder's Participant, in accordance with the Applicable Procedures, and in such manner as the Issuer and the relevant Participant may approve for this purpose.

## **18. AMENDMENTS**

- 18.1 The Issuer may effect, without the consent of any Noteholder, any amendment to the Note Terms and Conditions (or the Applicable Note Terms and Conditions) that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa (including, without limitation, all Applicable Laws and the Applicable Procedures).
- 18.2 Save as is provided in Condition 18.1, no amendment to any of the Note Terms and Conditions (or any of the Applicable Note Terms and Conditions) may be effected unless (i) the proposed amendment is first approved by the JSE and, after having obtained the approval of the JSE to the proposed amendment (ii) the proposed amendment is signed by or on behalf of the Issuer and (iii):
- 18.2.1 if the proposed amendment is an amendment to any of the Note Terms and Conditions (including any of the Applicable Note Terms and Conditions) which are applicable to all of the Notes, (i) the proposed amendment is (i) approved by an Extraordinary Resolution of all of the Noteholders (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 18.3) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Noteholders holding not less than 75% of the aggregate Outstanding Nominal Amount of all of the Notes (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 18.3), as the case may be;
- 18.2.2 if the proposed amendment is an amendment to any of the Note Terms and Conditions (including any of the Applicable Note Terms and Conditions) which are applicable only to certain Tranche/s of Notes, the proposed amendment is (i) approved by an Extraordinary Resolution of

the relevant Group/s of Noteholders holding such Tranche/s of Notes (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 18.3) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Noteholders in the relevant Group/s of Noteholders holding not less than 75% of the aggregate Outstanding Nominal Amount of such Tranche/s of Notes (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of Condition 18.3), as the case may be.

- 18.3 After having obtained the approval of the JSE to a proposed amendment to the Note Terms and Conditions (including any of the Applicable Note Terms and Conditions) to be effected in terms of Condition 18.2, the Issuer shall (in the manner set out in Condition 17.1) notify all of the Noteholders or the relevant Group/s of Noteholders (as applicable) of such proposed amendment. Such notice shall (i) include the written resolution setting out such proposed amendment, (ii) the restrictions on voting under the Note Terms and Conditions, (iii) the last date on which all of the Noteholders or the relevant Group/s of Noteholders (as applicable) should return the signed written resolution, and the address to which the signed written resolution should be sent.
- 18.4 Any amendment to the Note Terms and Conditions (including any of the Applicable Note Terms and Conditions) effected in terms of this Condition 18 shall be binding on (as applicable) all of the Noteholders or the relevant Group/s of Noteholders, and any such amendment shall be notified to such Noteholders (in accordance with Condition 17.1) as soon as is practicable thereafter. Failure to give, or non-receipt of, such notice will not affect the validity of any such amendment.
- 18.5 The Programme Memorandum, updated to reflect an amendment to the Note Terms and Conditions effected in terms of this Condition 18, must be submitted to the JSE, and such amendment must be published on SENS, as soon as practicable thereafter.

## 19. MEETINGS OF NOTEHOLDERS

### 19.1 Directions of Noteholders

- 19.1.1 The provisions with regard to meetings of Noteholders are set out in this Condition 19. The provisions of this Condition 19 will apply, as applicable, to each separate meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) (a "**meeting**" or the "**meeting**").
- 19.1.2 Every director or duly appointed representative of the Issuer and every other person authorised in writing by the Issuer may attend and speak at a meeting, but shall not be entitled to vote, other than as a Noteholder or proxy or duly authorised representative of a Noteholder.
- 19.1.3 A meeting will have power, in addition to all powers specifically conferred elsewhere in the Note Terms and Conditions:
- 19.1.3.1 by Ordinary Resolution of all of the Noteholders, to give instructions to the Issuer in respect of any matter not covered by the Note Terms and Conditions (but without derogating from the powers or discretions expressly conferred upon the Issuer by the Note Terms and Conditions or imposing obligations on the Issuer not imposed or contemplated by the Note Terms and Conditions or otherwise conflicting with or inconsistent with the provisions of the Note Terms and Conditions);
- 19.1.3.2 by Extraordinary Resolution of all of the Noteholders, to bind all of the Noteholders to any compromise or arrangement;
- 19.1.3.3 by Extraordinary Resolution of all of the Noteholders or the relevant Group/s of Noteholders (as applicable), to agree to any amendment of any of the Note Terms and Conditions (or the Applicable Note Terms and Conditions), subject to and in accordance with Condition 18;
- 19.1.3.4 by Extraordinary Resolution of all of the Noteholders or the relevant Group/s of Noteholders (as applicable), to waive any breach or authorise any proposed breach by the Issuer of its

obligations under the Note Terms and Conditions (including any of the Applicable Note Terms and Conditions) or any act or omission which might otherwise constitute an Event of Default;

19.1.3.5 by Extraordinary Resolution of all of the Noteholders, to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Notes.

19.1.4 Unless otherwise specified in the Note Terms and Conditions (and subject to Condition 19.1.3), resolutions of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) will require an Ordinary Resolution to be passed.

## 19.2 Convening of meetings

19.2.1 The Issuer may at any time convene a meeting.

19.2.2 The Issuer will convene a meeting of (i) all of the Noteholders upon the requisition in writing of Noteholders holding not less than 15% of the Outstanding Nominal Amount of all of the Notes or (ii) a separate meeting of any Group/s of Noteholders upon the requisition in writing of Noteholders in such Group/s of Noteholders holding not less than 15% of the Outstanding Nominal Amount of the Notes in the relevant Tranche/s of Notes held by such Group/s (each such requisition, a "**requisition notice**").

19.2.3 A requisition notice will state the nature of the business for which the meeting is to be held, the resolutions to be proposed and considered at the meeting and the place at which the meeting is to be held, and will be deposited at the Specified Office of the Issuer. A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

## 19.3 Convening of meetings by requisitionists

If the Issuer fails to convene a meeting within 10 (ten) days of the deposit of a requisition notice, the requisitionists may themselves convene the meeting, but the meeting so convened will be held within 30 (thirty) days from the date of such deposit and will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Whenever the requisitionists are about to so convene any such meeting, the requisitionists shall forthwith give notice of the meeting to the Issuer and to all of the Noteholders or the relevant Group/s of Noteholders (as applicable), in accordance with Condition 19.4.1.

## 19.4 Notice of meeting

19.4.1 Whenever the Issuer wishes (or is required) to convene a meeting, it will forthwith give at least 21 (twenty one) days' prior written notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) to all of the Noteholders or the relevant Group/s of Noteholders (as applicable) in accordance with Condition 17.1 of the date, place and time of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting; provided that, Noteholders holding at least 90% of the Outstanding Nominal Amount of all of the Notes or Noteholders in the relevant Group/s of Noteholders holding at least 90% of the Outstanding Nominal Amount of the relevant Tranche/s of Notes held by such Group/s (as applicable), may agree in writing to a shorter notice period.

19.4.2 In addition to the applicable notice requirements set out in Condition 19.4.1, all notices of meetings shall be published on SENS.

## 19.5 Place of meeting

A meeting shall be held at such time and place as the Issuer may specify in the relevant notice of that meeting or, where the requisitionists convene a meeting, at such time and place as the requisitionists may specify in the relevant notice of that meeting.

## 19.6 Quorum

19.6.1 A quorum at a meeting all of the Noteholders or the relevant Group/s of Noteholders (as applicable) shall:



- 19.6.1.1 for the purposes of considering an Ordinary Resolution, consist of Noteholders, present in person or by proxy, holding in the aggregate not less than 34% of the Outstanding Nominal Amount of all of the Notes or the relevant Tranche/s of Notes held by the relevant Group/s (as applicable);
- 19.6.1.2 for the purposes of considering an Extraordinary Resolution, consist of Noteholders, present in person or by proxy, holding in the aggregate not less than 66.67% of the Outstanding Nominal Amount of all of the Notes or the relevant Tranche/s of Notes held by the relevant Group/s (as applicable).
- 19.6.2 No business will be transacted at a meeting unless a quorum is present at the time when the meeting proceeds to business.
- 19.6.3 If, within 30 (thirty) minutes from the time appointed for the meeting, a quorum is not present, the meeting will, if it was convened upon the requisition of the relevant Noteholders, be dissolved. In every other case the meeting will stand adjourned (unless the Issuer agrees that it be dissolved) to the same day in the second week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. If at such adjourned meeting a quorum is not present the relevant Noteholders present in person or by proxy at such adjourned meeting will constitute a quorum for the purpose of considering any resolution, including an Ordinary Resolution and an Extraordinary Resolution.

#### **19.7 Chairman**

The Issuer or its representative will preside as chairman at a meeting. If the aforesaid person is not present within 15 (fifteen) minutes of the time appointed for the holding of the meeting, the Noteholders then present will choose one of their own number to preside as chairman at that meeting. The procedures to be followed at the meeting shall be as determined by the chairman subject to this Condition 19. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

#### **19.8 Adjournment**

- 19.8.1 Subject to the provisions of this Condition 19, the chairman of a meeting may with the consent of (and shall if directed by) the relevant Noteholders then present, adjourn the meeting from time to time and from place to place.
- 19.8.2 At least 10 (ten) days' written notice of any meeting adjourned through want of a quorum will be given in the same manner as of the original meeting and such notice will state that the relevant Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum. Otherwise it shall not be necessary to give notice of an adjourned meeting.
- 19.8.3 No business will be transacted at any adjourned meeting other than the business left unfinished at the original meeting which was adjourned.

#### **19.9 How resolutions are decided**

At a meeting, a resolution put to the vote will be decided on a poll. In the case of an equality of votes, the chairman will not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

#### **19.10 Votes**

- 19.10.1 Voting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) shall only take place on a poll and not on a show of hands. On a poll, each Noteholder present in person or by proxy, will be entitled to that proportion of the total votes which the Outstanding Nominal Amount of the Notes held by that Noteholder bears to the Outstanding Nominal Amount of all of the Notes or the Tranche/s of Notes held by the relevant Group/s (as applicable).
- 19.10.2 The holders of Beneficial Interests in Registered Notes must vote in accordance with the CSD Procedures. Holders of Beneficial Interests in Registered Notes must exercise their respective

rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in Registered Notes, in accordance with the CSD Procedures.

19.10.3 The Issuer shall not have any voting rights in respect of any Notes held by it.

#### 19.11 Proxies and representatives

19.11.1 Noteholders present at a meeting either in person or by proxy may vote on a poll. An Noteholder may by an instrument in writing (a "**form of proxy**") signed by that Noteholder or, in the case of a juristic person, signed on its behalf by a duly authorised officer of the juristic person, appoint any person (a "**proxy**") to act on his or its behalf in connection with any meeting or proposed meeting.

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

19.11.3 The proxy form must be deposited at the Specified Office of the Issuer not less than 24 (twenty four) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote.

19.11.4 No proxy form will be valid after the expiration of 6 (six) months from the date named in it as the date of its execution.

19.11.5 Notwithstanding Condition 19.11.4, a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon.

19.11.6 A vote given in accordance with the terms of a proxy form will be valid notwithstanding the previous death or incapacity of the principal or revocation or amendment of the proxy form or of any of the instructions of the Noteholder pursuant to which the proxy form was executed or of the authority under which the proxy form was executed or the transfer of the relevant Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity, revocation or amendment shall have been received by the Issuer at its Specified Office more than, and that the transfer has been given effect to less than, 12 (twelve) hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

19.11.7 Any Noteholder which is a juristic person may, by resolution of its directors or other governing body, authorise any person to act as its representative in connection with any meeting or proposed meeting. Any reference in the Note Terms and Conditions to a Noteholder present at a meeting in person includes the duly authorised representative of a Noteholder which is a juristic person.

#### 19.12 Binding effect of resolutions

A resolution passed at a meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) duly convened and held in accordance with the provisions of this Condition 19 is binding on all of the Noteholders or the relevant Group/s of Noteholders (as applicable), whether present or not present at such meeting, and each of such Noteholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence (unless the contrary is proved) that the circumstances of such resolution justify the passing of it.

#### 19.13 Signed resolution

A resolution in writing signed by or on behalf of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) shall be as valid and effectual as an Extraordinary Resolution passed at a meeting of such Noteholders duly convened and held in accordance with the provisions contained in this Condition 19.

#### 19.14 Minutes

The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly entered in books to be provided by the Issuer for that purpose. Any such minutes, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the

chairman of the next succeeding meeting, will be receivable in evidence without any further proof, and until the contrary is proved, a meeting of all of the Noteholders or the relevant Group/s of Noteholders (as applicable) in respect of the proceedings of which minutes have been so made will be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

#### 20. **TAP ISSUES**

The Issuer shall be at liberty from time to time, without the consent of any Noteholder, to create and issue a Tranche of Notes ("**Tap Issue Notes**") having terms and conditions which are identical to any other Tranche of Notes already in issue under the Programme ("**Tapped Notes**") (save for their respective Issue Prices, Issue Dates and aggregate Nominal Amounts), so that the Tap Issue Notes (i) are consolidated with the Tapped Notes and form part of the same Tranche of Tapped Notes and (ii) rank *pari passu* in all respects with the Tapped Notes.

#### 21. **SEVERABILITY**

Should any of the Applicable Note Terms and Conditions be, or become, invalid, the validity of the remaining Applicable Note Terms and Conditions shall not be affected in any way.

#### 22. **GOVERNING LAW**

The Programme Memorandum, the Notes and the Applicable Note Terms and Conditions are governed by and shall be construed in accordance with, the laws of South Africa.

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**USE OF NOTE PROCEEDS**

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

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**AMENDED NOTE GUARANTEE**


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Set out below is an extract from the Amended Note Guarantee:

**Guarantee Deed Poll**

Dated 8 September 2016

(amending and replacing the guarantee deed poll dated 8 October 2010)

By Macquarie Group Limited (ABN 94 122 169 279) ("**Guarantor**")

in relation to the ZAR10,000,000,000 Debt Instrument Programme ("**Programme**") of Macquarie Securities South Africa Limited (Registration Number 2006/023546/06) ("**Issuer**")

**Details**


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**Deed poll by**

<b>Guarantor</b>	Name	<b>Macquarie Group Limited</b>
	ABN	94 122 169 279
	Address	50 Martin Place Sydney NSW 2000
	Telephone	+61 2 8232 3333
	Fax	+61 2 8232 4330
	Attention	Company Secretary

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<b>In favour of</b>	Noteholders
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<b>Governing law</b>	New South Wales
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<b>Date of deed poll</b>	See Signing page
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**Recitals**

- A** The Guarantor has provided a guarantee in favour of the Noteholders of Existing Notes under the 2010 Guarantee Deed Poll.
- B** The Guarantor wishes, for the benefit of Existing Noteholders and New Noteholders, to amend the 2010 Guarantee Deed Poll for technical and formal amendments to recognise the 2016 update of the Programme Memorandum.
- C** This deed poll, on and with effect from the Programme Date, amends and replaces the 2010 Guarantee Deed Poll in its entirety.

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**General terms**
**1. Interpretation**
**1.1 Definitions**

In the interpretation of this deed poll in relation to any Tranche of Notes, unless inconsistent with the context, terms used with a capitalised first letter, and not otherwise defined herein, shall, have the meanings ascribed thereto in the Applicable Terms and Conditions for those Notes, and these terms have the following meanings:

**2010 Guarantee Deed Poll** means the guarantee deed poll, dated 8 October 2010, executed by the Guarantor in relation to the Notes.

**Accountable Taxes** means any Taxes imposed by the Commonwealth of Australia or the Republic of South Africa other than those which would not be required to be deducted by the Guarantor if the Noteholder provided the Guarantor with its name, address, registration number, Australian tax file number (if any), Australian Business Number (if any) or similar details or details of any exemption from the requirement to do so.

**Applicable Pricing Supplement** means, 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 which are applicable to that Tranche of Notes, based upon the pro forma Applicable Pricing Supplement which is set out in the section of the Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement - Notes*" or the pro forma Applicable Pricing Supplement which is set out in the section of the Previous Note PM headed "*Pro Forma Applicable Pricing Supplement*" (as applicable).

**Applicable Terms and Conditions** means, in relation to a Tranche of Notes, the Note Terms and Conditions or the Previous Note Conditions (as applicable), as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

**Bearer** means the Person who is the bearer of a Bearer Certificate, as contemplated in the Bills of Exchange Act 1964 of South Africa.

**Bearer Certificate** means a certificate which is a negotiable instrument and which represents (and embodies) a Bearer Note, as contemplated in the Bills of Exchange Act 1964 of South Africa and, unless the context otherwise requires, the term "*Bearer Certificate*" shall include the Coupons (if any) attached on issue to that certificate.

**Bearer Note** means a Note payable to the bearer thereof, as contemplated in the Bills of Exchange Act 1964 of South Africa and, unless the context otherwise requires, the term "*Bearer Note*" shall include the rights to payment of interest and/or principal represented by and embodied in the Coupon(s) (if any) attached on issue to the Bearer Certificate representing and embodying such Bearer Note.

**Beneficial Interest** has the meaning specified in the Note Terms and Conditions.

**Coupon** means an interest coupon representing and embodying the right to an interest payment in respect of an interest bearing Bearer Note or Order Note, as the case may be, and which is attached on issue to the relevant Bearer Certificate or Order Certificate, as the case may be.

**Details** means the last section of the Programme Memorandum specifying the Guarantor's details.

**Endorsement** means an "*indorsement*" as contemplated in the Bills of Exchange Act 1964 of South Africa.

**Existing Noteholders** means collectively, the Noteholders of Existing Notes and **Exiting Noteholder** means any of them.

**Existing Notes** means "*Notes*" (as defined in the Previous Note Conditions) issued under the Programme, pursuant to the Previous Note PM, which remain in issue under the Programme as at the Programme Date (and, for the avoidance of any doubt, expressly includes Registered Notes, Bearer Notes and Order Notes, in each case, as defined under the 2010 Note Guarantee).

**Extraordinary Resolution** means a resolution passed at a duly convened meeting of all of the Noteholders or the relevant Group of Noteholders or the relevant Groups of Noteholders (as applicable), upon a poll, by a majority consisting of not less than three-quarters of the votes cast on such poll.

**Group of Noteholders** means (as applicable) the Noteholders of the Notes in a Tranche of Notes or the Noteholders of the Notes in more than one Tranche of Notes in a Series of Notes or the Noteholders of Notes in a Series of Notes.

**Guarantee** means the guarantee given by the Guarantor in clause 3.1(a) ("Guarantee").

**Guaranteed Amounts** means all amounts owing by the Issuer in respect of the Notes and the Applicable Terms and Conditions (including, for the avoidance of doubt, any other amount due under the Applicable Terms and Conditions that the Issuer has failed to pay on the due date for payment thereof for any reason whatsoever).

**Individual Certificate** means the single certificate in definitive registered form without interest coupons representing Notes for which a Beneficial Interest has been exchanged in accordance with the Applicable Terms and Conditions.

**Issuer** means Macquarie Securities South Africa Limited, a company incorporated under the laws of the Republic of South Africa (registration number 2006/023546/06).

**New Noteholders** means, collectively, the Noteholders of New Notes and **New Noteholder** means any of them.

**New Notes** means "Notes" (as defined in the Note Terms and Conditions) issued under the Programme, pursuant to the Programme Memorandum on or after the Programme Date.

**Noteholders** means, collectively, (i) the registered Noteholder/s of the Registered Note/s, determined in accordance with the rules and operating procedures for the time being of the CSD and Participants (in the case of Registered Notes held in the CSD), (ii) the holders of Registered Notes recorded as the registered Noteholder of such Registered Notes in the Register (in the case of Registered Notes which are represented by Individual Certificates), (iii) the Bearers of Bearer Notes and (iv) the Payees of Order Notes and **Noteholder** means any of them.

**Notes** means, collectively, the Existing Notes and the New Notes and **Note** means any of them.

**Note Terms and Conditions** means the section of the Programme Memorandum headed "Terms and Conditions of the Notes".

**Order Certificate** means a certificate which is a negotiable instrument and which represents (and embodies) an Order Note, as contemplated in the Bills of Exchange Act 1964 of South Africa and, unless the context otherwise requires, the term "Order Certificate" shall include the Coupons (if any) attached on issue to that certificate.

**Order Note** means a Note payable to order, as contemplated in the Bills of Exchange Act 1964 of South Africa and, unless the context otherwise requires, the term "*Order Note*" shall include the rights to payment of interest and/or principal represented by and embodied in the Coupon(s) (if any) attached on issue to the Order Certificate representing and embodying such Order Note.

**Outstanding Nominal Amount** means:

- a) in relation to a Note, the Nominal Amount of that Note less that portion of the Nominal Amount of that Note which has been partially redeemed in accordance with the Applicable Terms and Conditions; and
- b) in relation to the Programme at any point in time, the aggregate outstanding Nominal Amount of all of the Notes in issue under the Programme at that time.

**Payee** means the Person reflected as the payee on an Order Certificate or the Person to whom such Order Certificate has been negotiated (by way of delivery and Endorsement), as the case may be, as contemplated in the Bills of Exchange Act 1964 of South Africa.

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of state or other entity, whether or not having separate legal personality;

**Previous Note Conditions** means the section of the Previous Note PM headed "*Terms and Conditions of the Notes*".

**Previous Note PM** means the portion of the Previous Programme Memorandum comprising the Amended and Updated Programme Memorandum, dated 17 May 2012, as amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013.

**Previous Programme Memorandum** means the Amended and Updated Programme Memorandum, dated 17 May 2012, as amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 December 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013.

**Programme** means the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme (as that limit may be increased from time to time) under which the Issuer may issue unsecured notes or other similar instruments of any kind from time to time.

**Programme Date** means the date of the Programme Memorandum, being 8 September 2016.

**Programme Memorandum** means the consolidated amended and updated Programme Memorandum, dated 8 September 2016, prepared by the Issuer in respect of the Programme; provided that if the Issuer publishes a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be, references to "*Programme Memorandum*" shall be construed as references to that new Programme Memorandum or the Programme Memorandum as supplemented, as the case may be.

**Register** means the register of the Issuer's securities (including the register of the Issuer's uncertificated securities) contemplated in (and maintained in accordance) with Part E of the Companies Act 2008 of South Africa.

**Registered Note** means a Note issued in registered uncertificated form, registered in the Register in the name of the Noteholder thereof, and transferable in accordance with the Applicable Terms and Conditions.

**Series** means a Tranche of Notes which, together with any other Tranche(s) of Notes, is expressed in the relevant Applicable Pricing Supplements to form a single series of Notes.

**Taxes** means taxes, levies, imposts, charges and duties imposed by any authority (including stamp and transaction duties) together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the relevant Noteholder.

**Tranche** means those Notes which are identical in all respects (including as to listing) and in respect of which the same Applicable Pricing Supplement applies.

## 1.2 Interpretation

Unless the contrary intention appears, a reference in this deed poll to:

- a) an agreement, representation or warranty in favour of two or more Persons is for the benefit of them collectively and each of them individually;
- b) anything (including an amount) is a reference to the whole and each part of it;
- c) a document (including this deed poll) includes any variation or replacement of it;
- d) "**law**" means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- e) a "**directive**" includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any such case having the force of law) with which responsible participants in the relevant market generally comply;



- f) "Australian dollars", "A\$" or "AUD" is a reference to the lawful currency of Australia;
- g) "Rand" or "ZAR" is a reference to the lawful currency of South Africa;
- h) a particular Person includes a reference to the Person's executors, administrators, successors, substitutes (including Persons taking by novation) and assigns; and
- i) the words "including", "for example" or "such as" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

### **1.3 Number**

The singular includes the plural and *vice versa*.

### **1.4 Headings**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

### **1.5 Incorporated definitions**

In the interpretation of this deed poll in relation to any Tranche of Notes, a term defined in the Applicable Terms and Conditions relating to those Notes has the same meaning when used in this deed poll unless it is expressly defined in this deed poll, in which case the meaning in this deed poll prevails.

### **1.6 Amendment and replacement**

- a) This deed poll shall, on and with effect from the Programme Date, be deemed to amend the 2010 Guarantee Deed Poll in accordance with clause 5.1(a) thereof and replaces the 2010 Guarantee Deed Poll in its entirety. By such amendment and replacement of the 2010 Guarantee Deed Poll, that document shall be deemed to be terminated.
- b) No Noteholder shall have any entitlement to exercise any rights or remedies under this deed poll to the extent that such exercise results in the double recovery for the same obligation as has been claimed for under the 2010 Guarantee Deed Poll or that has been awarded in any judgment obtained against the Guarantor in respect of the 2010 Guarantee Deed Poll.

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## **2. Deed poll**

### **2.1 Benefit**

- a) Each Noteholder has the benefit of, and is entitled to enforce, this deed poll even though it is not a party to, or is not in existence at the time of execution and delivery of, this deed poll.
- b) This deed poll is granted for the benefit of each Person who at any time is or becomes a Noteholder.
- c) For the avoidance of doubt, the holder of a Beneficial Interest does not have the benefit of, and is not entitled to enforce, this deed poll.
- d) The Guarantor is not bound to take notice of, or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

### **2.2 Noteholder's independent rights**

Each Noteholder may enforce its rights under this deed poll independently from each other Noteholder.

### **2.3 Each Noteholder having notice and being bound**

The Guarantee and the other undertakings in this deed poll are given subject to and on the basis that each Noteholder is taken to have notice of, and be bound by, all the provisions of this deed poll and the Applicable Terms and Conditions.

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### **3. Terms of Guarantee**

#### **3.1 Guarantee**

- a) The Guarantor unconditionally and irrevocably guarantees to each Noteholder the due and punctual payment by the Issuer of the Guaranteed Amounts as and when the same become due and payable, and accordingly undertakes to pay to such Noteholder within three Business Days of written demand any Guaranteed Amounts which the Issuer is at any time liable to pay in respect of such Notes, and which the Issuer has failed to pay, in the manner and currency prescribed by the Applicable Terms and Conditions for payments by the Issuer in respect of such Notes.
- b) The Guarantor acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Notes and that the Guarantor shall be liable as principal and sole obligor under this deed poll to make the payments undertaken to be made by it pursuant to the Guarantee, notwithstanding the occurrence of any event referred to in clause 3.3 ("Continuing Guarantee").
- c) The Guarantee is a direct unsecured obligation of the Guarantor. The Guarantor's payment obligations under the Guarantee rank at least equally with the claims of its unsecured and unsubordinated creditors, except creditors mandatorily preferred by law.

#### **3.2 Withholding Tax**

If a law requires the Guarantor to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Noteholder would not actually receive on the due date the full amount of the Guaranteed Amounts, then:

- a) the Guarantor agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any additional amount due under paragraph (c) below);
- b) the Guarantor agrees to pay the amount deducted to the relevant authority in accordance with applicable law and give the original receipts to the Noteholder; and
- c) if the amount deducted or withheld is in respect of Accountable Taxes, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this clause, each Noteholder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

#### **3.3 Continuing Guarantee**

The Guarantee is a continuing obligation despite any intervening payment, settlement or other thing and extends to all of the Guaranteed Amounts.

The obligations, covenants, agreements and duties of the Guarantor under the Guarantee and this deed poll shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

- a)
  - (i) any amendment to, or variation of: or
  - (ii) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of,
 

any express or implied agreement, covenant, term or condition relating to the Notes to be performed or observed by or on behalf of the Issuer;
- b) any failure, omission, delay or lack of diligence on the part of Noteholders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Noteholders pursuant to the Applicable Terms and Conditions, or any action on the part of the Issuer granting indulgence or extension of any kind;

- c) the voluntary or involuntary winding-up, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganisation, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;
- d) any invalidity of, or defect or deficiency in, the Notes;
- e) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or
- f) any other act, event or omission which, but for this clause 3.3, may operate to discharge, impair or otherwise affect the obligations of the Guarantor as set out in this deed poll or any of the rights conferred upon any Noteholder by this Guarantee, or by law.

There shall be no obligation on the Noteholders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

### **3.4 Enforcement; Rights of Remedy**

- a) A Noteholder may enforce the Guarantee directly against the Guarantor, and the Guarantor waives any right it has of first requiring a Noteholder to:
  - (i) make a demand against the Issuer;
  - (ii) commence proceedings against the Issuer;
  - (iii) make a claim, or file any proof of debt, in any proceeding described in clause 3.3(c) ("Continuing Guarantee"); or
  - (iv) enforce any other right against the Issuer or any other Person or entity,
 save for the presentation of the relevant Bearer Certificate, the relevant Order Certificate or, if issued, the Individual Certificate in respect of the relevant Registered Note (and evidence that the Noteholder is the Bearer, Payee or registered Noteholder, as the case may be), before proceeding against the Guarantor in accordance with the terms of this deed poll.
- b) The Guarantor agrees that the Guarantee shall not be discharged except by complete performance of all obligations of the Guarantor under the Guarantee.
- c) The obligations, covenants, agreements and duties of the Guarantor under the Guarantee and this deed poll shall in no way be affected or impaired by reason of any indulgence granted by a Noteholder to the Guarantor or a Noteholder not exercising any rights against the Guarantor which may have arisen in the past.
- d) Where any discharge in respect of the Guaranteed Amount is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition, which discharge or arrangement is avoided, reduced or must be repaid on winding-up or repaid otherwise without limitation, the liability of the Guarantor under the Guarantee shall continue as if there had been no such discharge.

### **3.5 Subrogation**

The Guarantor shall be subrogated to any and all rights of the Noteholders against the assets of the Issuer in respect of any amounts paid to the Noteholders by the Guarantor under the Guarantee.

The Guarantor shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, right of reimbursement or other agreement, in any such case as a result of a payment under the Guarantee if, at the time of any such payment, any amounts are due and unpaid under the Guarantee.

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## **4. Negative pledge**

So long as any of the Guaranteed Amounts remain outstanding, the Guarantor will not, unless approved by an Extraordinary Resolution, create or permit to subsist any mortgage, charge, pledge,

lien or other form of encumbrance or security interest (**Security Interest**) upon the whole or any part of its present or future assets or revenues or those of any of its Subsidiaries (as defined below) as security for any relevant indebtedness (as defined below) or any guarantee or indemnity given in respect of any relevant indebtedness unless prior to or simultaneously therewith, the Guarantor either:

- a) grants or procures to be granted a Security Interest or Security Interests securing its obligations under the Guarantee which will result in such obligations being secured equally and rateably in all respects so as to rank *pari passu* with the applicable relevant indebtedness, guarantee or indemnity; or
- b) grants or procures to be granted such other Security Interest or Security Interests in respect of its obligations under the Guarantee as shall be approved by an Extraordinary Resolution.

For the purposes of this clause 4 ("Negative pledge"):

**relevant indebtedness** means any present or future indebtedness of the Guarantor in the form of, or represented by, bonds, notes, debentures, loan stock, certificates of deposit, bills of exchange, transferable loan certificates or other securities which are capable of being listed, quoted, ordinarily dealt in or traded on any recognised market, not being indebtedness incurred in the ordinary course of banking business; and

**Subsidiary** has the same meaning as that provided in Section 9 of the Corporations Act 2001 of Australia.

## 5. Amendments

### 5.1 General

The Guarantor is entitled, without any authority or assent on the part of the Noteholders, to amend or to add to this deed poll if such amendment or addition, in the opinion of the Guarantor, acting reasonably:

- a) is of a formal, minor or technical nature; or
- b) is made to correct a manifest error,

provided that no amendment to clause 4 ("Negative pledge") of this deed of poll may be effected pursuant to this clause 5.1 ("General").

### 5.2 Amendments with approval of Noteholders

In addition, this deed poll may be amended or added to if such amendment or addition is in writing and signed by or on behalf of the Issuer, the Guarantor and is:

- a) approved by an Extraordinary Resolution of all of the Noteholders; or
- b) signed by or on behalf of Noteholders holding not less than 75% of the aggregate Outstanding Nominal Amount of all of the Notes, as the case may be.

## 6. General

### 6.1 Supervening legislation

Any present or future legislation which operates to vary the obligations of the Guarantor in connection with this deed poll with the result that the rights, powers or remedies of the Noteholders are adversely affected (including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered ineffective by law.

### 6.2 Copies of the Guarantee

A copy of this deed poll will be deposited with and held by the Issuer until the later of:

- a) the date on which the Programme is terminated by the Issuer; and

- b) the date on which all the obligations of the Issuer under or in respect of the Notes have been discharged in full.

Within 14 days of the Guarantor receiving a written request from a Noteholder to do so, the Guarantor:

- (i) must produce, or must procure that the Issuer produces, the original of this deed poll for inspection by the Noteholder; or
- (ii) provide to the Noteholder a certified copy of this deed poll.

## **7. Notices and other communications**

### **7.1 Notices to the Guarantor**

All notices and other communications to the Guarantor must be in writing, signed by the sender (if an individual) or an authorised officer of the sender and marked for the attention of the Person identified in the Details or, if the sender has been notified otherwise, then marked for attention in the last way notified.

### **7.2 Delivery**

Communications must be:

- a) left at the address set out or referred to in the Details; or
- b) sent by courier to the address set out or referred to in the Details; or
- c) sent by fax to the fax number set out or referred to in the Details.

However, if the sender has been notified of a changed address or fax number, then communications must be to that address or number.

### **7.3 When effective**

Communications take effect from the time they are received or taken to be received under clause 7.4 ("When taken to be received") (whichever happens first) unless a later time is specified.

### **7.4 When taken to be received**

Communications are taken to be received:

- a) if left at the address set out or referred to in the Details or sent by courier, on the day of delivery; or
- b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

## **8. Governing law and service**

### **8.1 Governing law**

This deed poll is governed by, and shall be construed in accordance with, the laws in force in New South Wales, Australia.

### **8.2 Jurisdiction**

The Guarantor irrevocably agrees that the courts of New South Wales and the courts of appeal from them are to have jurisdiction to settle any disputes which may arise out of or in connection with this deed poll and that, accordingly, any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in such courts.

The Guarantor irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of New South Wales and courts of appeal from them and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a final judgment in

any Proceedings brought in the courts of New South Wales and courts of appeal from them, shall be conclusive and binding upon the Guarantor and may be enforced in the courts of any other jurisdiction.

Nothing contained in this section shall limit any rights of a Noteholder to take Proceedings against the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdiction, whether concurrently or not, to the extent permitted by applicable law.

### **8.3 Serving documents**

Without preventing any other method of service, any document in a court action may be served on a party by being delivered to or left at that party's address for service of notices provided for in clause 7.2 ("Delivery").

**EXECUTED** as a deed poll.

**Signing page**

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**PRO FORMA APPLICABLE PRICING SUPPLEMENT – PROGRAMME PREFERENCE SHARES**


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The form of Applicable Pricing Supplement which will be completed for each Tranche of Programme Preference Shares which is to be listed on the Main Board of the JSE is set out below.

The form of Applicable Pricing Supplement which will be completed for each Tranche of Programme Preference Shares which is to be listed on any Relevant Stock Exchange other than (or in addition to) the Main Board of the JSE will, subject to the rules of that Relevant Stock Exchange and all Applicable Laws, be substantially in the form set out below, adapted, as applicable, to comply with the rules of that Relevant Stock Exchange and all Applicable Laws.

The form of Applicable Pricing Supplement which will be completed for each Tranche of unlisted Programme Preference Shares will be substantially in the form set out below, adapted, as applicable, in such manner as is agreed by the Issuer and the relevant Dealer/s (if any).

**MACQUARIE SECURITIES SOUTH AFRICA LIMITED** *(incorporated with limited liability under registration number 2006/023546/06 in the Republic of South Africa)*

**ZAR10,000,000,000**  
**DEBT INSTRUMENT PROGRAMME**

**Unconditionally and irrevocably guaranteed by**

**MACQUARIE GROUP LIMITED** *((ABN 94 122 169 279), a corporation constituted with limited liability under the laws of the Commonwealth of Australia)*



**Issue of [Aggregate Redemption Amount of Tranche] [Title of Programme Preference Shares] due [Final Redemption Date]**

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Programme Preference Shares described herein ("**Programme Preference Shares**" and "**this Tranche of Programme Preference Shares**").

This Applicable Pricing Supplement must be read in conjunction with the Amended and Updated Programme Memorandum, dated 8 September 2016, as amended and/or supplemented from time to time ("**Programme Memorandum**") prepared by Macquarie Securities South Africa Limited ("**Issuer**") in connection with the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme ("**Programme**").

The Programme Memorandum, dated 8 September 2016, was approved by JSE Limited ("**JSE**") on 27 July 2016.

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meaning ascribed to them in the section of the Programme Memorandum headed "*Terms and Conditions of the Programme Preference Shares*" ("**Programme Preference Share Terms and Conditions**"). References to any Condition in this Applicable Pricing Supplement are to that Condition of the Programme Preference Share Terms and Conditions.

This Tranche of Programme Preference Shares will be issued on, and subject to, the Applicable Programme Preference Share Terms and Conditions. The Applicable Programme Preference Share Terms and Conditions are the Programme Preference Share Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of this Tranche of Programme Preference Shares set out in this Applicable Pricing Supplement.

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

#### A. DESCRIPTION OF THE PROGRAMME PREFERENCE SHARES

1.	Issuer	Macquarie Securities South Africa Limited
2.	Guarantor	Macquarie Group Limited
3.	Excluded Beneficiaries (Amended Programme Preference Share Guarantee)	<p>[Not Applicable]</p> <p>[The following Programme Preference Shareholders of this Tranche (together, the "<b>Excluded Beneficiaries</b>") shall not be entitled to benefit from and/or have any rights under the Amended Programme Preference Share Guarantee:</p> <p>[            ]</p> <p>[            ]</p> <p>[            ]</p>
4.	Tranche (or Class) number	[            ]
5.	Series number	[            ]
6.	Programme Preference Share Dividends	[Cumulative] [Non-cumulative]
7.	Status of the Programme Preference Shares	[This Tranche of Programme Preference Shares ranks, and has the status set out in, Condition 5] [ <i>specify other</i> ]
8.	Form of the Programme Preference Shares	<p>Registered Programme Preference Shares.</p> <p>The Programme Preference Shares in this Tranche are issued in registered uncertificated form and will be held in the CSD.</p>
9.	Type of Programme Preference Shares	[Fixed Rate Programme Preference Shares] [Floating Rate Programme Preference Shares] [Equity Linked Programme Preference Shares] [ <i>specify other</i> ]
10.	Issue Date/First Settlement Date	[            ]
11.	Issue Price per Programme Preference Share	[ZAR10,000] [ <i>give details if other</i> ]
12.	Aggregate Issue Price	ZAR[            ]
13.	Dividend Basis	[[            ]% Fixed Rate] [[specify Reference Rate] ± [Rate] [ <i>specify other</i> ]
14.	Specified Currency	[ZAR] [ <i>specify other</i> ]
15.	Minimum Specified Denomination of each Programme Preference Share	ZAR10,000
16.	Specified Minimum Investment	[ZAR1,000,000] [ <i>specify such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act</i> )]
17.	Business Day Convention	[Following Business Day Convention] [Floating Rate Business Day Convention] [Modified Following Business Day Convention] [Preceding Business Day Convention] [ <i>specify other</i> ]



**B. PROGRAMME AMOUNT**

1. Programme Amount as at the Issue Date [ZAR10,000,000,000] *[specify other]*
2. Aggregate Outstanding Amount of all of Instruments in issue under the Programme (including Existing Instruments) as at the Issue Date ZAR[ ], excluding the aggregate Redemption Amount of this Tranche, the aggregate Redemption Amount of each other Tranche of Programme Preference Shares issued on the Issue Date and the aggregate Nominal Amount of each Tranche of Notes issued on the Issue Date.
3. Issuer confirmation as to Programme Amount The Issuer confirms that the issue of this Tranche of Programme Preference Shares will not cause the Issuer to exceed the Programme Amount.

**C. PROGRAMME PREFERENCE SHARE DIVIDENDS**

1. Fixed Dividend Rate and Scheduled Programme Preference Dividend Rate [Not Applicable]  
[[ ]% per annum payable [annually] [semi-annually] [quarterly] [monthly] in arrear]
2. Floating Dividend Rate and Scheduled Programme Preference Dividend Rate [Not Applicable]  
[Reference Rate plus the Margin (if any)] [[ ]% of Reference Rate] [Reference Rate plus [ ]%]
3. Reference Rate [The publicly quoted basic rate of interest (percent, per annum, compounded monthly in arrear and calculated on a 365 (three hundred and sixty-five) day year (irrespective of whether or not the year is a leap year)) from time to time published by The Standard Bank of South Africa Limited being its prime overdraft rate as certified by any authorised official of The Standard Bank of South Africa Limited, whose appointment, designation or authority need not be proved] *[specify other]*  
*(note: see, in addition Condition 7.3.5)*
4. Scheduled Programme Preference Dividend [Condition 7.1 applicable] *[specify other]*
5. Scheduled Programme Preference Dividend Date/s [ ]
6. Scheduled Programme Preference Dividend Periods [Each Dividend Period commencing on and including a Scheduled Programme Preference Dividend Date and ending on but excluding the following Scheduled Programme Preference Dividend Date; provided that the first Dividend Period shall commence on and include the Issue Date and the last Dividend Period shall end on but exclude the Applicable Redemption Date]
7. Penalty Programme Preference Dividend [Condition 7.2.2 applicable] *[specify other]*
8. Penalty Programme Preference Dividend Rate [ ] *(see Condition 7.2.2)*

**D. REDEMPTION**

1. **Final Redemption:**

- (a) Final Redemption Date [ ]
- (b) Final Redemption Amount [In relation to each Programme Preference Share in this Tranche, the Outstanding Redemption Amount of that Programme Preference Share, together with accrued Programme Preference Dividends (if any) in respect of that Programme Preference Share to the Final Redemption Date, as adjusted (where applicable) by an Extraordinary Event Adjustment] *[specify other]*

## 2. **Early Redemption:**

- (a) Early Redemption Amount [In relation to each Programme Preference Share in this Tranche which is to be redeemed (in whole or in part), prior to the Final Redemption Date, in terms of Condition 13, the Outstanding Redemption Amount (or the relevant portion thereof) of that Programme Preference Share, together with (i) accrued Programme Preference Dividends (if any) in respect of that Programme Preference Share, (ii) Additional Amounts (if any) in respect of that Programme Preference Share and (iii) interest (if any) accrued in respect of such Additional Amounts (if any), to the Voluntary Redemption Date or the Early Redemption Date, as applicable] *[specify other]*
- (b) Adjustment Events (Programme Preference Shareholder) [Applicable] [Not Applicable]
- (c) Adjustment Events (Issuer) [Applicable] [Not Applicable]
- (d) Additional Early Redemption Events [Not Applicable] *[give details of each Additional Early Redemption Event]*
- (e) Voluntary Early Redemption (Issuer) [Applicable] [Not Applicable]

## 3. **Early Termination:**

- (a) Early Termination Amount [Following an Early Redemption Event, in relation to each Programme Preference Share in this Tranche which is to be redeemed in terms of Condition 18.3, the Outstanding Redemption Amount of that Programme Preference Share, together with (i) accrued Programme Preference Dividends (if any) in respect of that Programme Preference Share, (ii) Additional Amounts (if any) in respect of that Programme Preference Share and (iii) interest (if any) accrued in respect of such Additional Amounts (if any), to the Actual Redemption Date] *[specify other]*

## E. **EQUITY LINKED PROGRAMME PREFERENCE SHARES** *(\*delete if not applicable)*

1. Reference Security [ ]
2. Reference Level [ ]
3. VWAP [ ]
4. Extraordinary Event (Equity Programme Shares) Adjustment (Equity Linked Preference Shares) [Applicable] [Not Applicable]

- |    |   |   |
|----|---|---|
| 5. | Extraordinary Event/s                                     | [Not Applicable] [The occurrence of a Corporate Action] <i>[give details of each other Extraordinary Event]</i> |
| 6. | Dispute Resolution<br>(Extraordinary Event<br>Adjustment) | [Applicable] [Not Applicable]   |

#### **F. WARRANTIES, REPRESENTATIONS AND UNDERTAKINGS**

- |     |  |   |
|-----|--|---|
| 1.  | Specified Warranties                         | [Not Applicable] [The Issuer makes the Specified Warranties set out below to each Programme Preference Shareholder of Programme Preference Shares in this Tranche on the Issue Date, each Dividend Payment Date and the Applicable Redemption Date] |
| (a) | Contributed Tax Capital                      | <i>[specify]</i>  |
| (b) | Controlled Foreign Company                   | <i>[specify]</i>  |
| (c) | Dividends                                    | <i>[specify]</i>  |
| (d) | Distributions                                | <i>[specify]</i>  |
| (e) | Purpose (Third Party Backed Shares)          | <i>[specify]</i>  |
| (f) | Guarantor (Third Party Backed Shares)        | <i>[specify]</i>  |
| 2.  | Additional representations and/or warranties | [Not Applicable] <i>[specify each additional representation and/or warranty – see Condition 10]</i>   |
| 3.  | Additional undertakings                      | [Not Applicable] <i>[specify each additional undertaking – see Condition 11]</i>  |

#### **G. CORPORATE TIMETABLE *\*see Schedule 18 (Corporate action timetables) of the JSE Listings Requirements***

- |    |                    |   |
|----|--------------------|---|
| 1. | Declaration Date   | The Declaration Date must fall at least fifteen Business Days before the Record Date. On the Declaration Date an announcement must be published which includes the declaration data.  |
| 2. | Finalisation Date  | The Finalisation Date must fall be at least ten days before the Record Date and at least five days before the Last Date to Trade. An announcement including the finalisation information must be made on or before the Finalisation Date.   |
| 3. | Last Date to Trade | The Last Day to Trade is the Last Day to Register and must fall five trading days before the Record Date. To be recorded in the Register on the Record Date, the relevant trade must take place five trading days before the Record Date.   |
| 4. | List Date          | The Issue Date.   |
| 5. | Record Date        | The Record Date is the day following the Last Day to Register and is the date on which the Register must be in final form. The Record Date must fall on a Friday unless the Friday is public holiday in which case the Record Date must fall on the last Business Day of that week. |
| 6. | Pay Date           | Each Dividend Payment Date.   |

#### **H. ADDITIONAL TERMS *(\*delete if not applicable)***

1. Specify the additional terms and conditions (if any) which are applicable to this Tranche [Not Applicable] *[give details]*

#### **I. AGENTS AND SPECIFIED OFFICES**

1. Calculation Agent [Macquarie Securities South Africa Limited] *[specify other]*
2. Specified Office of the Calculation Agent [Level 2, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa] *[specify other]*
3. Paying Agent [Macquarie Securities South Africa Limited] *[specify other]*
4. Specified Office of the Paying Agent [Level 2, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa] *[specify other]*
5. Transfer Agent [Macquarie Securities South Africa Limited] *[specify other]*
6. Specified Office of the Transfer Agent [Level 2, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa] *[specify other]*

#### **J. REGISTER CLOSED**

1. Last Day to Register Subject to Item G above and Schedule 18 (*Corporate action timetables*) of the JSE Listings Requirements, up until 17h00 (South African time) on the [eleventh] *[specify other]* day (whether such is a Business Day or not) preceding each Dividend Payment Date and the Applicable Redemption Date.
2. Books Closed Period Subject to Item G above and Schedule 18 (*Corporate action timetables*) of the JSE Listings Requirements, the Register will be closed during the [ten] *[specify other]* days preceding each Dividend Payment Date and the Applicable Redemption Date from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding each Dividend Payment Date and the Applicable Redemption Date, being the period during which the Register is closed for purposes of giving effect to transfers, redemptions or payments in respect of this Tranche of Programme Preference Shares.
3. Books Closed Dates *[specify]*

#### **K. GENERAL**

1. Exchange control approval (*Note: see the section of the Programme Memorandum headed "Exchange Control"*)  
  
[The issue of this Tranche of Programme Preference Shares (and the provision of the Amended Programme Preference Share Guarantee by the Guarantor in respect of this Tranche of Programme Preference Shares), has been approved in writing by the Exchange Control Authorities in terms of the Exchange Control Regulations.] *[specify other]*
2. Additional selling restrictions [Not Applicable] *[give details]*
3. International Securities Numbering (ISIN) [ ]
4. Stock Code Number [ ]

5. Long Name: MacquarieSA EL Pref EXX1
6. Short Name: MAQELPEX1
7. Financial Exchange JSE Limited (Main Board of the JSE)
8. Debt Sponsor [The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division] *[specify other]*
9. Stabilisation Manager (if applicable) [Not Applicable] *[give details]*
10. Names of Dealer/s [Macquarie Securities South Africa Limited] *[specify other]*
11. Method of Distribution [Private Placement] [Dutch Auction] [Dutch Auction (sealed bid without feedback)] *[specify other]*
12. Bookbuild and Allocation Policy [Not Applicable] [Method of Distribution set out in the Term Sheet, dated [ ], prepared by [ ] and sent to potential investors for purposes of placing the Programme Preference Shares in this Tranche] *[specify other]*
13. Pricing Methodology [Not Applicable] *[give details]*
14. Governing law  
The Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions are governed by, and shall be construed in accordance with, the laws of South Africa.  
  
The Amended Programme Preference Share Guarantee is governed by, and shall be construed in accordance with, the laws of New South Wales, Australia.
15. Additional Business Centre [Not Applicable] *[specify]*
16. Rating assigned to the Programme as at the Issue Date, Rating Agency/ies and date on which such Rating is expected to be reviewed [As at the Issue Date, the Programme has been assigned a Rating of BBB/A-2 (Global Scale) and zaAA-/zaA-1 (SA National Scale) from Standard & Poor's, last reviewed on [ ] (and expected to be reviewed in [ ]).] *[specify other]*
17. Rating (if any) assigned to this Tranche of Programme Preference Shares as at the Issue Date, Rating Agency/ies and date on which such Rating is expected to be reviewed [Not Applicable] *[give details]*
18. Use of proceeds  
The Issuer will use the proceeds of the issue of this Tranche of Programme Preference Shares for its general corporate purposes and in such a manner as to ensure that the use of such proceeds complies with the Specified Warranties (if any) set out in Item F(1) above.
19. Other provisions [Not Applicable] *[give details]*

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement, the annual financial statements of the Issuer and any amendments to such annual financial statements, and each supplement to the Programme Memorandum published by the Issuer from time to time (except as otherwise stated therein).

The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which

would make any statement contained in the Programme Memorandum false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the Programme Memorandum contains or incorporates by reference (see the section of the Programme Memorandum headed "*Documents Incorporated by Reference*") all information required by the JSE Debt Listings Requirements and all other Applicable Laws.

Application is hereby made to list Tranche [ ] of Series [ ] of the Programme Preference Shares on the Main Board of the JSE, as from [ ], pursuant to the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme.

**For: MACQUARIE SECURITIES SOUTH AFRICA LIMITED**

By: \_\_\_\_\_

*duly authorised*

Name of signatory: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

*duly authorised*

Name of signatory: \_\_\_\_\_

Date: \_\_\_\_\_

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## TERMS AND CONDITIONS OF THE PROGRAMME PREFERENCE SHARES

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*The following is the text of the Programme Preference Share Terms and Conditions:*

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

In the Programme Preference Share Terms and Conditions, unless inconsistent with the context or, in relation to a Tranche of Programme Preference Shares, separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

**"Accumulated Programme Preference Dividends"**, in relation to a Tranche of Programme Preference Shares, has the meaning specified in Condition 7.4.1;

**"Actual Payment Date"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares, the earlier of (A) the date on which the full amount due and payable by the Issuer to the Programme Preference Shareholder of such Programme Preference Share under the Applicable Programme Preference Share Terms and Conditions has been paid to the Programme Preference Shareholder of such Programme Preference Share or (B) if such Programme Preference Share is held in the CSD, the date on which the full amount due and payable by the Issuer to the Programme Preference Shareholder of such Programme Preference Share under the Applicable Programme Preference Share Terms and Conditions has been paid to the CSD and (in the circumstances set out in Condition 7.6) notice to that effect has been given by the Issuer to the Programme Preference Shareholder of such Programme Preference Share (in the manner set out in Condition 20.1);

**"Actual Redemption Date"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares, the earlier of (A) the date upon which such Programme Preference Share is actually redeemed in full by the Issuer and the full amount due and payable by the Issuer to the Programme Preference Shareholder of such Programme Preference Share under the Applicable Programme Preference Share Terms and Conditions has been paid to the Programme Preference Shareholder of such Programme Preference Share or (B) if such Programme Preference Share is held in the CSD, the date on which such Programme Preference Share is actually redeemed in full by the Issuer and the full amount due and payable by the Issuer to the Programme Preference Shareholder of such Programme Preference Share under the Applicable Programme Preference Share Terms and Conditions has been paid to the CSD and (in the circumstances set out in Condition 7.6) notice to that effect has been given by the Issuer to the Programme Preference Shareholder of such Programme Preference Share (in the manner set out in Condition 20.1);

**"Additional Amount"**, in relation to a Tranche of Programme Preference Shares, has the meaning specified in Condition 7.3.1.2;

**"Additional Business Centre"** means, in relation to a Tranche of Programme Preference Shares (if applicable), the city specified as such in the Applicable Pricing Supplement;

**"Additional Programme Preference Dividend"**, in relation to a Tranche of Programme Preference Shares, has the meaning specified in Condition 7.3.1.1;

**"Additional Programme Preference Dividend Date"**, in relation to a Tranche of Programme Preference Shares, has the meaning specified in Condition 7.3.1;

**"Additional Early Redemption Event"** means, in relation to a Tranche of Programme Preference Shares (if applicable), each event (if any) specified as such in the Applicable Pricing Supplement;

**"Adjustment Event (Programme Preference Shareholder)"** means, in relation to a Tranche of Programme Preference Shares (if applicable), any Change in Law, which has the effect of reducing the net after tax return ("**Return**") of any Programme Preference Shareholder of Programme Preference Shares in that Tranche in respect of, or in connection with, the subscription for and/or

holding of those Programme Preference Shares, to below the level of the return enjoyed by such Programme Preference Shareholders on or before the occurrence of such Change in Law;

**"Adjustment Event (Issuer)"** means, in relation to a Tranche of Programme Preference Shares (if applicable), any Change in Law applicable to the Issuer and/or the Guarantor, where the Issuer determines in good faith that such Change in Law will have the effect of increasing the cost of (a) the performance by the Issuer of its obligations under the Applicable Programme Preference Share Terms and Conditions and/or (b) the performance by the Guarantor of its obligations under the Amended Programme Preference Share Guarantee, as applicable, to an amount above the cost of (a) the performance by the Issuer of its obligations under the Applicable Programme Preference Share Terms and Conditions before the occurrence of such Change in Law (b) and/or the performance by the Guarantor of its obligations under the Amended Programme Preference Share Guarantee before the occurrence of such Change in Law;

**"Adjustment Notice"**, in relation to a Tranche of Programme Preference Shares (if applicable), has the meaning specified in Condition 8.1;

**"Affected Programme Preference Shareholder"**, in relation to a Tranche of Programme Preference Shares (if applicable), has the meaning specified in Condition 8.1;

**"Affiliate"** means, in relation to any Person, each other Person who directly or indirectly by whatever method controls that first-mentioned Person;

**"Agency Agreement"** means, if the Issuer elects to appoint another entity as Transfer Agent and/or Calculation Agent and/or Paying Agent, the written agency agreement/s entered into between the Issuer and that successor Transfer Agent and/or successor Calculation Agent and/or successor Paying Agent, as amended, novated and/or substituted from time to time in accordance with its/their terms;

**"Amended Note Guarantee"** means the guarantee deed poll, dated 8 September 2016 (which amends and replaces the guarantee deed poll dated 8 October 2010), executed by the Guarantor in favour of (i) the holders of Existing Notes and (ii) the Noteholders of Tranches of Notes issued, under the Programme, pursuant to this Programme Memorandum, as amended, novated and/or substituted from time to time in accordance with its terms;

**"Amended Programme Preference Share Guarantee"** means the guarantee deed poll, dated 8 September 2016 (which amends and replaces the guarantee deed poll dated 14 December 2012), executed by the Guarantor in favour of (i) the holders of Existing Programme Preference Shareholders and (ii) the Programme Preference Shareholders of Tranches of Programme Preference Shares issued, under the Programme, pursuant to this Programme Memorandum, as amended, novated and/or substituted from time to time in accordance with its terms;

**"Applicable Laws"** means, in relation to the Issuer (or any other Person), all and any statutes, subordinate legislation, regulations, ordinances, directives, circulars and guidance notices, and judgments and decisions of any competent authority in South Africa, (including without limitation, the JSE Debt Listings Requirements, the JSE Main Board Listing Requirements and the Applicable Procedures), compliance with which is mandatory for the Issuer (or that other Person);

**"Applicable Programme Preference Share Terms and Conditions"** means, in relation to a Tranche of Programme Preference Shares, the Programme Preference Share Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions set out in the Applicable Pricing Supplement relating to that Tranche of Programme Preference Shares;

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



**"Applicable Procedures"** means, in relation to a Tranche of Programme Preference Shares which is held in the CSD, the CSD Procedures, the JSE Rules, the JSE Main Board Listings Requirements and such other rules and operating procedures for the time being as are applicable to the CSD and/or Participants and/or the JSE and, in relation to a Tranche of Programme Preference Shares which is listed on any other Relevant Stock Exchange, the rules and operating procedures for the time being of that other Relevant Stock Exchange;

**"Applicable Redemption Amount"** means, in relation to all or any of the Programme Preference Shares in a Tranche of Programme Preference Shares (as applicable), the Final Redemption Amount or the Early Redemption Amount, as applicable;

**"Applicable Redemption Date"** means, in relation to all or any of the Programme Preference Shares in a Tranche of Programme Preference Shares (as applicable), the Final Redemption Date or the Voluntary Redemption Date or the Early Redemption Date, as applicable;

**"Arranger"** means the Issuer;

**"Australian Corporations Act"** means the Corporations Act 2001 of Australia;

**"Authorising Resolution"** means in relation to a Tranche of Programme Preference Shares, a resolution of the Board authorising the issue of that Tranche of Programme Preference Shares on the Applicable Programme Preference Share Terms and Conditions;

**"Banks Act"** means the Banks Act, 1990, of South Africa;

**"Beneficial Interest"** means, in relation to a Tranche of Programme Preference Shares which is held in the CSD, the beneficial interest as co-owner of all of the Programme Preference Shares in that Tranche, as contemplated in Chapter IV of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Programme Preference Shares in that Tranche, is determined by reference to the proportion that the aggregate Outstanding Redemption Amount of such number of Programme Preference Shares bears to the aggregate Outstanding Redemption Amount of all of the Programme Preference Shares in that Tranche, as provided in Chapter IV of the Financial Markets Act;

**"Blocked Rand"** means, for purposes of the Exchange Control Regulations, funds which may not be remitted out of South Africa or paid into a bank account outside South Africa;

**"Board"** means the board of directors of the Issuer from time to time;

**"Books Closed Period"** means, in relation to a Tranche of Programme Preference Shares, subject to Schedule 18 (*Corporate action timetables*) of the JSE Listings Requirements, the period commencing on the day following the relevant Last Day to Register until 17h00 (South African time) on the day preceding each Dividend Payment Date and the Applicable Redemption Date;

**"Business Day"** means, in relation to a Tranche of Programme Preference Shares, a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement, save that if the Applicable Pricing Supplement so provides, **"Business Day"** shall include a Saturday;

**"Business Day Convention"** means, in relation to a Tranche of Programme Preference Shares, the convention (if any) for adjusting any date if it would otherwise fall on a day that is not a Business Day, and the following terms, when specified in the Applicable Pricing Supplement and used in conjunction with the term Business Day Convention and a date, shall mean that an adjustment will be made if that date would otherwise fall on a day that is not a Business Day so that:

- e) if *"Following"* is specified in the Applicable Pricing Supplement the relevant payment date will be the first following day that is a Business Day; or
- f) if *"Modified Following"* or *"Modified"* is specified in the Applicable Pricing Supplement, the relevant payment date will be the first following day that is a Business Day unless that day falls

in the next calendar month, in which case that date will be the first preceding day that is a Business Day; or

- g) if "*Preceding*" is specified in the Applicable Pricing Supplement, the relevant payment date will be the first preceding day that is a Business Day; or
- h) such other method of adjusting the relevant payment date as is specified in the Applicable Pricing Supplement;

**"Calculation Agent"** means the Issuer, unless the Issuer elects to appoint another entity as Calculation Agent, as contemplated in Condition 19, in which event that other entity will act as Calculation Agent;

**"Capital Return"**, in relation to a Tranche of Programme Preference Shares, has the meaning specified in Condition 13.6;

**"Change in Law"** means, in relation to a Tranche of Programme Preference Shares and with respect to any applicable jurisdiction:

- a) any amendment or proposed amendment to or change or proposed change (including a change in Tax rates) in the laws of such jurisdiction; and/or
- b) any amendment or proposed amendment to or change or proposed change in an official, administrative or judicial interpretation, pronouncement or application of, or practice under, the laws of such jurisdiction; and/or
- c) any official, administrative or judicial interpretation, pronouncement or application of, or practice under, the laws of such jurisdiction which differs in any material respect (as determined by the affected party acting in good faith) from the interpretation, pronouncement, application or practice applying at the Issue Date; and/or
- d) any change or proposed change in the published practice of any tax, legal or regulatory authority in such jurisdiction; and/or
- e) any change or proposed change in the official application, pronouncement or interpretation of, or any execution of or amendment to, any treaty or treaties to which such jurisdiction or political subdivision is a party with South Africa; and/or
- f) any change or proposed change to any accounting standard or generally accepted accounting practice to which the affected party or the group of companies of which it is a member is subject or follows in the preparation and/or presentation of its accounts or financial statements,

and for the purposes of this definition, the term "**affected party**" shall mean the party that is affected by the Change in Law in question or is a member of the group of companies (meaning such party and its affiliates in its country of domicile and/or abroad) which is so affected;

**"CIS"** means a "*collective investment scheme*" as defined in the Collective Investment Schemes Act, 2002 which is registered pursuant to the Collective Investment Schemes Act, 2002, of South Africa;

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

**"Companies Act"** means the Companies Act, 2008, of South Africa;

**"Condition"** means a numbered term or condition forming part of the Programme Preference Share Terms and Conditions;

**"Corporate Action"** means, in relation to a Tranche of Equity Linked Programme Preference Shares and in respect of a Reference Security, any (i) reclassification or change of that Reference Security as a result of any corporate action (including without limitation, a share split, a reverse share split, a special dividend, a rights issue, a capital raising, a share buyback, a bonus share issue, a return of

capital and a change of control) or (ii) a consolidation, amalgamation, merger or binding share exchange in respect of that Reference Security;

**"Corporate Tax Rate"** means the maximum nominal rate of income tax (expressed as a decimal) levied on the taxable income of companies (other than small business corporations, non-resident companies, employment companies, gold mining companies, long-term insurance companies and tax holiday companies) from time to time in terms of the Income Tax Act;

**"Counsel Process"** means, in relation to a Programme Preference Shareholder and in the context of the Income Tax Amount, the process comprising the following sequential steps:

- a) that Programme Preference Shareholder delivering to the Issuer and the Guarantor a copy of a detailed and comprehensive memorandum of advice from that Programme Preference Shareholder's Tax Practitioner or Legal Counsel (taking into account all relevant matters of law, matters of fact and matters of evidence available and known to that Programme Preference Shareholder) ("**Memorandum**") that concludes that there is no realistic basis on which a Court would not make a finding that the relevant Income Tax Amount is payable by that Programme Preference Shareholder ("**Holder Finding**"); and
- b) the Issuer not being able to obtain written advice (on any matters of law, matters of fact or matters of evidence) from its Tax Practitioner or Legal Counsel to the effect that there is no realistic basis on which the Court would make a finding other than the Holder Finding (regardless of whether the difference between such advice and the advice referred to in the Holder Finding arises from a matter of law, a matter of fact, a matter of evidence or otherwise) ("**Issuer Finding**") within 90 Business Days of that Programme Preference Shareholder having furnished the Memorandum to the Issuer; or
- c) to the extent that the Issuer Finding conflicts with the Holder Finding, that Programme Preference Shareholder delivering to the Issuer and the Guarantor a certified copy of the judgment of the Court determining the Income Tax Amount (unless another dispute mechanism is agreed in writing by the Issuer and that Programme Preference Shareholder at such time);

**"Court"** means a South African court of first instance with the relevant tax or fiscal authority or a tax court established in terms of section 83(3) of the Income Tax Act;

**"CSD"** means Strate Proprietary Limited (incorporated with limited liability in South Africa under registration number 1998/022242/07), licensed as a central securities depository in terms of the Securities Services Act or any successor depository operating in terms of the Financial Markets Act or any additional or alternate depository approved by the Issuer;

**"CSD Procedures"** means, in relation to a Tranche of Programme Preference Shares which is held in the CSD, the rules and operating procedures for the time being of the CSD and Participants;

**"Day Count Fraction"** means, in relation to a Tranche of Programme Preference Shares (where applicable):

- a) if "1/1" is specified in the Applicable Pricing Supplement, 1; or
- b) if "Actual/365", "Act/365", "Actual/Actual" or "Act/Act" is specified in the Applicable Pricing Supplement, the actual number of days in the Dividend Period in respect of which payment is being made divided by 365 (or, if any portion of the Dividend Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Dividend Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Dividend Period falling in a non-leap year divided by 365); or
- c) if "Actual/365 (Fixed)", "Act/365 (Fixed)", "A/365 (Fixed)" or "A/365F" is specified in the Applicable Pricing Supplement, the actual number of days in the Dividend Period in respect of which payment is being made divided by 365; or

- d) if "Actual/360", "Act/360" or "A/360" is specified in the Applicable Pricing Supplement, the actual number of days in the Dividend Period in respect of which payment is being made divided by 360; or
- e) if "30/360", "360/360" or "Bond Basis" is specified in the Applicable Pricing Supplement, the number of days in the Dividend Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months (unless (i) the last day of the Dividend Period is the 31st day of a month but the first day of the Dividend Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) that last day of the Dividend Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or
- f) if "30E/360" or "Eurobond Basis" is specified in the Applicable Pricing Supplement, the number of days in the Dividend Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with twelve 30-day months, without regard to the date of the first day or last day of the Dividend Period unless, in the case of the final Dividend Period, the Dividend Payment Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or
- g) such other calculation method as is specified in the Applicable Pricing Supplement;

"**Dealer**" means the Issuer and/or any third party Dealer (if any) appointed by the Issuer from time to time to place one or more Tranches of Instruments, as described in the section of this Programme Memorandum headed "Subscription and Sale" under "Arranger, Debt Sponsor, Dealer and Placing Arrangements");

"**Debt Sponsor**" means The Standard Bank of South Africa Limited (incorporated with limited liability under registration number 1962/000738/06 in South Africa), acting through its Corporate and Investment Banking division, or such other person as may be appointed by the Issuer from time to time in accordance with the Applicable Procedures;

"**Discharge Date**" means, in relation to a Tranche of Programme Preference Shares, the latest Actual Redemption Date on which all of the Programme Preference Shares in that Tranche are redeemed;

"**Dividend Payment Date**" means in relation to a Tranche of Programme Preference Shares, the Scheduled Programme Preference Dividend Date or the Penalty Programme Preference Dividend Date or the Additional Programme Preference Dividend Date, as applicable;

"**Dividend Period**" means, in relation to a Tranche of Programme Preference Shares, the Scheduled Programme Preference Dividend Period;

"**Dividend Rate**" means, in relation to a Tranche of Programme Preference Shares, the Scheduled Programme Preference Dividend Rate or the Penalty Programme Preference Dividend Rate or the Additional Programme Preference Dividend Rate, as applicable;

"**Early Redemption Amount**" means, in relation to each Programme Preference Share in a Tranche of Programme Preference Share which is to be redeemed (in whole or in part), prior to the Final Redemption Date, in terms of Condition 13, the Outstanding Redemption Amount (or the relevant portion thereof) of that Programme Preference Share, together with (i) accrued Programme Preference Dividends (if any) in respect of that Programme Preference Share, (ii) Additional Amounts (if any) in respect of that Programme Preference Share and (iii) interest (if any) accrued in respect of such Additional Amounts (if any), to the Voluntary Redemption Date or the Early Redemption Date, as applicable;

"**Early Redemption Date**" means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares which is to be redeemed (in whole or in part) in terms of Condition

13.3 or Condition 13.4, as applicable, the date upon which the Issuer is obliged to redeem that Programme Preference Share (or the relevant portion thereof) pursuant to Condition 13.3 or Condition 13.4, as applicable;

**"Early Redemption Event"** means, in relation to a Series of Programme Preference Shares and each Tranche of Programme Preference Shares in that Series, any of the events described in Condition 18.1.1 to Condition 18.1.7 inclusive and, in relation to a Tranche of Programme Preference Shares in that Series, each Additional Early Redemption Event (if any);

**"Early Termination Amount"** means, following an Early Redemption Event in respect of a Tranche of Programme Preference Shares, in relation to each Programme Preference Share in that Tranche which is to be redeemed in terms of Condition 18.3, the Outstanding Redemption Amount of that Programme Preference Share, together with (i) accrued Programme Preference Dividends (if any) in respect of that Programme Preference Share, (ii) Additional Amounts (if any) in respect of that Programme Preference Share and (iii) interest (if any) accrued in respect of such Additional Amounts (if any), to the Actual Redemption Date;

**"Equity Linked Programme Preference Shares"** means a Tranche of Programme Preference Share in respect of which the Early Redemption Amount and/or the Final Redemption Amount is determined with reference to the performance of a Reference Security, as specified in the Applicable Pricing Supplement;

**"Exchange Control Approvals"** has the meaning specified in the section of this Programme Memorandum headed *"Exchange Control"*;

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

**"Exchange Control Regulations"** means the South African Exchange Control Regulations, 1961 promulgated pursuant to the Currency and Exchanges Act, 1933, of South Africa;

**"Excluded Beneficiaries"** means, in relation to a Tranche of Programme Preference Shares (where applicable), the persons specified as such in the Applicable Pricing Supplement;

**"Existing Instruments"** means, collectively, the Existing Notes and the Existing Programme Preference Shares;

**"Existing Notes"** means *"Notes"* (as defined in the Previous Note Conditions) issued under the Programme, pursuant to the Previous Note PM, which remain in issue under the Programme as at the Programme Date;

**"Existing Programme Preference Shares"** means *"C" preference shares* (as defined in the Previous Programme Preference Share Conditions) issued under the Programme, pursuant to the Previous Programme Preference Share PM, which remain in issue under the Programme as at the Programme Date.

**"Extraordinary Event"** means, in relation to a Tranche of Equity Linked Programme Preference Shares (where applicable), the occurrence of a Corporate Action or such other event (if any) as is specified as an Extraordinary Event in the Applicable Pricing Supplement;

**"Extraordinary Event Adjustment"** means, in relation to a Tranche of Equity Linked Programme Preference Shares (where applicable), an adjustment made in accordance with Condition 9.1;

**"Extraordinary Resolution"** means a resolution passed at a meeting (duly convened) of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) upon a poll, by a majority consisting of not less than 75% of the votes cast on such poll;

**"Final Redemption Amount"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares, the Outstanding Redemption Amount of that Programme Preference Share, together with accrued Programme Preference Dividends (if any) in respect of that Programme

Preference Share to the Final Redemption Date, as adjusted (where applicable) by an Extraordinary Event Adjustment;

**"Final Redemption Date"** means, in relation to a Tranche of Programme Preference Shares, the date specified as such in the Applicable Pricing Supplement;

**"Financial Indebtedness"** means, in respect of any Person, any indebtedness, present or future, actual or contingent of that Person in respect of moneys borrowed or raised or any financial accommodation whatsoever (including, without limiting the generality of the foregoing):

- a) under or in respect of any guarantee or indemnity given in respect of moneys borrowed or raised, bill, acceptance or endorsement or any discounting arrangement;
- b) in respect of any obligation to pay par value, premium and dividend (whether or not declared, and whether or not there are sufficient profits or other moneys for payment) of any redeemable share or stock issued by that Person or to purchase any share or stock issued by that Person which is the subject of a put option against that Person;
- c) the deferred purchase price (for more than 90 days) of any asset or service and any related obligation;
- d) in respect of any obligation to deliver goods or services which are paid for in advance by a financier or which are paid for in advance in relation to any financing transaction;

**"Financial Markets Act"** means the Financial Markets Act, 2012, of South Africa;

**"Fixed Dividend Rate"** means, in relation to a Tranche of Programme Preference Shares (where applicable), the fixed dividend rate specified as such in the Applicable Pricing Supplement;

**"Fixed Rate Programme Preference Shares"** means a Tranche of Programme Preference Shares which will bear dividends at a Fixed Dividend Rate, as indicated in the Applicable Pricing Supplement;

**"Floating Dividend Rate"** means, in relation to a Tranche of Programme Preference Shares (where applicable), the floating dividend rate specified as such in the Applicable Pricing Supplement;

**"Floating Rate Programme Preference Shares"** means a Tranche of Programme Preference Shares which will bear dividends at a Floating Dividend Rate, as indicated in the Applicable Pricing Supplement;

**"Gross-Up Amount"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares and in respect of a breach of the Specified Warranties by the Issuer in relation to that Programme Preference Share, an amount calculated by the Calculation Agent in accordance with the following formula:

$$Z = [A / (1 - B)]$$

where:

- "Z" = the Gross-Up Amount;
- "A" = the Income Tax Amount;
- "B" = the Corporate Tax Rate;

**"Group Company"** means the Guarantor or any Subsidiary;

**"Group of Programme Preference Shareholders"** means the Programme Preference Shareholders of one or more Tranche/s of Programme Preference Shares or the Programme Preference Shareholders of a Series of Programme Preference Shares (as applicable);

**"Guarantor"** means Macquarie Group Limited (ABN 94 122 169 279) incorporated with limited liability in the Commonwealth of Australia;

**"Hedging Disruption Event"** means, in relation to a Tranche of Programme Preference Shares (where applicable), the occurrence of an event or circumstances the result of which is that the Hedging Party

is unable, after using commercially reasonable efforts for a reasonable period:

- a) to acquire, establish, re-establish, substitute, maintain, unwind or dispose of a Hedge Transaction; or
- b) to realise, recover, or remit in whole or in part the proceeds of the Hedge Transaction,

provided that the Hedging Party has determined, in good faith, that one or more of the above events or circumstances has occurred and has, if requested to do so in writing by any Programme Preference Shareholder of Programme Preference Shares in that Tranche, provided *prima facie* evidence of such occurrence to that Programme Preference Shareholder;

**"Hedging Transaction"** means, in relation to a Tranche of Programme Preference Shares (where applicable), a transaction in connection with the purchase, sale, entry into or maintenance of one or more (1) positions or contracts in securities, options, futures, derivatives or foreign exchange (2) stock loan transactions or (3) other instruments or arrangements (howsoever described) (collectively, the **"Hedge Position"**) by which the Issuer or any Affiliate of Macquarie Group (each, a **"Hedging Party"**) directly or indirectly hedges, funds, maintains, or otherwise ensures, the performance of any obligations or the generation of any profit or return contemplated in or connected to that Tranche of Programme Preference Shares and/or the Reference Security (as applicable);

**"Illegality Event"**, in relation to Tranche of Programme Preference Shares, has the meaning specified in Condition 13.5;

**"Illegality Notification Date"**, in relation to a Tranche of Programme Preference Shares, has the meaning specified in Condition 13.5.2;

**"Income Tax Act"** means the Income Tax Act, 1962, of South Africa;

**"Income Tax Amount"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares and in respect of a breach of the Specified Warranties by the Issuer in relation to that Programme Preference Share, an amount equal to the income tax incurred or payable by the Programme Preference Shareholder of that Programme Preference Share in accordance with Condition 7.3.2;

**"Individual Certificate"** means the single certificate in definitive registered form without interest coupons representing Programme Preference Shares for which a Beneficial Interest has been exchanged in accordance with Condition 14.1;

**"Instrumentholders"** means, collectively, the Noteholders and the Programme Preference Shareholders;

**"Instruments"** means, collectively, the Notes and the Programme Preference Shares;

**"Interest Rate Market of the JSE"** means the separate platform or sub-market of the JSE designated as the *"Interest Rate Market"* and on which *"Debt Securities"* (as defined in the JSE Debt Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all Applicable Laws;

**"Issue Date"** means, in relation to a Tranche of Programme Preference Shares, the date specified as such in the Applicable Pricing Supplement;

**"Issue Price"** means, in relation to a Tranche of Programme Preference Shares, the price specified as such in the Applicable Pricing Supplement;

**"Issuer"** and **"MSSA"** means Macquarie Securities South Africa Limited (incorporated with limited liability under registration number 2006/023546/06 in South Africa);

**"JSE"** means the JSE Limited (incorporated with limited liability in South Africa under registration number 2005/022939/06), licensed as an exchange in terms of the Financial Markets Act, or any exchange which operates as a successor exchange to the JSE in terms of the Financial Markets Act;

**"JSE Debt Listings Requirements"** means the JSE Debt Listings Requirements published by the JSE and set out in Bulletin 1 of 2015 (8 June 2015) effective 4 August 2015, as amended and/or supplemented from time to time;

**"JSE Guarantee Fund Trust"** means the JSE Guarantee Fund established and operated by the trustees of the JSE Guarantee Fund Trust and, as at the Programme Date, operated as a separate guarantee fund in terms of the JSE Rules, or any successor fund;

**"JSE Main Board Listing Requirements"** means those of the JSE Listings Requirements applicable to the Main Board of the JSE which are specified by the JSE (in the e-mail from the JSE to the Issuer dated 18 December 2012) as being applicable to Programme Preference Shares which are listed on the Main Board of the JSE, including Schedule 18 (*Corporate action timetables*) of the JSE Listings Requirements;

**"JSE Rules"** means the exchange rules of the JSE promulgated from time to time pursuant to the provisions of the Financial Markets Act;

**"Last Day to Register"** means, in relation to a Tranche of Programme Preference Shares, subject to Schedule 18 (*Corporate action timetables*) of the JSE Listings Requirements, the eleventh day (or such other day as is specified in the Applicable Pricing Supplement) preceding each Dividend Payment Date and the Applicable Redemption Date until 17h00 (South African time) on that day, such day being the last day on which the Transfer Agent will accept Transfer Forms and record in the Register the transfer of Programme Preference Shares in that Tranche represented by Individual Certificate/s;

**"Legal Counsel"** means, in relation to a Tranche of Programme Preference Shares, a senior counsel who has provided written advice to the Issuer or a Programme Preference Shareholder of Programme Preference Shares in that Tranche, as the case may be, in the 5 years preceding the Issue Date and who has at least 10 years' experience in his tax area of expertise;

**"Macquarie Group"** and **"Group"** means the Guarantor and its Subsidiaries;

**"Main Board of the JSE"** means the separate platform or sub-market of the JSE designated as the *"Main Board"* and on which "Securities" (as defined in the JSE Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all Applicable Laws;

**"MOI"** means the Memorandum of Incorporation of the Issuer;

**"Nominal Amount"** means, in relation to a Note, the nominal amount of that Note (being the amount equivalent to the Specified Denomination);

**"Noteholder"** and **"holder"** means (i) the registered Noteholder/s of the Registered Note/s, determined in accordance with the CSD Procedures (in the case of Registered Notes held in the CSD), (ii) the holders of Registered Notes recorded as the registered Noteholder of such Registered Notes in the Register (in the case of Registered Notes which are represented by Individual Certificates), (iii) the Bearers of Bearer Notes and (iv) the Payees of Order Notes;

**"Notes"** means "Notes" (as defined in the Previous Note Conditions) issued by the Issuer, under the Programme, pursuant to this Programme Memorandum;

**"Note Terms and Conditions"** means the section of this Programme Memorandum headed *"Terms and Conditions of the Notes"*;

**"Ordinary Resolution"** means a resolution passed at a meeting (duly convened) of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) upon a poll, by a majority consisting of not less than 51% of the votes cast on such poll;

**"Other Banking Jurisdiction"** means, in relation to a Tranche of Programme Preference Shares (where applicable), the banking jurisdiction specified as such in the Applicable Pricing Supplement;



**"Other Preference Shares"** means each class of preference shares issued by the Issuer from time to time but excluding the Programme Preference Shares;

**"Other Shares"** means each shares of class of shares issued by the Issuer from time to time but excluding the Programme Preference Shares and the Other Preference Shares;

**"Outstanding Amount"** means, in relation to the Instruments (including Existing Instruments) in issue under the Programme at any point in time, the aggregate of the Outstanding Nominal Amount and the Outstanding Redemption Amount at that point in time;

**"Outstanding Nominal Amount"** means, in relation to each Note in a Tranche of Notes (including Existing Notes), the Nominal Amount of that Note less (on each occasion on which that Note is partially redeemed) that portion of the Nominal Amount of that Note which has been so partially redeemed and, in relation to the Programme at any point in time, the aggregate of such Nominal Amounts of all of the Notes in issue under the Programme (including Existing Notes) at that time;

**"Outstanding Programme Preference Share Obligations"** means, in relation to a Tranche of Programme Preference Shares at any time and without double counting, an amount equal to the aggregate of:

- a) the Issue Price of each Programme Preference Share;
- b) the Programme Preference Dividends at that time;
- c) the Accumulated Programme Preference Dividends at that time; and
- d) any other amount due and payable and unpaid by the Issuer in accordance with the Applicable Programme Preference Share Terms and Conditions at that time;

**"Outstanding Redemption Amount"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares (including Existing Programme Preference Shares), the Issue Price of that Programme Preference Share less any Capital Return which has been paid (if any) in respect of that Programme Preference Share and, in relation to the Programme at any point in time, the aggregate of such Issue Prices less the aggregate of such Capital Returns of all of the Programme Preference Shares in issue under the Programme (including Existing Programme Preference Shares) at that time;

**"Participant"** means a Person accepted by the CSD as a participant in terms of the Securities Services Act (prior to 3 June 2013) or the Financial Markets Act (on and after 3 June 2013), as applicable;

**"Paying Agent"** means the Issuer, unless the Issuer elects to appoint another entity as Paying Agent, as contemplated in Condition 19, in which event that other entity will act as Paying Agent;

**"Penalty Programme Preference Dividends"** means, in relation to a Tranche of Programme Preference Shares (where applicable), the preferential cash dividends which are payable by the Issuer in respect of the Programme Preference Shares in that Tranche in accordance with Condition 7.2;

**"Penalty Programme Preference Dividend Date"** means, in relation to a Tranche of Programme Preference Shares (where applicable), each date on which the Issuer is obliged to pay a Penalty Programme Preference Dividend in respect of the Programme Preference Shares in that Tranche in accordance with Condition 7.2.3;

**"Penalty Programme Preference Dividend Rate"** means, in relation to a Tranche of Programme Preference Shares (where applicable), the dividend rate applicable to the calculation of the Penalty Programme Preference Dividends in respect of the Programme Preference Shares in that Tranche, as specified in the Applicable Pricing Supplement;

**"Permitted Investments"** has the meaning specified in the section of this Programme Memorandum headed *"Exchange Control"*;

**"Person"** means any individual, company, corporation, firm, partnership, joint venture, association,

organisation, state or agency of state or other entity, whether or not having separate legal personality;

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

**"Previous Note Conditions"** means the section of the Previous Note PM headed *"Terms and Conditions of the Notes"*;

**"Previous Note Guarantee"** means the guarantee deed poll, dated 8 October 2010, executed by the Guarantor in favour of the holders of Existing Notes;

**"Previous Note PM"** means the portion of the Previous Programme Memorandum comprising the Amended and Updated Programme Memorandum, dated 17 May 2012, as amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013;

**"Previous Programme Memorandum"** means the Amended and Updated Programme Memorandum, dated 17 May 2012, as amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 December 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013;

**"Previous Programme Preference Share Conditions"** means the section of the Previous Programme Preference Share PM headed *"Terms and Conditions of the "C" Preference Shares"*;

**"Previous Programme Preference Share Guarantee"** means the guarantee deed poll, dated 14 December 2012, executed by the Guarantor in favour of the holders of Existing Programme Preference Shares;

**"Previous Programme Preference Share PM"** means the portion of the Previous Programme Memorandum comprising the Supplement, dated 14 December 2012, as amended and supplemented by the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013;

**"Programme"** means the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme under which the Issuer may issue Instruments from time to time;

**"Programme Amount"** means the maximum aggregate Outstanding Amount of all of the Instruments (including Existing Instruments) that may be in issue under the Programme at any point in time being, as at the Programme Date, ZAR10,000,000,000 or such increased amount as is determined by the Issuer from time to time, as set out in the section of this Programme Memorandum headed *"General Description of the Programme"*;

**"Programme Date"** means the date of this Programme Memorandum, being 8 September 2016;

**"Programme Memorandum"** means this document so entitled in respect of the Programme dated 8 September 2016; provided that if the Issuer publishes a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be (as contemplated in the section of this document headed *"Documents Incorporated by Reference"*), references to **"Programme Memorandum"** shall be construed as references to that new Programme Memorandum or the Programme Memorandum as supplemented, as the case may be;

**"Programme Preference Dividend"** means, in relation to a Tranche of Programme Preference Shares, an Additional Programme Preference Dividend and/or a Penalty Programme Preference Dividend and/or a Scheduled Programme Preference Dividend, as the context requires;

**"Programme Preference Shareholder"** and **"holder"** means (i) the registered Programme Preference Shareholder/s of the Programme Preference Share/s, determined in accordance with the CSD Procedures (in the case of Programme Preference Shares held in the CSD) and (ii) the holders of Programme Preference Shares recorded as the registered Programme Preference Shareholders of

such Programme Preference Shares in the Register (in the case of Programme Preference Shares which are represented by Individual Certificates);

**"Programme Preference Shares"** means *"C" Preference Shares* (as defined in the Previous Programme Preference Share Conditions) issued by the Issuer, under the Programme, pursuant to this Programme Memorandum;

**"Programme Preference Share Terms and Conditions"** means this section of this Programme Memorandum headed *"Terms and Conditions of the Programme Preference Shares"*;

**"Programme Termination Date"** means the later of the date on which the Programme is terminated by the Issuer and the date on which all the obligations of the Issuer under or in respect of all of the Instruments (including Existing Instruments) have been discharged in full;

**"R", "Rand" or "ZAR"** means the lawful currency of South Africa;

**"Rating/s"** means, in relation to the Programme or a Tranche of Programme Preference Shares, as the case may be, the rating/s assigned to the Programme or that Tranche of Programme Preference Shares, as the case may be, by the Rating Agency/ies, as specified in the Applicable Pricing Supplement;

**"Rating Agency/ies"** means Standard & Poor's and/or Moody's Investor Services Limited and/or Global Credit Rating Co. Proprietary Limited and/or any other rating agency/ies as is/are appointed by the Issuer and/or the Guarantor from time to time;

**"Reference Level"** means, in relation to a Tranche of Equity Linked Programme Preference Shares, the level specified as such in the Applicable Pricing Supplement;

**"Reference Rate"** means, in relation to a Tranche of Programme Preference Shares, the rate specified as such in the Applicable Pricing Supplement;

**"Reference Security"** means, in relation to a Tranche of Equity Linked Programme Preference Shares, the security specified as such in the Applicable Pricing Supplement;

**"Reference Security Delisting"** means, in relation to a Tranche of Equity Linked Programme Preference Shares and a listed Reference Security, an event the result of which is that that Reference Security ceases to be listed, traded or publicly quoted on the Relevant Stock Exchange pursuant to the rules of that Relevant Stock Exchange for any reason and that Reference Security is not re-listed, re-traded or re-quoted on that Relevant Stock Exchange or some other exchange within South Africa within 10 Business Days of the occurrence of that event;

**"Register"** means the register of the Issuer's securities (including the register of the Issuer's uncertificated securities) contemplated in (and maintained in accordance) with Part E of the Companies Act;

**"Relevant Stock Exchange"** means, in relation to a Tranche of Programme Preference Shares (where applicable), the Main Board of the JSE and/or such other (or additional) stock exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws, as specified in the Applicable Pricing Supplement;

**"Representative"** means a Person duly authorised to act on behalf of a Programme Preference Shareholder, which Person may be regarded by each of the Issuer, the Transfer Agent and the Paying Agent (acting in good faith) as being duly authorised to act based upon the tacit or express representation made by such Person, in the absence of express notice to the contrary from that Programme Preference Shareholder;

**"Scheduled Programme Preference Dividends"** means, in relation to a Tranche of Programme Preference Shares, the preferential cash dividends which are payable by the Issuer in respect of the Programme Preference Shares in that Tranche in accordance with Condition 7.1;

**"Scheduled Programme Preference Dividend Date"** means, in relation to a Tranche of Programme

Preference Shares, each date specified as such in the Applicable Pricing Supplement;

**"Scheduled Programme Preference Dividend Rate"** means, in relation to a Tranche of Programme Preference Shares, the Fixed Dividend Rate or the Floating Dividend Rate or such other dividend rate/s applicable to that Tranche of Programme Preference Shares as is/are specified in (or calculated in the manner set out in) the Applicable Pricing Supplement;

**"Scheduled Programme Preference Dividend Period"** and **"Dividend Period"** means, in relation to a Tranche of Programme Preference Shares, each dividend period specified as such in the Applicable Pricing Supplement;

**"Securities Services Act"** means the Securities Services Act, 2004, of South Africa;

**"SENS"** means the JSE Stock Exchange News Service;

**"Series"** means a Tranche of Programme Preference Shares which, together with any other Tranche/s of Programme Preference Shares, is expressed in the Applicable Pricing Supplement to form a single series of Programme Preference Shares, identified in the relevant Applicable Pricing Supplements by way of a unique numeral (such as Series 1);

**"Solvency and Liquidity Test"** means the *"solvency and liquidity test"* contemplated in section 4(1) of the Companies Act;

**"South Africa"** means the Republic of South Africa;

**"Specified Currency"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares, subject to the Exchange Control Regulations, the currency specified as such in the Applicable Pricing Supplement;

**"Specified Denomination"** means, in relation to each Programme Preference Share in a Tranche of Programme Preference Shares, the amount specified as such in the Applicable Pricing Supplement; provided that such amount shall not be less than ZAR10,000;

**"Specified Minimum Investment"** means, in relation to a Tranche of Programme Preference Shares, such minimum number of Programme Preference Shares in that Tranche as have an aggregate Issue Price, as at the date on which such Programme Preference Shares are offered to a Programme Preference Shareholder, of ZAR1,000,000 (or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act);

**"Specified Office"** means, in relation to each of the Issuer, the Guarantor, the Calculation Agent, the Paying Agent, the Debt Sponsor and the Transfer Agent, the address specified in respect of such entity at the end of this Programme Memorandum, or such other address as is notified by any such entity (or, where applicable, a successor to any such entity) to the Programme Preference Shareholders in accordance with Condition 20.1;

**"Specified Warranties"** means, in relation to a Tranche of Programme Preference Shares, the warranties specified as such in the Applicable Pricing Supplement;

**"STT"** means securities transfer tax levied under the Securities Transfer Tax Act, 2007;

**"Subscription Agreement"** means an agreement in terms of which the Issuer agrees to issue one or more Tranches of Instruments and one or more Dealers agree to place such Tranche or Tranches of Instruments, in accordance with such agreement, as described in the section of this Programme Memorandum headed *"Subscription and Sale"* under *"Arranger, Debt Sponsor, Dealer and Placing Arrangements"*);

**"Subsidiary"**, in relation to the Guarantor, has the same meaning as that provided in Section 9 of the Australian Corporations Act. The following is a summary of the definition of the term *"subsidiary"* for the purposes of Section 9 of the Australian Corporations Act as at the Programme Date:

"1) A body corporate (the first body) is a subsidiary of another body corporate if, and only if:

- a) *the other body:*
    - (i) *controls the composition of the first body's board; or*
    - (ii) *is in a position to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the first body; or*
    - (iii) *holds more than one-half of the issued share capital of the first body (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or*
  - b) *the first body is a subsidiary of a subsidiary of the other body.*
- 2) *Without limiting the circumstances in which the composition of a body corporate's board is taken to be controlled by another body corporate, the composition of the board is taken to be so controlled if:*
- a) *the other body by exercising a power exercisable (whether with or without the consent or concurrence of any other person) by it, can appoint or remove all, or the majority, of the directors of the first-mentioned body; and*
  - b) *the other body is taken to have power to make such an appointment if:*
    - (i) *a person cannot be appointed as a director of the first-mentioned body without the exercise by the other body of such a power in the person's favour; or*
    - (ii) *a person's appointment as a director of the first-mentioned body follows necessarily from the person being a director or other officer of the other body.*
- 3) *In determining whether a body corporate is a subsidiary of another body corporate, the following matters are to be disregarded.*
- a) *Any shares held, or power exercisable, by the other body in a fiduciary capacity are treated as not held or exercisable by it.*
  - b) *Subject to paragraphs (c) and (d) below, any shares held, or power exercisable:*
    - (i) *by a person as a nominee for the other body (except where the other body is concerned only in a fiduciary capacity); or*
    - (ii) *by, or by a nominee for, a subsidiary of the other body (not being a subsidiary that is concerned only in a fiduciary capacity);**are treated as held or exercisable by the other body.*
  - c) *Any shares held, or power exercisable, by a person by virtue of the provisions of debentures of the first body, or of a trust deed for securing an issue of such debentures, are to be disregarded.*
  - d) *Any shares held, or power exercisable, otherwise than as mentioned in paragraph (c), by, or by a nominee for, the other body or a subsidiary of it are to be treated as not held or exercisable by the other body if:*
    - (i) *the ordinary business of the other body or that subsidiary, as the case may be, includes lending money; and*
    - (ii) *the shares are held, or the power is exercisable, only by way of security given for the purposes of a transaction entered into in the ordinary course of business in connection with lending money, not being a transaction entered into with an associate of the other body, or of that subsidiary, as the case may be."*

**"Taxes"** means all present and future taxes, duties, imposts, levies, charges, fees withholdings or deductions of whatever nature imposed, levied, collected, withheld or assessed by, or on behalf of,

any governmental, fiscal or other competent authority in South Africa (including any penalty payable in connection with any failure to pay, or delay in paying, any of the same) and "Tax" and "Taxation" will be construed accordingly;

**"Tax Practitioner"** means, in relation to a Tranche of Programme Preference Shares, a tax practitioner who has provided written advice to the Issuer or a Programme Preference Shareholder of any Programme Preference Shares in that Tranche, as the case may be, in the 5 years preceding the Issue Date and who has at least 10 years standing in his tax area of expertise;

**"Tranche"** and **"Class"** means those Programme Preference Shares which are issued on and subject to the identical terms and conditions (including as to listing) and in respect of which the same Applicable Pricing Supplement applies;

**"Transfer Agent"** means the Issuer, unless the Issuer elects to appoint another entity as a Transfer Agent, as contemplated in Condition 19, in which event that other entity shall act as an Transfer Agent;

**"Transfer Form"** means the written form for the transfer of a Programme Preference Share which is represented by an Individual Certificate, in the usual form or in such form as is approved by the Transfer Agent;

**"VAT Act"** means the Value-Added Tax Act, 1991, of South Africa.

## 1.2 Interpretation

### 1.2.1 In the Programme Preference Share Terms and Conditions:

1.2.1.1 if an expression is stated in Condition 1.1 to have the meaning given in the Applicable Pricing Supplement, but the Applicable Pricing Supplement gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the relevant Tranche of Programme Preference Shares;

1.2.1.2 any reference to any statute, regulation or other legislation (including, without limiting the generality of the foregoing, the Financial Markets Act, the Applicable Laws, the Applicable Procedures, the JSE Rules, the JSE Main Board Listing Requirements, the Exchange Control Regulations and the Australian Corporations Act) will be a reference to that statute, regulation or other legislation as at the Programme Date and as amended, re-enacted or replaced and substituted from time to time;

1.2.1.3 any reference to "Currency" or "currency" means the lawful currency from time to time of a country.

### 1.2.2 Unless inconsistent with the context or save where the contrary is expressly specified in the Programme Preference Share Terms and Conditions:

1.2.2.1 references to any Condition are to that Condition of the Programme Preference Share Terms and Conditions;

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

1.2.2.3 the use of the word "*including*" followed by a specific example/s will not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule will not be applied in the interpretation of such general wording or such specific example/s. Such references to "*including*" and "*in particular*" will not be construed restrictively but will mean "*including, without prejudice to the generality of the foregoing*" and "*in particular, but without prejudice to the generality of the foregoing*" respectively;

1.2.2.4 any reference to days (other than a reference to Business Days), months or years will be a reference to calendar days, months or years, as the case may be;

- 1.2.2.5 where any number of days is to be calculated from a particular day, such number shall be calculated as inclusive of the first day and exclusive of the last day. If the last day of such number so calculated falls on a day which is not a Business Day, the last day shall be deemed to be the immediately preceding day which is a Business Day.
- 1.2.3 If any provision in a definition in the Programme Preference Share Terms and Conditions is a substantive provision conferring a right or imposing an obligation on any party then, notwithstanding that it is only in a definition, effect shall be given to that provision as if it were a substantive provision in the body of the Programme Preference Share Terms and Conditions.
- 1.2.4 Headings and sub-headings in the Programme Preference Share Terms and Conditions are inserted for convenience only.
- 1.2.5 Where any term is defined within a particular Condition, that term shall bear the meaning ascribed to it in that Condition wherever it is used in the Programme Preference Share Terms and Conditions.
- 1.2.6 The *contra proferentem* rule shall not be applied in the interpretation of the Programme Preference Share Terms and Conditions.

## 2. ISSUE

- 2.1 The Issuer may, at any time and from time to time (without the consent of any Programme Preference Shareholder, holder of Other Preference Shares or holder of Other Shares), issue one or more Tranche/s of Programme Preference Shares pursuant to the Programme, provided that the aggregate Outstanding Amount of all of the Instruments in issue under the Programme (including Existing Instruments) from time to time does not exceed the Programme Amount.
- 2.2 Each Tranche of Programme Preference Shares will, subject to Condition 24:
  - 2.2.1 be issued with a Final Redemption Date that falls more than three years plus one day after the Issue Date, as indicated in the Applicable Pricing Supplement;
  - 2.2.2 be issued in accordance with the Companies Act and the Issuer's MOI;
  - 2.2.3 be issued at the Issue Price specified in the Applicable Pricing Supplement, which Issue Price shall not be less than the Specified Denomination;
  - 2.2.4 be cumulative Programme Preference Shares unless otherwise specified in the Applicable Pricing Supplement; and
  - 2.2.5 have the status set out in Condition 5.
- 2.3 Programme Preference Shares will be issued in individual Tranches which, together with other Tranches, may form a Series of Programme Preference Shares. A Tranche of Programme Preference Shares will be issued on, and subject to, the Applicable Programme Preference Share Terms and Conditions. The Applicable Preference Share Terms and Conditions of a Tranche of Programme Preference Shares are the Programme Preference Share Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Programme Preference Shares set out in the Applicable Pricing Supplement relating to that Tranche of Programme Preference Shares.
- 2.4 A Tranche of Programme Preference Shares may comprise, without limitation, Fixed Rate Programme Preference Shares, Floating Rate Programme Preference Shares and/or such other type of Programme Preference Shares as may be determined by the Issuer and the relevant Dealer/s (if any) and specified in the Applicable Pricing Supplement. References in the Programme Preference Share Terms and Conditions to a "Tranche of Programme Preference Shares" and "Programme Preference Shares" are to the type of Programme Preference Shares specified in the relevant Applicable Pricing Supplement. For the avoidance of doubt, where certain of the Programme Preference Share Terms and Conditions are expressed to apply only to certain types of Programme Preference Shares, such Programme Preference Share Terms and Conditions shall only apply to that type of Programme

Preference Shares, as specified in the relevant Applicable Pricing Supplement, and shall not apply to any other type of Programme Preference Shares.

- 2.5 The Applicable Programme Preference Share Terms and Conditions of a Tranche of Programme Preference Shares are incorporated by reference into the Individual Certificate/s (if any) representing any of the Programme Preference Shares in that Tranche. The Applicable Pricing Supplement relating to any Programme Preference Shares in a Tranche which are represented by Individual Certificate/s will be attached to such Individual Certificate/s.
- 2.6 Each Programme Preference Shareholder, upon its subscription for any Programme Preference Shares and the issue of such Programme Preference Shares to it, or upon the transfer of any Programme Preference Shares to it, as the case may be, agrees to waive any and all rights that it may have pursuant to section 39(2) of the Companies Act to have the Issuer offer to it, and for it to subscribe for, any other Programme Preference Shares in a Tranche subsequently proposed to be issued by the Issuer.
- 2.7 A Tranche of Programme Preference Shares may be listed on the Main Board of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws. Unlisted Programme Preference Shares may also be issued under the Programme. Unlisted Programme Preference Shares are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Programme Preference Shares will be listed and, if so, on which Relevant Stock Exchange/s.
- 2.8 The Programme Preference Shareholders of Programme Preference Shares that are not listed on the Main Board of the JSE will have no recourse against the JSE and/or the JSE Guarantee Fund. Claims against the JSE Guarantee Fund may only be made in respect of the trading of Programme Preference Shares listed on the Main Board of the JSE and in accordance with the rules of the JSE Guarantee Fund.

### **3. FORM AND DENOMINATION**

#### **3.1 General**

- 3.1.1 All payments in relation to the Programme Preference Shares will be made in the Specified Currency. The denomination of each Programme Preference Share will be the Specified Denomination.
- 3.1.2 Holders of Programme Preference Shares who are to subscribe for Programme Preference Shares in a Tranche must subscribe for the Specified Minimum Investment on the Issue Date, and may not offer to subscribe for or subscribe for less than the Specified Minimum Investment on the Issue Date.

#### **3.2 Programme Preference Shares issued in uncertificated form**

Each Tranche of Programme Preference Shares that is listed on the Main Board of the JSE and each Tranche of unlisted Programme Preference Shares will be issued in registered uncertificated form in terms of Chapter IV of the Financial Markets Act, and will be held in the CSD. Programme Preference Shares issued in uncertificated form will not, upon issue, be represented by any certificate or written instrument.

#### **3.3 Beneficial Interests in Programme Preference Shares held in the CSD**

All Programme Preference Shares which are held in the CSD will be held subject to the Financial Markets Act and the CSD Procedures. All amounts to be paid and, subject to the CSD Procedures, all rights to be exercised in respect of Programme Preference Shares held in the CSD will be paid to and, subject to the CSD Procedures, may be exercised only by the CSD for the holders of Beneficial Interests in such Programme Preference Shares.

#### **3.4 Programme Preference Shares represented by Individual Certificates**

Subject to the Financial Markets Act, a holder of a Beneficial Interest shall only be entitled to



exchange such Beneficial Interest for Programme Preference Shares represented by an Individual Certificate in accordance with Condition 14.1.

#### **4. TITLE**

##### **4.1 Programme Preference Shares issued in uncertificated form**

The registered Programme Preference Shareholder/s of the Programme Preference Share/s in a Tranche of Programme Preference Shares which is held in the CSD will be determined in accordance with the CSD Procedures, and such registered Programme Preference Shareholder/s will be named in the Register as the registered holder/s of such Programme Preference Share/s.

##### **4.2 Beneficial Interests in Programme Preference Shares held in the CSD**

- 4.2.1 The Participants will maintain records of the Beneficial Interests in Programme Preference Shares held in the CSD.
- 4.2.2 While a Tranche of Programme Preference Shares is held in its entirety in the CSD, the registered Programme Preference Shareholder/s of the Programme Preference Share/s in that Tranche, determined in accordance with the CSD Procedures, will be named in the Register as the sole Programme Preference Shareholder/s of such Programme Preference Share/s.
- 4.2.3 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.
- 4.2.4 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 Programme Preference Shares held by them in the CSD only through their Participants.
- 4.2.5 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 Redemption Amount of Programme Preference Shares, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the Outstanding Redemption Amount of such Programme Preference Shares standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest.
- 4.2.6 Beneficial Interests in Programme Preference Shares may be transferred only in accordance with the CSD Procedures. Such transfers will not be recorded in the Register.
- 4.2.7 Any reference in the Programme Preference Share 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.

##### **4.3 Programme Preference Shares represented by Individual Certificates**

- 4.3.1 Each holder of Programme Preference Shares which are represented by an Individual Certificate will be named in the Register as the registered holder of such Programme Preference Shares.
- 4.3.2 Title to Programme Preference Shares which are represented by an Individual Certificate will pass upon registration of transfer in the Register in accordance with Condition 16.2.

##### **4.4 Register**

The Issuer, the Transfer Agent and the Paying Agent shall recognise a Programme Preference Shareholder as the sole and absolute owner of the Programme Preference Shares registered in that Programme Preference Shareholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and neither the Issuer nor the

Transfer Agent shall be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Programme Preference Share may be subject.

## **5. STATUS OF THE PROGRAMME PREFERENCE SHARES**

### **5.1 A Tranche of Programme Preference Shares ranks:**

#### **5.1.1** equally among themselves, all other Tranches of Programme Preference Shares and the Other Preference Shares with respect to:

##### **5.1.1.1** the payment of dividends by the Issuer; and

##### **5.1.1.2** the distribution of the assets of the Issuer in the event of the liquidation, dissolution or winding up of the Issuer, whether voluntary or involuntary, or any other distribution of the assets of the Issuer, whether for the purpose of winding up its affairs or otherwise;

#### **5.1.2** in priority to the rights of all Other Shares with respect to:

##### **5.1.2.1** the payment of dividends by the Issuer; and

##### **5.1.2.2** the distribution of the assets of the Issuer in the event of the liquidation, dissolution or winding up of the Issuer, whether voluntary or involuntary, or any other distribution of the assets of the Issuer, whether for the purpose of winding up its affairs or otherwise.

#### **5.1.3** below all claims in respect of any secured or unsecured Financial Indebtedness of the Issuer.

### **5.2** The Programme Preference Shares do not confer on the Programme Preference Shareholders the right to participate in the profits or assets of the Issuer except as set out in the Programme Preference Share Terms and Conditions.

### **5.3** In the event of the liquidation, dissolution or winding-up of the Issuer:

#### **5.3.1** each Tranche of Programme Preference Shares shall have associated with it the rights of the Programme Preference Shareholders to receive, in priority to the rights of all Other Shares but *pari passu* with each other Tranche of Programme Preference Shares and the Other Preference Shares, a Capital Return in an amount equal to the Outstanding Programme Preference Share Obligations in respect of that Tranche of Programme Preference Shares, calculated on the date on which payment of that Capital Return is made by the Issuer to the holders of such Programme Preference Shares; and

#### **5.3.2** the claims of the Programme Preference Shareholders shall be subordinated to, and rank in priority of payment below, all claims in respect of any Financial Indebtedness of the Issuer,

and save as aforesaid, no amount shall be payable to any Programme Preference Shareholders entitled to be paid amounts due in respect of the Programme Preference Shares until all Financial Indebtedness of the Issuer which is admissible in any such dissolution, liquidation or winding-up has been paid or discharged in full.

## **6. AMENDED PROGRAMME PREFERENCE SHARE GUARANTEE**

### **6.1** The Guarantor has, subject to and in accordance with the terms of the Amended Programme Preference Share Guarantee, irrevocably and unconditionally guaranteed to the Programme Preference Shareholders of each Tranche of Programme Preference Shares issued, under the Programme, pursuant to this Programme Memorandum, the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of each such Tranche of Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions of each such Tranche of Programme Preference Shares.

### **6.2** The original signed Amended Programme Preference Share Guarantee has been deposited with and will be held by the Issuer, at its Specified Office, for and on behalf of the Programme Preference Shareholders, until the Programme Termination Date.

- 6.3 The provisions of the Amended Programme Preference Share Guarantee which confer benefits on a Programme Preference Shareholder of Programme Preference Shares referred to in Condition 6.1 constitute stipulations for the benefit of that Programme Preference Shareholder, and that Programme Preference Shareholder, upon its subscription for such Programme Preference Shares and the issue of such Programme Preference Shares to it, or upon the transfer of any such Programme Preference Shares to it, as the case may be, shall be deemed to have accepted such benefits, and shall accordingly be bound by all those provisions of the Amended Programme Preference Share Guarantee (if any) which impose obligations and/or restrictions on that Programme Preference Shareholder.
- 6.4 It is recorded, for the avoidance of doubt that, on and with effect from the Programme Date, the Amended Programme Preference Share Guarantee has replaced the Previous Programme Preference Share Guarantee in its entirety, and the Amended Programme Preference Share Guarantee is applicable to both (i) the holders of Existing Programme Preference Shares and (ii) the holders of Programme Preference Shares issued, under the Programme, pursuant to this Programme Memorandum.

## 7. DIVIDEND RIGHTS

Each Tranche of Programme Preference Shares will confer on the Programme Preference Shareholders of that Tranche of Programme Preference Shares a right to receive out of the profits of the Issuer a Scheduled Programme Preference Dividend (which shall be cumulative unless otherwise specified in the Applicable Pricing Supplement), determined and payable in accordance with this Condition 7.

### 7.1 Scheduled Programme Preference Dividends

The Issuer shall, in relation to a Tranche of Programme Preference Shares, declare and pay the Scheduled Programme Preference Dividend in respect of each Programme Preference Share in that Tranche on the Programme Preference Dividend Date. The Scheduled Programme Preference Dividend shall be calculated by the Calculation Agent in accordance with the following formula:

$$A = (B \times C \times D) / 365$$

where:

- "A" = the amount of the Scheduled Programme Preference Dividend;
- "B" = the Scheduled Programme Preference Dividend Rate;
- "C" = the number of days in the Scheduled Programme Preference Dividend Period;
- "D" = the Issue Price,

provided that the amount of the Scheduled Programme Preference Dividend shall be adjusted by the Calculation Agent on a *pro rata* basis in the event that (i) any Capital Return occurs in relation to the Programme Preference Shares in that Tranche and/or (ii) a change in the Scheduled Programme Preference Dividend Rate occurs (if applicable), in each case, before the end of the relevant Scheduled Programme Preference Dividend Period.

### 7.2 Penalty Programme Preference Dividends

- 7.2.1 If the Issuer fails to pay a Scheduled Programme Preference Dividend in respect of a Tranche of Programme Preference Shares on the relevant Dividend Payment Date, the Issuer shall, in addition to the unpaid Scheduled Programme Preference Dividend, declare and pay the Penalty Programme Preference Dividend to the Programme Preference Shareholders of the Programme Preference Shares in that Tranche on the Penalty Programme Preference Dividend Date.
- 7.2.2 Each Penalty Programme Preference Dividend payable by the Issuer in respect of a Tranche of Programme Preference Shares shall be calculated by the Calculation Agent in accordance with the following formula:

$$A = (B \times C \times D)/365$$

where:

- "A" = the amount of the Penalty Programme Preference Dividend;
- "B" = the Penalty Programme Preference Dividend Rate;
- "C" = the number of days in the period commencing on (and including) the relevant Scheduled Programme Preference Dividend Date and ending on (but excluding) the earlier of the Actual Payment Date of the relevant unpaid Scheduled Programme Preference Dividend and the Applicable Redemption Date;
- "D" = the unpaid amount of the Scheduled Programme Preference Dividend,

provided that the amount of the Penalty Programme Preference Dividend shall be adjusted by the Calculation Agent on a *pro rata* basis in the event that a change in the Penalty Programme Preference Dividend Rate occurs (if applicable) before the earlier of the Actual Payment Date of the relevant unpaid Scheduled Programme Preference Dividend and the Applicable Redemption Date.

7.2.3 The Issuer shall be obliged to pay each Penalty Programme Preference Dividend as follows:

- 7.2.3.1 prior to the redemption of the Programme Preference Share in respect of which that Penalty Programme Preference Dividend is calculated, that Penalty Programme Preference Dividend shall be paid by the Issuer to the Programme Preference Shareholder of that Programme Preference Share on the last day of the period referred to in variable "C" in Condition 7.2.2; or
- 7.2.3.2 upon the redemption of the Programme Preference Share in respect of which that Penalty Programme Preference Dividend is calculated, that Penalty Programme Preference Dividend shall be paid by the Issuer to the Programme Preference Shareholder of that Programme Preference Share on the Applicable Redemption Date of that Programme Preference Share.

### 7.3 Tax Gross-Up, Additional Programme Preference Dividends and Additional Amounts

- 7.3.1 Subject to Condition 7.3.3, should a material breach of any of the Specified Warranties applicable to a Tranche of Programme Preference Shares occur and as a direct result of such breach any Programme Preference Shareholder of Programme Preference Shares in that Tranche is required to pay an amount of South African income tax on any Programme Preference Dividend, the Issuer shall be obliged to pay to that Programme Preference Shareholder, within 15 Business Days of the date of satisfaction of the conditions set out in Condition 7.3.2 ("**Additional Programme Preference Dividend Date**"), either:
- 7.3.1.1 a cash dividend amount equal to the Income Tax Amount ("**Additional Programme Preference Dividend**"); or
- 7.3.1.2 an amount of cash (which is not a dividend) equal to the Gross Up Amount ("**Additional Amount**").
- 7.3.2 The Issuer shall not be obliged to make any payments pursuant to Condition 7.3.1 unless the relevant Programme Preference Shareholder (i) delivers to the Issuer a written notice specifying the breach of the relevant Specified Warranty and a copy of the judgment of the Court determining the relevant Income Tax Amount which is payable or (ii) prior to the commencement of any formal Court proceedings in connection with the relevant Income Tax Amount, that Programme Preference Shareholder institutes and fully complies with the Counsel Process.
- 7.3.3 Notwithstanding anything to the contrary contained in the Programme Preference Share Terms and Conditions:
- 7.3.3.1 this Condition 7.3 shall survive the redemption of the relevant Programme Preference Shares; provided that the Issuer shall not be liable to pay any portion of the Additional Programme Preference Dividend or the Additional Amount, as the case may be, that is determined with

reference to a Programme Preference Dividend which was paid more than 4 (four) years prior to the date of fulfilment of the conditions set out in Condition 7.3.2; and

- 7.3.3.2 the benefit of Condition 7.3.1 shall accrue to a Programme Preference Shareholder that is a CIS on the following terms:
- 7.3.3.2.1 for purposes of determining whether an amount of South African income tax on any Programme Preference Share Dividend is payable (as contemplated in Condition 7.3.1), and for purposes of determining the Income Tax Amount, the term "Programme Preference Shareholder" shall be construed to include holders of participatory interests in the CIS (each, a "**Beneficiary**"); provided that the Beneficiary shall be deemed to be a company incorporated under the Companies Act and a tax resident in South Africa for purposes of such determination; and
- 7.3.3.2.2 for purposes of satisfying the conditions set out in Condition 7.3.2, the CIS (and not the Beneficiary) shall be entitled (i) to deliver to the Issuer the written notice specifying the breach of the relevant Specified Warranty and a copy of the judgment of the Court determining the relevant Income Tax Amount which is payable or (ii) prior to the commencement of any formal Court proceedings in connection with the relevant Income Tax Amount, to institute and fully comply with the Counsel Process;
- 7.3.3.2.3 for purposes of Condition 7.3.1, the Issuer shall only be required to pay an Additional Programme Preference Dividend or Additional Amount, as the case may be, pursuant to a claim by the CIS under Condition 7.3.1, as the Programme Preference Shareholder, and not, for the avoidance of doubt, to the Beneficiary directly.
- 7.3.4 Any amount that becomes due and payable in accordance with Condition 7.3.1 and which is not paid by the Issuer on the due date for payment thereof shall bear interest, at the Reference Rate plus 2%, calculated on a daily basis, for the period from (and including) the due date for payment of such amount to (but excluding) the Actual Payment Date. Such interest shall be compounded monthly in arrears and shall be payable by the Issuer on written demand; provided that, where a Penalty Programme Preference Dividend is accruing on such unpaid amount, then the interest contemplated in this Condition 7.3.4 shall not accrue.

#### 7.4 Accumulated Programme Preference Dividends

- 7.4.1 The Programme Preference Dividends are cumulative. To the extent that all or any part of a Programme Preference Dividend that has accrued or become payable in relation to a Tranche of Programme Preference Shares in accordance with the Applicable Programme Preference Share Terms and Conditions has not been paid on the applicable Dividend Payment Date, the Issuer shall be liable to pay, and the Programme Preference Shareholders of that Tranche of Programme Preference Shares shall be entitled to be paid, by no later than the Applicable Redemption Date, all of such Programme Preference Dividends (together, the "**Accumulated Programme Preference Dividends**").
- 7.4.2 Failure to satisfy the requirements of section 46 of the Companies Act at any time when any Programme Preference Dividend has accrued or become payable in relation to a Tranche of Programme Preference Shares in accordance with the Applicable Programme Preference Share Terms and Conditions shall not relieve the Issuer of its obligation to pay such Programme Preference Dividend on the applicable Dividend Payment Date.

#### 7.5 Payment of Programme Preference Dividends

- 7.5.1 Each Programme Preference Dividend in respect of a Tranche of Programme Preference Shares shall be due and payable on the relevant Dividend Payment Date.
- 7.5.2 The Issuer shall, and the Issuer shall procure that the Board shall, comply with the requirements of section 46 of the Companies Act in respect of the payment of each Programme Preference Dividend that has accrued or become payable in respect of a Tranche of Programme Preference

Shares.

7.5.3 The Issuer shall procure that the Board shall, on or before a Dividend Payment Date, apply the Solvency and Liquidity Test and, if the Board is reasonably satisfied that the Issuer will satisfy the Solvency and Liquidity Test immediately after paying the relevant Programme Preference Dividends:

7.5.3.1 the Issuer shall procure that the Board passes a resolution acknowledging that the Board has applied the Solvency and Liquidity Test and has reasonably concluded that the Issuer will satisfy the Solvency and Liquidity Test immediately after paying the relevant Programme Preference Dividends; and

7.5.3.2 the Issuer shall pay the relevant Programme Preference Dividends on that Dividend Payment Date.

## 7.6 Default dividend

7.6.1 A Tranche of Programme Preference Share will cease to bear dividends from the Applicable Redemption Date unless payment of the Applicable Redemption Amount (or any portion thereof) which is due and payable on the Applicable Redemption Date is improperly withheld or refused or such payment may not, in terms of the Companies Act, be made.

7.6.2 In circumstances where the non-payment contemplated in Condition 7.6.1 does not constitute an Early Redemption Event contemplated in Condition 18.1, dividends will continue to accrue on the outstanding Applicable Redemption Amount which is due and payable in respect of a Tranche of Programme Preference Shares, at the Dividend Rate, for the period from (and including) the Applicable Redemption Date to (but excluding) the Actual Redemption Date.

## 8. ADJUSTMENT EVENTS (PROGRAMME PREFERENCE SHAREHOLDER)

8.1 Where "*Adjustment Events (Programme Preference Shareholder)*" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Programme Preference Shares, then this Condition 8 will apply.

8.2 If at any time after the Issue Date, any Adjustment Event (Programme Preference Shareholder) occurs in relation to a Programme Preference Shareholder of Programme Preference Shares in that Tranche ("**Affected Programme Preference Shareholder**"), then the Affected Programme Preference Shareholder shall be entitled, by delivering a written notice to the Issuer in the manner set out in Condition 20.2 ("**Adjustment Notice**"), to require the Issuer to increase the Scheduled Programme Preference Dividend Rate ("**Increased Dividend Rate**"), with effect from the date specified in the Adjustment Notice (which may be a date earlier than the date of the Adjustment Notice), by such margin as is specified by the Affected Programme Preference Shareholder in the Adjustment Notice.

8.3 The Issuer shall be entitled to redeem the Programme Preference Shares held by the Affected Programme Preference Shareholder in accordance with Condition 13.3 (if applicable) or shall otherwise be obliged to comply with the Adjustment Notice (unless otherwise agreed between the Affected Programme Preference Shareholder and the Issuer).

8.4 Notwithstanding anything to the contrary contained in the Programme Preference Share Terms and Conditions, the benefit of Condition 8.1 shall accrue to a Programme Preference Shareholder that is a CIS on the following terms:

8.4.1 for purposes of determining whether an Adjustment Event has occurred, the term "Programme Preference Shareholder" shall be construed to include a Beneficiary;

8.4.2 for purposes of determining the Increased Dividend Rate (as contemplated by Condition 8.1), the Beneficiary to which the Adjustment Event relates shall be deemed to be a company incorporated under the Companies Act and a tax resident in South Africa; and

8.4.3 the CIS, as Programme Preference Shareholder, shall be entitled to deliver an Adjustment Notice as contemplated by Condition 8.1 (and, for the avoidance of doubt, the relevant Beneficiary shall

not be so entitled).

## 9. EQUITY LINKED PROGRAMME PREFERENCE SHARES

### 9.1 Extraordinary Event Adjustment

- 9.1.1 If "*Extraordinary Event Adjustment (Equity Linked Programme Preference Shares)*" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Equity Linked Programme Preference Shares, then this Condition 9.1 will apply.
- 9.1.2 Within 15 Business Days of the occurrence of an Extraordinary Event in relation to a Tranche of Equity Linked Programme Preference Shares (and subject to the applicable Extraordinary Event Adjustment Dispute Resolution provisions set out in Condition 9.2.1), the Issuer may, at its election (but to the exclusion of any of its rights (if any) to redeem that Tranche of Equity Linked Programme Preference Shares under the Applicable Programme Preference Share Terms and Conditions), direct the Calculation Agent to:
- 9.1.2.1 make such adjustment to the Reference Level as is necessary to take account of the economic effect of that Extraordinary Event on that Tranche of Equity Linked Programme Preference Shares and, in determining such economic effect, the Calculation Agent shall consider such factors as it, acting reasonably, considers relevant, which factors may include (but are not limited to) changes in the liquidity and volatility of the Reference Security (or the relevant new security/ies in the event that the Reference Security is replaced as a result of the Extraordinary Event); and
- 9.1.2.2 determine the effective date of that adjustment in consultation with the Issuer (which effective date shall be notified by the Issuer to the Programme Preference Shareholders of that Tranche of Equity Linked Programme Preference Shares in the manner set out in Condition 20.1.

### 9.2 Dispute of Extraordinary Event Adjustment

- 9.2.1 If "*Dispute Resolution (Extraordinary Event Adjustment)*" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Equity Linked Programme Preference Shares, then this Condition 9.2 will apply.
- 9.2.2 Any Programme Preference Shareholder of Equity Linked Programme Preference Shares in respect of which an Extraordinary Event has occurred shall be entitled to challenge the election made by the Issuer pursuant to Condition 9.1.2 or the adjustment made or the effective date determined by the Calculation Agent pursuant to an Extraordinary Event Adjustment ("**Adjustment Decision**") by giving a written notice to the Issuer in the manner set out in Condition 20.2 ("**Dispute Notice**") setting out the basis of the dispute and proposing an appropriate adjustment and/or effective date ("**Alternative Proposal**").
- 9.2.3 The Dispute Notice shall be delivered to the Issuer (with a copy to the Calculation Agent) within 3 (three) Business Days of the receipt by that Programme Preference Shareholder of the publication of the Adjustment Decision and, if the Issuer does not accept the Alternative Proposal within 1 (one) Business Day of receipt of the Dispute Notice, the Issuer shall notify that Programme Preference Shareholder thereof in the manner set out in Condition 20.1 ("**Referral Notice**") and thereafter refer both the Adjustment Decision and the Alternative Proposal to an independent expert mutually agreed between the Issuer and that Programme Preference Shareholder without delay.
- 9.2.4 If the Issuer and the relevant Programme Preference Shareholder have not appointed an independent expert within 2 (two) Business Days of receipt of the Referral Notice by the relevant Programme Preference Shareholder, the Issuer shall request the managing partner of PricewaterhouseCoopers Incorporated to appoint an expert without delay. The expert shall, in his absolute discretion, determine whether the Adjustment Decision or the Alternative Proposal, as the case may be, shall be adopted and which of the Issuer and the relevant Programme

Preference Shareholder shall bear the costs of such determination, and such determination shall be final and binding on the Issuer and the relevant Programme Preference Shareholder and shall not be subject to any appeal or review, save in the case of manifest error or fraud.

## **10. REPRESENTATION AND WARRANTIES**

The Issuer makes the representations and warranties set out in this Condition 10 to each Programme Preference Shareholder of Programme Preference Shares in a Tranche on the Issue Date, each Dividend Payment Date and the Applicable Redemption Date:

- 10.1 the Issuer has the power to issue that Tranche of Programme Preference Shares in accordance with the Applicable Programme Preference Share Terms and Conditions and to comply with and perform its obligations in terms of the Applicable Programme Preference Share Terms and Conditions;
- 10.2 the issue of that Tranche of Programme Preference Shares does not contravene any Applicable Law to which the Issuer is subject or conflict with any provision of the Issuer's MOI; and
- 10.3 such other additional representations and/or warranties as are specified in the Applicable Pricing Supplement.

## **11. UNDERTAKINGS**

The Issuer undertakes to each Programme Preference Shareholder of Programme Preference Shares in a Tranche that, until the Discharge Date, (a) the Issuer will not issue any shares ranking in priority to the Programme Preference Shares and (b) the Issuer will comply with any other additional undertakings specified in the Applicable Pricing Supplement.

## **12. PAYMENTS**

### **12.1 General**

- 12.1.1 All payments of all amounts (whether in respect of principal, interest, dividend or otherwise) due and payable in respect of any Programme Preference Shares shall be made by the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party to act as Paying Agent), as the case may be, on the terms and conditions of the Agency Agreement (if any) and this Condition 12.
- 12.1.2 All references in this Condition 12 to "*Paying Agent*" shall be construed as references to the Issuer (where the Issuer itself acts as Paying Agent) or the Paying Agent on behalf of the Issuer (where the Issuer has appointed a third party entity to act as Paying Agent), as the case may be.

### **12.2 Registered Programme Preference Shareholders**

- 12.2.1 Only the CSD (in the case of Programme Preference Shares held in the CSD) and Programme Preference Shareholders of Programme Preference Shares named in the Register at 17h00 (South African time) on the relevant Last Day to Register (in the case of Programme Preference Shares represented by Individual Certificates) shall be entitled to payments of amounts due and payable in respect of Programme Preference Shares.
- 12.2.2 Payments of interest, dividend and/or principal in respect of Programme Preference Shares shall be made, in accordance with this Condition 12, to the CSD (in the case of Programme Preference Shares held in the CSD) or to the person reflected as the registered Programme Preference Shareholder of Programme Preference Share in the Register at 17h00 (South African time) on the relevant Last Day to Register (in the case of Programme Preference Shares represented by Individual Certificates).

### **12.3 Method of payment**

- 12.3.1 The Paying Agent shall pay all amounts due and payable in respect of any Programme Preference Shares:
  - 12.3.1.1 in the case of Programme Preference Shares which are held in the CSD, in immediately



available and freely transferable funds, in the Specified Currency, by electronic funds transfer to the bank account of the CSD;

- 12.3.1.2 in the case of Programme Preference Share/s which are represented by an Individual Certificate, in immediately available and freely transferable funds, in the Specified Currency, by electronic funds transfer, to the bank account of the person named as the registered Programme Preference Shareholder of such Programme Preference Share/s in the Register or, in the case of joint registered Programme Preference Shareholders, the bank account of the first one of them named in the Register in respect of such Programme Preference Share/s; provided that if several persons are entered into the Register as joint registered Programme Preference Shareholders of Programme Preference Shares then, without affecting the previous provisions of this Condition 12, payment to any one of them shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Paying Agent and/or the Issuer may have of the right, title, interest or claim of any other person to or in any such Programme Preference Shares.
- 12.3.2 Neither the Issuer nor the Paying Agent shall be responsible for the loss in transmission of any such funds, and payment of any amount into the bank account referred to in Condition 12.3.1.1 or Condition 12.3.1.2, as the case may be, in accordance with Condition 12.3.1, shall be satisfaction *pro tanto*, to the extent of such amount, of the Issuer's obligations to the Programme Preference Shareholders under the relevant Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions.

#### 12.4 Beneficial Interests

- 12.4.1 Following payment to the CSD of amounts due and payable in respect of Programme Preference Shares which are held in the CSD pursuant to Condition 12.3.1.1, the relevant funds will be transferred by the CSD, via the Participants, to the holders of Beneficial Interests in such Programme Preference Shares, in accordance with the CSD Procedures.
- 12.4.2 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 Programme Preference Shares, will 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 the Paying Agent, on behalf of the Issuer, to or for the order of the CSD.
- 12.4.3 Neither the Paying Agent nor the Issuer will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests or for maintaining, supervising or reviewing any records relating to Beneficial Interests.
- 12.4.4 Payments of amounts due and payable in respect of Beneficial Interests in Programme Preference Shares will be recorded by the CSD, distinguishing between interest, dividend and principal, and such record of payments by the CSD will be *prima facie* proof of such payments.

#### 12.5 Surrender of Individual Certificates

- 12.5.1 Payments of principal in respect of any Programme Preference Share/s which is/are represented by Individual Certificate/s shall be made to the Programme Preference Shareholder/s of such Programme Preference Share/s only if, prior to the Applicable Redemption Date, such Individual Certificate/s shall have been surrendered to the Transfer Agent (at its Specified Office).
- 12.5.2 If the relevant Individual Certificate is not surrendered to the Transfer Agent (at its Specified Office) in accordance with Condition 12.5.1, the amount of principal payable to the Programme Preference Shareholder of the Programme Preference Share/s represented by that Individual Certificate shall be retained by the Paying Agent for such Programme Preference Shareholder, at the latter's risk, until that Individual Certificate shall have been surrendered to the Transfer Agent (at its Specified Office), and such Programme Preference Shareholder will not be entitled to any interest, dividend and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

## 12.6 Payments by cheque

- 12.6.1 If the Paying Agent is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding provisions of this Condition 12 (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 Paying Agent), such inability to make payment will not constitute an Event of Default and the Paying Agent shall be entitled (subject to Applicable Laws and banking practice) to make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice).
- 12.6.2 Payments by cheque shall, promptly after the Paying Agent is so prevented or restricted from making payment by electronic funds transfer (as contemplated in Condition 12.6.1), be sent by post, at the risk of the relevant Programme Preference Shareholder (unless otherwise requested by the relevant Programme Preference Shareholder by notice in writing to the Paying Agent) to the address of the relevant Programme Preference Shareholder of such Programme Preference Shares set forth in the Register or, in the case of joint Programme Preference Shareholders of Instruments, the address set forth in the Register of that one of them who is first named in the Register in respect of such Programme Preference Shares.
- 12.6.3 Each cheque issued in respect of Programme Preference Shares shall be made payable to or for the order of the Programme Preference Shareholder of such Programme Preference Shares or, in the case of joint Programme Preference Shareholders of Programme Preference Shares, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss, including without limitation any loss due to theft or fraud, in transmission and the postal authorities shall be deemed to be the agent of the relevant Programme Preference Shareholders of Programme Preference Shares for the purposes of all cheques posted in terms of this Condition 12.6.
- 12.6.4 Payment by cheque sent in terms of this Condition 12.6 shall be a complete discharge by the Issuer of its obligations in respect of the amount of the cheque. The relevant Programme Preference Shareholders of Programme Preference Shares shall not be entitled to any interest or dividend or other payment in respect of any delay in payment of any amount in respect of the relevant Programme Preference Shares resulting from a cheque mailed in accordance with this Condition 12.6 arriving after the due date for such payment or being lost in the mail.

## 12.7 Business Day

Notwithstanding anything to the contrary contained in the Programme Preference Share Terms and Conditions, if the date for payment of any amount due and payable in respect of any Programme Preference Shares is not a Business Day then:

- 12.7.1 if a Business Day Convention is not specified in the Applicable Pricing Supplement, such date for payment shall be the following Business Day;
- 12.7.2 if a Business Day Convention is specified in the Applicable Pricing Supplement, such date for payment shall be adjusted according to such Business Day Convention,

and the Programme Preference Shareholders of such Programme Preference Shares shall not be entitled to any interest, dividend or other payments in respect of such delay.

## 12.8 Interpretation of principal

Any reference in the Programme Preference Share Terms and Conditions to principal in respect of the Programme Preference Shares shall be deemed to include, as applicable, any additional amounts which may be payable with respect to principal under Condition 8, the Final Redemption Amount or the Early Redemption Amount, as the case may be, and any premium and any other amounts which may be payable in respect of the Programme Preference Shares.

### 13. REDEMPTION AND PURCHASE

#### 13.1 Final Redemption Date

Unless previously redeemed or purchased and cancelled, a Tranche of Programme Preference Shares will, subject to the Companies Act, be redeemed by the Issuer, at the Final Redemption Amount, on the Final Redemption Date pursuant to Condition 13.6.

#### 13.2 Voluntary Redemption

13.2.1 Where "*Voluntary Redemption (Issuer)*" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Programme Preference Shares, then:

13.2.1.1 if the Programme Preference Shareholder of any Programme Preference Shares in that Tranche desires to have some or all of those Programme Preference Shares redeemed early, that Programme Preference Shareholder may deliver a written notice to the Issuer, in the manner set out in Condition 20.2, inviting the Issuer to voluntarily early redeem some or all of those Programme Preference Shares (as specified in such notice) ("**Redemption Invitation**");

13.2.1.2 upon receipt of a Redemption Invitation, the Issuer shall, in the manner set out in Condition 20.1, notify that Programme Preference Shareholder of the Issuer's election to voluntarily redeem all or some of the Programme Preference Shares specified in the Redemption Invitation ("**Voluntary Redemption Notice**"), which the Issuer may give at any time, and which Voluntary Redemption Notice shall set out:

13.2.1.2.1 the number of the Programme Preference Shares specified in the Redemption Invitation to be redeemed; and

13.2.1.2.2 the date on which such Programme Preference Shares are to be redeemed ("**Voluntary Redemption Date**").

13.2.2 For the avoidance of doubt, the Issuer shall not be obliged (but shall be entitled at its sole and absolute discretion) to redeem all or any of the relevant Programme Preference Shares specified in the Redemption Invitation upon receipt of a Redemption Invitation.

#### 13.3 Redemption following an Adjustment Event (Issuer)

13.3.1 If "*Adjustment Events (Issuer)*" is specified in the Applicable Pricing Supplement as being applicable to a Tranche of Programme Preference Shares and any Programme Preference Shareholder of Programme Preference Shares in that Tranche has delivered an Adjustment Notice to the Issuer pursuant to Condition 8.1 or the Issuer is of the reasonable opinion that any Adjustment Event (Issuer) has occurred in respect of a Tranche of Programme Preference Shares, as the case may be, then the Issuer may, at its election, having given not less than 30 days' notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) to the Paying Agent, the Calculation Agent and the Transfer Agent, and to the Programme Preference Shareholders of that Tranche of Programme Preference Shares in accordance with Condition 20.1, redeem one or more Programme Preference Shares in that Tranche in whole, but not in part, at the Early Redemption Amount, on the Dividend Payment Date or other date stipulated as the date for redemption in such notice.

13.3.2 From the date of publication of the notice referred to in Condition 13.3.1, the Issuer shall make available at its Specified Office, for inspection by the relevant Programme Preference Shareholders (i) a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to effect such redemption have occurred and (ii) a copy of a legal opinion from a reputable firm of lawyers in South Africa to the effect that an Adjustment Event (Issuer) has occurred.

13.3.3 Notwithstanding anything to the contrary contained in the Programme Preference Share Terms and Conditions, an Adjustment Notice given in terms of Condition 8.1 or the occurrence of an

Adjustment Event (Issuer), as the case may be, shall not create any obligation on the part of the Issuer to redeem the relevant Programme Preference Shares, nor create any right on the part of any Programme Preference Shareholder to require the Issuer to redeem the relevant Programme Preference Shares.

#### 13.4 Illegality

If, at any time, it is or becomes illegal or unlawful for a Programme Preference Shareholder ("**Relevant Programme Preference Shareholder**") to hold the Programme Preference Shares it holds or to claim and recover all or any part of a Programme Preference Dividend and/or the Applicable Redemption Amount (each such event, an "**Illegality Event**"):

- 13.4.1 the Relevant Programme Preference Shareholder shall, promptly upon becoming aware of such Illegality Event, notify the Issuer thereof in the manner set out in Condition 20.1; and
- 13.4.2 if the Relevant Programme Preference Shareholder and the Issuer fail to remove or rectify such Illegality Event (provided such Illegality Event is capable of being removed or rectified), or agree upon alternative acceptable provisions within 10 (ten) Business Days (or such longer period as the Issuer and the Relevant Programme Preference Shareholder may agree in the circumstances) of the date on which the Relevant Programme Preference Shareholder notifies the Issuer of the Illegality Event ("**Illegality Notification Date**"), the Relevant Programme Preference Shareholder shall be entitled, by written notice to the Issuer in accordance with Condition 20.1, to require the Issuer to redeem all of the Programme Preference Shares held by the Relevant Programme Preference Shareholder, at the Early Redemption Amount, no earlier than 30 (thirty) Business Days (or such shorter period as may be required by Applicable Law) after the Illegality Notification Date.

#### 13.5 Procedure for redemption

Subject to the provisions of Applicable Law:

- 13.5.1 the Issuer shall procure that the Board shall, on or before the Applicable Redemption Date of all or any of the Programme Preference Shares in a Tranche of Programme Preference Shares, apply the Solvency and Liquidity Test and, if the Board is reasonably satisfied that the Issuer will satisfy the Solvency and Liquidity Test immediately after paying all unpaid Programme Preference Dividends and the Applicable Redemption Amount in respect of such Programme Preference Share/s, the Issuer shall procure that the Board shall, on or before the Applicable Redemption Date, pass a resolution acknowledging that the Board has applied the Solvency and Liquidity Test and has reasonably concluded that the Issuer will satisfy the Solvency and Liquidity Test immediately after paying all unpaid Programme Preference Dividends and the Applicable Redemption Amount in respect of such Programme Preference Share/s; and
- 13.5.2 the Issuer shall redeem such Programme Preference Share/s, on the Applicable Redemption Date, at the Applicable Redemption Amount.

#### 13.6 Capital Returns

The Issuer and a Programme Preference Shareholder of Programme Preference Shares in a Tranche may agree and elect to effect a return of capital with regard to any of such Programme Preference Shares prior to the Applicable Redemption Date (each a "**Capital Return**"), on the Issuer or that Programme Preference Shareholder, as the case may be, having given not less than 3 (three) Business Days written notice to that Programme Preference Shareholder or the Issuer, as the case may be, of its election to effect such a Capital Return, and that Programme Preference Shareholder or the Issuer, as the case may be, having notified the Issuer or that Programme Preference Shareholder, as the case may be, of its agreement in writing to such a Capital Return.

#### 13.7 Purchases

The Issuer and any Group Company may, at any time, subject to the Companies Act, purchase Programme Preference Shares at any price in the open market or otherwise. In the event of the

Issuer purchasing Programme Preference Shares, such Programme Preference Shares may (subject to the restrictions of any Applicable Law) be held, resold or, at the option of the Issuer, cancelled, subject to the Companies Act.

### 13.8 Cancellation

All Programme Preference Shares which are redeemed or purchased by the Issuer and, at the option of the Issuer, cancelled, will forthwith be cancelled and may not be re-issued or resold. Each Individual Certificate (if any) representing any Programme Preference Shares so cancelled or, following a partial redemption, partially cancelled, shall be forwarded to the Transfer Agent for cancellation. The Transfer Agent will, in respect of a Tranche of Programme Preference Shares which is listed on the Main Board of the JSE and/or held in the CSD, notify the CSD and the JSE of any cancellation, partial redemption or redemption of Programme Preference Shares in that Tranche so that such entities can record the reduction in the aggregate Outstanding Redemption Amount of the Programme Preference Shares in issue. Where only a portion of Programme Preference Shares represented by an Individual Certificate is redeemed, the Transfer Agent shall deliver a new Individual Certificate representing the balance of such Programme Preference Shares to the Programme Preference Shareholder of such Programme Preference Shares.

### 13.9 Applicable Procedures

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

## 14. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES

### 14.1 Exchange of Beneficial Interests

- 14.1.1 A holder of a Beneficial Interest in Programme Preference Shares may, if permitted by the Financial Markets 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 Programme Preference Shares in definitive form represented by an Individual Certificate ("**Exchange Notice**"). The Exchange Notice shall specify (a) the name, address and bank account details of the holder of the Beneficial Interest and (b) the day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such day shall be a Business Day and shall fall not less than 30 (thirty) calendar days after the day on which such Exchange Notice is given.
- 14.1.2 The holder's nominated Participant will, within 7 (seven) days of receipt of the Exchange Notice, through the CSD, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Programme Preference Shares 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 day period ("**Exchange Date**"), to the holder's nominated Participant (acting on behalf of the holder of the Beneficial Interest in respect of the conversion) at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.
- 14.1.3 In order to effect the exchange of a Beneficial Interest in any Programme Preference Shares (a) such Programme Preference Shares will, prior to the Exchange Date, be surrendered (through the CSD) to the Transfer Agent at its Specified Office and (b) the Transfer Agent will obtain the release of such Programme Preference Shares from the CSD in accordance with the CSD Procedures.
- 14.1.4 An Individual Certificate shall, in relation to a Beneficial Interest in any number of Programme Preference Shares of a particular aggregate Outstanding Redemption Amount standing to the account of the holder thereof, represent that number of Programme Preference Shares of that aggregate Outstanding Redemption Amount, and shall otherwise be in such form as may be

agreed between the Issuer and the Transfer Agent; provided that if such aggregate Outstanding Redemption 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.

#### **14.2 Replacement**

If any Individual 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 Individual Certificates must be surrendered at the Specified Office of the Transfer Agent before replacements will be issued.

#### **14.3 Death and sequestration or liquidation of Programme Preference Shareholder**

Any Person becoming entitled to Programme Preference Shares in consequence of the death, sequestration or liquidation of the Programme Preference Shareholder of such Programme Preference Shares may, upon producing evidence to the satisfaction of the Issuer and the Transfer Agent that he holds the position in respect of which he proposes to act under this Condition 14.3 or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the Programme Preference Shareholder of such Programme Preference Shares or, subject to the Applicable Procedures, this Condition 14.3 and Condition 16.2, may transfer such Programme Preference Shares. The Issuer and (if applicable) the CSD and the relevant Participant shall be entitled to retain any amount payable upon the Programme Preference Shares to which any Person is so entitled until such Person shall be registered as aforesaid or shall duly transfer the Programme Preference Shares.

#### **14.4 Costs**

The costs and expenses of the printing, issue and delivery of each Individual Certificate and all Taxes and governmental charges or insurance 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 Programme Preference Shareholder of the Programme Preference Shares represented by that Individual Certificate. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Programme Preference Shares 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.

### **15. REGISTER**

15.1 The Register will be kept at the Specified Office of the Transfer Agent. The Register will reflect the number of Programme Preference Shares issued and outstanding and the serial number of Individual Certificates (if any) issued in respect of such Programme Preference Shares.

15.2 The registered Programme Preference Shareholder/s of the Programme Preference Share/s in a Tranche of Programme Preference Shares which is held in the CSD will be determined in accordance with the CSD Procedures, and such registered Programme Preference Shareholder/s will be named in the Register as the registered holder/s of such Programme Preference Share/s.

15.3 The Register will contain the name, address and bank account details of the CSD, and the name, address and bank account details of the registered Programme Preference Shareholders of Programme Preference Shares represented by Individual Certificates.

15.4 The Register will set out the aggregate Redemption Amount of the Programme Preference Shares in a Tranche issued to a Programme Preference Shareholder or the aggregate Outstanding Redemption Amount of Programme Preference Shares transferred to a Programme Preference Shareholder, as the case may be, the Issue Date or the date of transfer, as the case may be, and the date upon which the Programme Preference Shareholder became registered as such.

15.5 The Register will be open for inspection during normal business hours on Business Days by any

Programme Preference Shareholder or any Representative of such Programme Preference Shareholder. The Register will be closed during the Books Closed Period.

- 15.6 The Transfer Agent shall alter the Register in respect of any change of name, address or bank account number of any of the registered Programme Preference Shareholders of which it is notified; provided that the Register will only be amended to reflect a transfer of Programme Preference Shares if such transfer is carried out in accordance with Condition 16.2.
- 15.7 Neither the Issuer nor the Transfer Agent shall be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Programme Preference Share may be subject.

## **16. TRANSFER OF PROGRAMME PREFERENCE SHARES**

### **16.1 Transfer of Beneficial Interests in Programme Preference Shares held in the CSD**

- 16.1.1 Beneficial Interests may be transferred only in accordance with the CSD Procedures through the CSD.
- 16.1.2 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 CSD Procedures.
- 16.1.3 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 CSD Procedures.
- 16.1.4 Transfers of Beneficial Interests in Programme Preference Shares will not be recorded in the Register.

### **16.2 Transfer of Programme Preference Shares represented by Individual Certificates**

- 16.2.1 In order for any transfer of Programme Preference Shares represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
  - 16.2.1.1 the transfer of such Programme Preference Shares must be embodied in a Transfer Form;
  - 16.2.1.2 the Transfer Form must be signed by the registered Programme Preference Shareholder of such Programme Preference Shares and the transferee, or any authorised Representative of that registered Programme Preference Shareholder or that transferee;
  - 16.2.1.3 the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Individual Certificate representing such Programme Preference Shares for cancellation.
- 16.2.2 Programme Preference Shares represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
- 16.2.3 Subject to this Condition 16.2, the Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Programme Preference Shares represented by an Individual Certificate (or the relevant portion of such Programme Preference Shares) 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 Individual Certificate in respect of the Programme Preference Shares transferred reflecting the aggregate Outstanding Redemption Amount, of the Programme Preference Shares transferred.
- 16.2.4 Where a Programme Preference Shareholder has transferred a portion only of Programme Preference Shares represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Programme Preference Shareholder at the Transfer Agent's Specified Office or, at the risk of such Programme Preference Shareholder, send by mail to such address as such

Programme Preference Shareholder may request, at the risk of such Programme Preference Shareholder, a new Individual Certificate representing the balance of the Programme Preference Shares held by such Programme Preference Shareholder.

- 16.2.5 The transferor of any Programme Preference Shares represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 16.2.6 Before any transfer of Programme Preference Shares represented by an Individual Certificate is registered in the Register, all relevant transfer Taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- 16.2.7 No transfer of any Programme Preference Shares represented by an Individual Certificate will be registered during the relevant Books Closed Period.
- 16.2.8 If a transfer of any Programme Preference Shares represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.

## 17. PRESCRIPTION

Any claim for payment of any amount in respect of the Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions will prescribe 3 (three) years after the date on which such amount becomes due and payable under the Applicable Programme Preference Share Terms and Conditions; provided that if payment of such amount is required, in accordance with the Applicable Programme Preference Share Terms and Conditions, to be made to the CSD, any claim for payment of such amount will prescribe 3 (three) years after the date on which such amount has been received by the CSD.

## 18. EARLY REDEMPTION EVENTS

- 18.1 An Early Redemption Event in respect of a Tranche of Programme Preference Shares will occur upon the happening of the events described in Condition 18.1.9 or Condition 18.1.10 and an Early Redemption Event in respect of a Series of Programme Preference Shares (and each Tranche of Programme Preference Shares in that Series) will occur upon the happening of any of the following events described in Conditions 18.1.1 to 18.1.8 inclusive:
  - 18.1.1 (*non-payment*): the Issuer fails to declare any Programme Preference Dividend which it is obliged to declare in respect of any Programme Preference Shares in that Series in terms of clause 7 and/or fails to pay any amount due under any Programme Preference Shares in that Series on the due date for payment thereof and such failure is not remedied within 5 (five) Business Days after notice requiring such failure to be remedied has been given to the Issuer (in accordance with Condition 20.2) by any Programme Preference Shareholder of Programme Preference Shares in that Series; or
  - 18.1.2 (*non-redemption*): the Issuer fails to redeem any Programme Preference Shares in that Series on the Applicable Redemption Date and such failure is not remedied within 5 (five) Business Days after notice requiring such failure to be remedied has been given to the Issuer (in accordance with Condition 20.2) by any Programme Preference Shareholder of Programme Preference Shares in that Series; or
  - 18.1.3 (*deregistration*): the Issuer is removed from the register of companies and such event is not remedied within 2 (two) Business Days after notice requiring such event to be remedied has been given to the Issuer (in accordance with Condition 20.2) by any Programme Preference Shareholder of Programme Preference Shares in that Series; or



18.1.4 (*winding-up*):

- 18.1.4.1 (a) an application (other than a frivolous or vexatious application or an application which is discharged or stayed within 21 (twenty one) Business Days) to any court of competent jurisdiction or an order is made for the placing of the Issuer under business rescue or for a business rescue practitioner or liquidator to be appointed in respect of the Issuer or for the winding-up of the Issuer or (b) a resolution is passed providing for the Issuer to be wound-up or placed under business rescue, other than, in each of (a) and (b) for purposes of a solvent reconstruction or amalgamation in which the Issuer remains the debtor under the Programme Preference Shares; or
- 18.1.4.2 an application (other than a frivolous or vexatious application or an application which is discharged or stayed within 21 (twenty one) Business Days) or an order is made for the winding-up of the Guarantor or a resolution is passed for the winding-up of the Guarantor other than for the purposes of a solvent reconstruction or amalgamation where Programme Preference Shareholders have the benefit of the same (or equivalent) as the Amended Programme Preference Share Guarantee from the Guarantor (or its successor); or

18.1.5 (*insolvency*):

- 18.1.5.1 the Issuer is unable to pay its debts when they fall due or is deemed to be unable to pay its debts under any Applicable Laws (other than as the result of a failure to pay a debt or claim which is the subject of a good faith dispute); or
- 18.1.5.2 the Guarantor is unable to pay its debts when they fall due or is deemed unable to pay its debts under any applicable legislation (other than as the result of a failure to pay a debt or claim which is the subject of a good faith dispute); or

18.1.6 (*receiver*):

- 18.1.6.1 a receiver, receiver and manager, administrator, business rescue practitioner, liquidator, official manager, trustee or similar officer is appointed in respect of all or a substantial part of the assets of the Issuer and such appointment is not terminated within 21 (twenty one) Business Days; or
- 18.1.6.2 a receiver, receiver and manager, administrator, liquidator, official manager, trustee or similar officer is appointed in respect of all or a substantial part of the assets of the Guarantor and such appointment is not terminated within 21 (twenty one) Business Days; or

18.1.7 (*arrangement or composition*):

- 18.1.7.1 the Issuer (a) compromises or attempts to compromise with its creditors generally (or any significant class of creditors) in respect of the payment of any Financial Indebtedness or (b) any procedural step is taken by the Issuer (including an application, a proposal or a convening of a meeting) with a view to a compromise or arrangement with its creditors generally (or any significant class of its creditors) in respect of the payment of any Financial Indebtedness, other than, in each of (a) and (b) for purposes of a solvent reconstruction or amalgamation; or
- 18.1.7.2 the Guarantor makes or enters into (a) a readjustment or rescheduling of its Financial Indebtedness with creditors generally or (b) an assignment for the benefit of, or an arrangement or composition with, its creditors generally, in each case, other than for the purposes of a reconstruction, amalgamation, reorganisation or merger where the Guarantor is solvent; or

18.1.8 (*cessation of business*):

- 18.1.8.1 the Issuer ceases or threatens to cease to carry on its business or ceases or threatens to cease payment of its debts generally; or
- 18.1.8.2 the Guarantor ceases or threatens to cease to carry on its business or ceases or threatens to cease payment of its debts generally; or

- 18.1.9 (*breach of undertaking*): the Issuer breaches any undertaking (and/or additional undertaking) referred to in Condition 11 in relation to any Tranche of Programme Preference Shares in that Series and the Issuer fails to remedy such breach within 5 (five) Business Days after notice requiring such breach to be remedied has been given to the Issuer (in accordance with Condition 20.2) by any Programme Preference Shareholder of Programme Preference Shares in that Tranche; or
- 18.1.10 (*breach of Specified Warranty*): the Issuer breaches any Specified Warranty in relation to any Tranche of Programme Preference Shares in that Series and the Issuer fails to remedy such breach within 5 (five) Business Days after notice requiring such breach to be remedied has been given to the Issuer (in accordance with Condition 20.2) by any Programme Preference Shareholder of Programme Preference Shares in that Tranche; or
- 18.1.11 (*any other event*): an Additional Early Redemption Event in respect of any Tranche of Programme Preference Shares in that Series occurs and, where the event comprising the Additional Early Redemption Event is capable of being remedied, the Issuer fails to remedy such event within 5 (five) Business Days after notice requiring such event to be remedied has been given to the Issuer (in accordance with Condition 20.2) by any Programme Preference Shareholder of Programme Preference Shares in that Tranche.
- 18.2 The Issuer, upon becoming aware that any Early Redemption Event has occurred and is continuing in respect of any Tranche of Programme Preference Shares in a Series of Programme Preference Shares, shall forthwith give notice thereof in writing to the Guarantor, the Paying Agent, the Calculation Agent and the Transfer Agent, and to the Programme Preference Shareholders of the Programme Preference Shares in that Series (in accordance with Condition 20.1) and, if any Programme Preference Shares are listed on the Main Board of the JSE, to the JSE and the CSD.
- 18.3 If any Early Redemption Event has occurred and is continuing in respect of any Tranche of Programme Preference Shares in a Series of Programme Preference Shares then:
- 18.3.1 in the case of an Early Redemption Event specified in any of Conditions 18.1.1 to 18.1.8 inclusive, any Programme Preference Shareholder in that Series may, by notice to the Issuer in accordance with Condition 20.2 (effective upon the date of receipt thereof by the Issuer), require the Issuer to redeem all of the Programme Preference Shares in that Series held by that Programme Preference Shareholder (whether or not due for redemption) and, forthwith upon such notice being given to the Issuer, the Issuer shall redeem all of the Programme Preference Shares in that Series held by that Programme Preference Shareholder, at the Early Termination Amount; or
- 18.3.2 in the case of an Early Redemption Event specified in any of Conditions 18.1.9, any Programme Preference Shareholder of Programme Preference Shares in the Tranche of Programme Preference Shares in respect of which that Early Redemption Event has occurred may, by notice to the Issuer in accordance with Condition 20.2 (effective upon the date of receipt thereof by the Issuer), require the Issuer to redeem all of the Programme Preference Shares in that Tranche held by that Programme Preference Shareholder (whether or not due for redemption) and, forthwith upon such notice being given to the Issuer, the Issuer shall redeem all of the Programme Preference Shares in that Tranche held by that Programme Preference Shareholder, at the Early Termination Amount; or
- 18.3.3 in the case of an Early Redemption Event which is an Additional Early Redemption Event, as contemplated in Condition 18.1.11, any Programme Preference Shareholder of Programme Preference Shares in the Tranche of Programme Preference Shares in respect of which that Early Redemption Event has occurred may, by notice to the Issuer in accordance with Condition 20.2 (effective upon the date of receipt thereof by the Issuer), require the Issuer to redeem all of the Programme Preference Shares in that Tranche held by that Programme Preference Shareholder (whether or not due for redemption) and, forthwith upon such notice being given to the Issuer, the Issuer shall redeem all of the Programme Preference Shares in that Tranche held by that Programme Preference Shareholder, at the Early Termination Amount; or

- 18.3.4 in the case of any Early Redemption Event (other than an Early Redemption Event which is a breach of a Specified Warranty, as contemplated in Condition 18.1.10), Programme Preference Shareholders holding not less than 25% of the aggregate Outstanding Redemption Amount of all of the Programme Preference Shares in that Series may, by notice to the Issuer in accordance with Condition 20.2 (effective upon the date of receipt thereof by the Issuer), require the Issuer to redeem all of the Programme Preference Shares in that Series (whether or not due for redemption) and, forthwith upon such notice being given to the Issuer, the Issuer shall redeem all of the Programme Preference Shares in that Series, at the Early Termination Amount;
- 18.3.5 in the case of an Early Redemption Event which is a breach of a Specified Warranty, as contemplated in Condition 18.1.10, any Programme Preference Shareholder of Programme Preference Shares in the Tranche of Programme Preference Shares in respect of which that Early Redemption Event has occurred may either (i) enforce its rights (if any) in terms of, and subject to, Condition 7.3 or (ii) where "*Voluntary Redemption (Issuer)*" is specified in the Applicable Pricing Supplement as being applicable to that Tranche of Programme Preference Shares, enforce its rights in terms of, and subject to, Condition 13.2, as the case may be, but may take no other action in respect of that Early Redemption Event.
- 18.4 For the purposes of calculating the South African Rand equivalent of the amount of any Financial Indebtedness which is in a currency other than South African Rand, the South African Rand equivalent of the amount of that Financial Indebtedness shall be determined on the basis of the spot rate for the sale of South African Rand against the purchase of the currency of that Financial Indebtedness in the Johannesburg inter-bank foreign exchange market, as quoted by any Reference Bank selected by the Issuer.

## 19. CALCULATION AGENT, PAYING AGENT AND TRANSFER AGENT

- 19.1 Any third party appointed by the Issuer as Calculation Agent and/or Paying Agent and/or Transfer Agent shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Programme Preference Shareholders. The Issuer is entitled to vary or terminate the appointment of the Transfer Agent and/or the Calculation Agent and/or the Paying Agent in accordance with the Agency Agreement and/or to appoint additional or other agents.
- 19.2 If the Issuer elects to appoint another entity as Calculation Agent and/or Paying Agent and/or Transfer Agent, that other entity, on execution of an appropriate Agency Agreement or an appropriate accession letter to the Agency Agreement, as the case may be, shall serve in that capacity in respect of the Programme Preference Shares. The Issuer shall notify the Programme Preference Shareholders (in the manner set out in Condition 20.1) of any such appointment and, if any Programme Preference Shares are listed on the Main Board of the JSE, the Issuer shall notify the JSE of any such appointment.
- 19.3 If and to the extent that the Issuer acts as Calculation Agent and/or Paying Agent and/or Transfer Agent:
- 19.3.1 all references in the Applicable Programme Preference Share Terms and Conditions to any action, conduct or function in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and
- 19.3.2 all requirements in the Applicable Programme Preference Share Terms and Conditions for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and the Calculation Agent and/or the Paying Agent and/or the Transfer Agent shall be disregarded to the extent that the Issuer performs such role.

## 20. NOTICES

### 20.1 Notice to Programme Preference Shareholders

- 20.1.1 All notices to the Programme Preference Shareholders of Programme Preference Shares represented by Individual Certificates shall be in writing and shall be sent by registered mail to the respective postal addresses of those Programme Preference Shareholders appearing in the Register or delivered by hand to the respective addresses of those Programme Preference Shareholders appearing in the Register. Each such notice shall be deemed to have been received by the relevant Programme Preference Shareholder on the date of delivery (if such notice is delivered by hand) or the seventh day after the date on which such notice is sent by registered mail (if such notice is sent by registered mail).
- 20.1.2 For so long as any Programme Preference Shares represented by Individual Certificates are listed on the Main Board of the JSE, there may be substituted for the notice contemplated in Condition 20.1.1, the publication of the relevant notice on SENS or on any other electronic news service of general distribution.
- 20.1.3 All notices to holders of Beneficial Interest in Programme Preference Shares shall be in writing and shall be delivered by hand or transmitted by e-mail to the CSD, the JSE and the Participants, for communication by the CSD and the Participants to the holders of Beneficial Interests in such Programme Preference Shares 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 (if such notice is delivered by hand) or the date on which such notice is transmitted by e-mail (if such notice is sent by e-mail).
- 20.1.4 In addition to the applicable notice requirements set out in this Condition 20.1 above, all notices of meetings of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) shall be published on SENS.

## **20.2 Notice by Programme Preference Shareholders**

- 20.2.1 All notices to be given by any holder of Programme Preference Share/s represented by an Individual Certificate to the Issuer shall be in writing and given by delivering the notice, by hand or by registered post, together with a certified copy of the relevant Individual Certificate, to the Specified Office of the Issuer. Each such notice shall be deemed to have been received by the Issuer, if delivered to the Specified Office of the Issuer, on the date of delivery and, if sent by registered mail, on the seventh day after the day on which it is sent.
- 20.2.2 All notices to be given by any holder of a Beneficial Interest in Programme Preference Shares to the Issuer shall be in writing and given by such holder via such holder's Participant, in accordance with the Applicable Procedures, and in such manner as the Issuer and the relevant Participant may approve for this purpose.

## **21. AMENDMENTS**

- 21.1 The Issuer may effect, without the consent of any Programme Preference Shareholder, any amendment to the Programme Preference Share Terms and Conditions (or the Applicable Programme Preference Share Terms and Conditions) that is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa (including, without limitation, all Applicable Laws and the Applicable Procedures).
- 21.2 Save as is provided in Condition 21.1, no amendment to any of the Programme Preference Share Terms and Conditions (or any of the Applicable Programme Preference Share Terms and Conditions) may be effected unless (i) the proposed amendment is first approved by the JSE and, after having obtained the approval of the JSE to the proposed amendment (ii) the proposed is signed by or on behalf of the Issuer and (iii):
  - 21.2.1 if the proposed amendment is an amendment to any of the Programme Preference Share Terms and Conditions (including any of the Applicable Programme Preference Share Terms and Conditions) which are applicable to all of the Programme Preference Shares, (i) the proposed amendment is (i) approved by an Extraordinary Resolution of all of the Programme Preference

Shareholders (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Programme Preference Shareholders in terms of Condition 21.3) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Programme Preference Shareholders holding not less than 75% of the aggregate Outstanding Redemption Amount of all of the Programme Preference Shares (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Programme Preference Shareholders in terms of Condition 21.3), as the case may be;

- 21.2.2 if the proposed amendment is an amendment to any of the Programme Preference Share Terms and Conditions (including any of the Applicable Programme Preference Share Terms and Conditions) which are applicable only to certain Tranche/s of Programme Preference Shares, the proposed amendment is (i) approved by an Extraordinary Resolution of the relevant Group/s of Programme Preference Shareholders holding such Tranche/s of Programme Preference Shares (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Programme Preference Shareholders in terms of Condition 21.3) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Programme Preference Shareholders in the relevant Group/s of Programme Preference Shareholders holding not less than 75% of the aggregate Outstanding Redemption Amount of such Tranche/s of Programme Preference Shares (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Programme Preference Shareholders in terms of Condition 21.3), as the case may be.
- 21.3 After having obtained the approval of the JSE to a proposed amendment to the Programme Preference Share Terms and Conditions (including any of the Applicable Programme Preference Share Terms and Conditions) to be effected in terms of Condition 21.2, the Issuer shall (in the manner set out in Condition 20.1) notify all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) of such proposed amendment. Such notice shall (i) include the written resolution setting out such proposed amendment, (ii) the restrictions on voting under the Programme Preference Share Terms and Conditions, (iii) the last date on which all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) should return the signed written resolution, and the address to which the signed written resolution should be sent.
- 21.4 Any amendment to the Programme Preference Share Terms and Conditions (including any of the Applicable Programme Preference Share Terms and Conditions) effected in terms of this Condition 21 shall be binding on (as applicable) all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders, and any such amendment shall be notified to such Programme Preference Shareholders (in accordance with Condition 20.1) as soon as is practicable thereafter. Failure to give, or non-receipt of, such notice will not affect the validity of any such amendment.
- 21.5 The Programme Memorandum, updated to reflect an amendment to the Programme Preference Share Terms and Conditions effected in terms of this Condition 21, must be submitted to the JSE, and such amendment must be published on SENS, as soon as practicable thereafter.

## **22. MEETINGS OF PROGRAMME PREFERENCE SHAREHOLDERS**

### **22.1 Directions of Programme Preference Shareholders**

- 22.1.1 The provisions with regard to meetings of Programme Preference Shareholders are set out in this Condition 22. The provisions of this Condition 22 will apply, as applicable, to each separate meeting of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) (a "**meeting**" or the "**meeting**").
- 22.1.2 Every director or duly appointed representative of the Issuer and every other person authorised in

writing by the Issuer may attend and speak at a meeting, but shall not be entitled to vote, other than as a Programme Preference Shareholder or proxy or duly authorised representative of a Programme Preference Shareholder.

- 22.1.3 A meeting will have power, in addition to all powers specifically conferred elsewhere in the Programme Preference Share Terms and Conditions:
- 22.1.3.1 by Ordinary Resolution of all of the Programme Preference Shareholders, to give instructions to the Issuer in respect of any matter not covered by the Programme Preference Share Terms and Conditions (but without derogating from the powers or discretions expressly conferred upon the Issuer by the Programme Preference Share Terms and Conditions or imposing obligations on the Issuer not imposed or contemplated by the Programme Preference Share Terms and Conditions or otherwise conflicting with or inconsistent with the provisions of the Programme Preference Share Terms and Conditions);
  - 22.1.3.2 by Extraordinary Resolution of all of the Programme Preference Shareholders, to bind all of the Programme Preference Shareholders to any compromise or arrangement;
  - 22.1.3.3 by Extraordinary Resolution of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable), to agree to any amendment of any of the Programme Preference Share Terms and Conditions (or the applicable Programme Preference Share Terms and Conditions), subject to and in accordance with Condition 21;
  - 22.1.3.4 by Extraordinary Resolution of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable), to waive any breach or authorise any proposed breach by the Issuer of its obligations under the Programme Preference Share Terms and Conditions (including any of the Applicable Programme Preference Share Terms and Conditions) or any act or omission which might otherwise constitute an Early Redemption Event;
  - 22.1.3.5 by Extraordinary Resolution of all of the Programme Preference Shareholders, to approve the substitution of any person for the Issuer (or any previous substitute) as principal obligor under the Programme Preference Shares.
- 22.1.4 Unless otherwise specified in the Programme Preference Share Terms and Conditions (and subject to Condition 22.1.3), resolutions of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) will require an Ordinary Resolution to be passed.

## 22.2 Convening of meetings

- 22.2.1 The Issuer may at any time convene a meeting.
- 22.2.2 The Issuer will convene a meeting of (i) all of the Programme Preference Shareholders upon the requisition in writing of Programme Preference Shareholders holding not less than 15% of the Outstanding Redemption Amount of all of the Programme Preference Shares or (ii) a separate meeting of any Group/s of Programme Preference Shareholders upon the requisition in writing of Programme Preference Shareholders in such Group/s of Programme Preference Shareholders holding not less than 15% of the Outstanding Redemption Amount of the Programme Preference Shares in the relevant Tranche/s of Programme Preference Shares held by such Group/s (each such requisition, a "**requisition notice**").
- 22.2.3 A requisition notice will state the nature of the business for which the meeting is to be held, the resolutions to be proposed and considered at the meeting and the place at which the meeting is to be held, and will be deposited at the Specified Office of the Issuer. A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

## 22.3 Convening of meetings by requisitionists

If the Issuer fails to convene a meeting within 10 (ten) days of the deposit of a requisition notice, the

requisitionists may themselves convene the meeting, but the meeting so convened will be held within 30 (thirty) days from the date of such deposit and will be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Whenever the requisitionists are about to so convene any such meeting, the requisitionists shall forthwith give notice of the meeting to the Issuer and to all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable), in accordance with Condition 22.4.1.

#### **22.4 Notice of meeting**

- 22.4.1 Whenever the Issuer wishes (or is required) to convene a meeting, it will forthwith give at least 21 (twenty one) days' prior written notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) to all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) in accordance with Condition 20.1 of the date, place and time of the meeting, the nature of the business to be transacted at the meeting and the resolutions to be proposed and considered at the meeting; provided that Programme Preference Shareholders holding at least 90% of the Outstanding Redemption Amount of all of the Programme Preference Shares or Programme Preference Shareholders in the relevant Group/s of Programme Preference Shareholders holding at least 90% of the Outstanding Redemption Amount of the relevant Tranche/s of Programme Preference Shares held by such Group/s (as applicable), may agree in writing to a shorter notice period.
- 22.4.2 In addition to the applicable notice requirements set out in Condition 22.4.1, all notices of meetings shall be published on SENS.

#### **22.5 Place of meeting**

A meeting shall be held at such time and place as the Issuer may specify in the relevant notice of that meeting or, where the requisitionists convene a meeting, at such time and place as the requisitionists may specify in the relevant notice of that meeting.

#### **22.6 Quorum**

- 22.6.1 A quorum at a meeting all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) shall:
- 22.6.1.1 for the purposes of considering an Ordinary Resolution, consist of Programme Preference Shareholders, present in person or by proxy, holding in the aggregate not less than 34% of the Outstanding Redemption Amount of all of the Programme Preference Shares or the relevant Tranche/s of Programme Preference Shares held by the relevant Group/s (as applicable);
- 22.6.1.2 for the purposes of considering an Extraordinary Resolution, consist of Programme Preference Shareholders, present in person or by proxy, holding in the aggregate not less than 66.67% of the Outstanding Redemption Amount of all of the Programme Preference Shares or the relevant Tranche/s of Programme Preference Shares held by the relevant Group/s (as applicable).
- 22.6.2 No business will be transacted at a meeting unless a quorum is present at the time when the meeting proceeds to business.
- 22.6.3 If, within 30 (thirty) minutes from the time appointed for the meeting, a quorum is not present, the meeting will, if it was convened upon the requisition of the relevant Programme Preference Shareholders, be dissolved. In every other case the meeting will stand adjourned (unless the Issuer agrees that it be dissolved) to the same day in the second week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. If at such adjourned meeting a quorum is not present, the relevant Programme Preference Shareholders present in person or by proxy at such adjourned meeting will constitute a quorum for the purpose of considering any resolution, including an Ordinary Resolution and an Extraordinary Resolution.

## 22.7 Chairman

The Issuer or its representative will preside as chairman at a meeting. If the aforesaid person is not present within 15 (fifteen) minutes of the time appointed for the holding of the meeting, the Programme Preference Shareholders then present will choose one of their own number to preside as chairman at that meeting. The procedures to be followed at the meeting shall be as determined by the chairman subject to this Condition 22. The chairman of an adjourned meeting need not be the same person as was chairman of the original meeting.

## 22.8 Adjournment

- 22.8.1 Subject to the provisions of this Condition 22, the chairman of a meeting may with the consent of (and shall if directed by) the relevant Programme Preference Shareholders then present, adjourn the meeting from time to time and from place to place.
- 22.8.2 At least 10 (ten) days' written notice of any meeting adjourned through want of a quorum will be given in the same manner as of the original meeting and such notice will state that the relevant Programme Preference Shareholders present in person or by proxy at the adjourned meeting will constitute a quorum. Otherwise it shall not be necessary to give notice of an adjourned meeting.
- 22.8.3 No business will be transacted at any adjourned meeting other than the business left unfinished at the original meeting which was adjourned.

## 22.9 How resolutions are decided

At a meeting, a resolution put to the vote will be decided on a poll. In the case of an equality of votes, the chairman will not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

## 22.10 Votes

- 22.10.1 Voting of Programme Preference Shareholders shall only take place on a poll and not on a show of hands. Subject to Condition 22.10.2, on a poll, each Programme Preference Shareholder present in person or by proxy, will be entitled to that proportion of the total votes which the Outstanding Redemption Amount of the Programme Preference Shares held by that Programme Preference Shareholder bears to the Outstanding Redemption Amount of all of the Programme Preference Shares or the Tranche/s of Programme Preference Shares held by the relevant Group/s (as applicable).
- 22.10.2 The Companies Act and the Issuer's MOI shall govern the participation (if any) and the voting rights (if any) of Programme Preference Shareholders at any meeting of the shareholders of the Issuer or any meeting of any class of shareholders of the Issuer.
- 22.10.3 The holders of Beneficial Interests in Programme Preference Shares must vote in accordance with the CSD Procedures. Holders of Beneficial Interests in Programme Preference Shares must exercise their respective rights to vote through their respective Participants. The respective Participants will vote in accordance with the respective instructions conveyed to them by the respective holders of Beneficial Interests in Programme Preference Shares, in accordance with the CSD Procedures.
- 22.10.4 The Issuer shall not have any voting rights in respect of any Programme Preference Shares held by it.

## 22.11 Proxies and representatives

- 22.11.1 Programme Preference Shareholders present at a meeting either in person or by proxy may vote on a poll. A Programme Preference Shareholder may by an instrument in writing (a "**form of proxy**") signed by that Programme Preference Shareholder or, in the case of a juristic person, signed on its behalf by a duly authorised officer of the juristic person, appoint any person (a "**proxy**") to act on his or its behalf in connection with any meeting or proposed meeting.



- 22.11.2 A person appointed to act as proxy need not be a Programme Preference Shareholder.
- 22.11.3 The proxy form must be deposited at the Specified Office of the Issuer not less than 24 (twenty four) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote.
- 22.11.4 No proxy form will be valid after the expiration of 6 (six) months from the date named in it as the date of its execution.
- 22.11.5 Notwithstanding Condition 22.11.4, a proxy form will be valid for any adjourned meeting, unless the contrary is stated thereon.
- 22.11.6 A vote given in accordance with the terms of a proxy form will be valid notwithstanding the previous death or incapacity of the principal or revocation or amendment of the proxy form or of any of the instructions of the Programme Preference Shareholder pursuant to which the proxy form was executed or of the authority under which the proxy form was executed or the transfer of the relevant Programme Preference Shares in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity, revocation or amendment shall have been received by the Issuer at its Specified Office more than, and that the transfer has been given effect to less than, 12 (twelve) hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.
- 22.11.7 Any Programme Preference Shareholder which is a juristic person may, by resolution of its directors or other governing body, authorise any person to act as its representative in connection with any meeting or proposed meeting. Any reference in the Programme Preference Share Terms and Conditions to a Programme Preference Shareholder present at a meeting in person includes the duly authorised Representative of a Programme Preference Shareholder which is a juristic person.

## **22.12 Binding effect of resolutions**

A resolution passed at a meeting of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) duly convened and held in accordance with the provisions of this Condition 22 is binding on all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable), whether present or not present at such meeting, and each of such Programme Preference Shareholders shall be bound to give effect thereto accordingly. The passing of any such resolution shall be conclusive evidence (unless the contrary is proved) that the circumstances of such resolution justify the passing of it.

## **22.13 Signed resolution**

A resolution in writing signed by or on behalf of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) shall be as valid and effectual as an Extraordinary Resolution passed at a meeting of such Programme Preference Shareholders duly convened and held in accordance with the provisions contained in this Condition 22.

## **22.14 Minutes**

The Issuer will cause minutes of all resolutions and proceedings of meetings to be duly entered in books to be provided by the Issuer for that purpose. Any such minutes, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, will be receivable in evidence without any further proof, and until the contrary is proved, a meeting of all of the Programme Preference Shareholders or the relevant Group/s of Programme Preference Shareholders (as applicable) in respect of the proceedings of which minutes have been so made will be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

## 23. TAP ISSUES

The Issuer shall be at liberty from time to time, without the consent of any Programme Preference Shareholder, to create and issue a Tranche of Programme Preference Shares ("**Tap Issue Programme Preference Shares**") having terms and conditions which are identical to any other Tranche of Programme Preference Shares already in issue under the Programme ("**Tapped Programme Preference Shares**") (save for their respective Issue Prices, Issue Dates and aggregate Redemption Amounts), so that the Tap Issue Programme Preference Shares (i) are consolidated with the Tapped Programme Preference Shares and form part of the same Tranche of Tapped Programme Preference Shares and (ii) rank *pari passu* in all respects with the Tapped Programme Preference Shares.

## 24. THE COMPANIES ACT

24.1 Notwithstanding anything to the contrary contained in the Programme Preference Share Terms and Conditions or the Programme Memorandum, (i) the Issuer, (ii) each Tranche of Programme Preference Shares, and (iii) each of the Programme Preference Shareholders, shall be subject to all of the applicable provisions of the Companies Act including, without limiting the generality of the foregoing, sections 37 and 46 of the Companies Act ("**Applicable Provisions**").

24.2 In relation to (i) the Issuer, (ii) each Tranche of Programme Preference Shares and (iii) each of the Programme Preference Shareholders:

24.2.1 the Applicable Provisions are deemed to be incorporated by reference into the Programme Preference Share Terms and Conditions (and the Applicable Programme Preference Share Terms and Conditions); and

24.2.2 to the extent that there is any conflict or inconsistency between the Applicable Provisions and any of the Programme Preference Share Terms and Conditions (or any of the Applicable Programme Preference Share Terms and Conditions), the Applicable Provisions shall prevail; and

24.2.3 to the extent that, in consequence of such conflict, the Applicable Provisions replace, amend, or supplement any of the Programme Preference Share Terms and Conditions (or any of the Applicable Programme Preference Share Terms and Conditions), any reference to the "Programme Preference Share Terms and Conditions" (or the "Applicable Programme Preference Share Terms and Conditions") in the Programme Memorandum and/or the Applicable Pricing Supplement shall be deemed to include the Programme Preference Share Terms and Conditions (or the Applicable Programme Preference Share Terms and Conditions) as so replaced, amended and/or supplemented.

## 25. SEVERABILITY

Should any of the Applicable Programme Preference Share Terms and Conditions be, or become, invalid, the validity of the remaining Applicable Programme Preference Share Terms and Conditions shall not be affected in any way.

## 26. GOVERNING LAW

The Programme Memorandum, the Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions are governed by and shall be construed in accordance with, the laws of South Africa.

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**USE OF PROGRAMME PREFERENCE SHARE PROCEEDS**

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The Issuer will use the proceeds of the issue of a Tranche of Programme Preference Shares for its general corporate purposes and in such a manner as to ensure that the use of such proceeds complies with the Specified Warranties (if any) set out in the Applicable Pricing Supplement.

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**AMENDED PROGRAMME PREFERENCE SHARE GUARANTEE**


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Set out below is an extract from the Amended Programme Preference Share Guarantee:

**Guarantee Deed Poll**

Dated 8 September 2016

(amending and replacing the guarantee deed poll dated 14 December 2012)

By Macquarie Group Limited (ABN 94 122 169 279) ("**Guarantor**")

in relation to the ZAR 10,000,000,000 Debt Instrument Programme ("**Programme**") of Macquarie Securities South Africa Limited (Registration Number 2006/023546/06) ("**Issuer**").

**Details**

Deed poll by		
<b>Guarantor</b>	<b>Name</b>	<b>Macquarie Group Limited</b>
	ABN	94 122 169 279
	Address	50 Martin Place Sydney NSW 2000
	Telephone	+61 2 8232 3333
	Fax	+61 2 8232 4330
	Attention	Company Secretary
<b>In favour of</b>	Programme Preference Shareholders	
<b>Governing law</b>	New South Wales	
<b>Date of deed poll</b>	See Signing Page	
<b>Recitals</b>	<p>A. The Guarantor has provided a guarantee in favour of the Programme Preference Shareholders of Existing Programme Preference Shares under the 2012 Guarantee Deed Poll.</p> <p>B. The Guarantor wishes, for the benefit of Existing Programme Preference Shareholders and New Programme Preference Shareholders, to amend the 2012 Guarantee Deed Poll for technical and formal amendments (1) to remove any doubt that the Guaranteed Amounts (as defined in the 2012 Guarantee Deed Poll) include amounts that the Issuer has failed to pay because payment of such amounts is prohibited in terms of section 46 of the Companies Act and (2) to recognise the 2016 update of the Programme Memorandum.</p> <p>C. This deed poll, on and with effect from the Programme Date, amends and replaces the 2012 Guarantee Deed Poll in its entirety.</p>	

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**General terms**
**1 Interpretation**
**1.1 Definitions**

In the interpretation of this deed poll in relation to any Tranche of Programme Preference Shares, unless inconsistent with the context, terms used with a capitalised first letter, and not otherwise

defined herein, shall, have the meanings ascribed thereto in the Applicable Terms and Conditions for those Programme Preference Shares, and these terms have the following meanings:

**2012 Guarantee Deed Poll** means the guarantee deed poll, dated 14 December 2012, executed by the Guarantor in relation to the Programme Preference Shares.

**Accountable Taxes** means any Taxes imposed by the Commonwealth of Australia or the Republic of South Africa other than those which would not be required to be deducted by the Guarantor if the Programme Preference Shareholder provided the Guarantor with its name, address, registration number, Australian tax file number (if any), Australian Business Number (if any) or similar details or details of any exemption from the requirement to do so.

**Applicable Pricing Supplement** means, in relation to a Tranche of Programme Preference Shares, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Programme Preference Shares, setting out the additional and/or other terms and conditions which are applicable to that Tranche of Programme Preference Shares, based upon the *pro forma* Applicable Pricing Supplement which is set out in the Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement - Programme Preference Shares*" or the *pro forma* Applicable Pricing Supplement which is set out in the section of the Previous Programme Preference Share PM headed "*Pro Forma Applicable 'C' Preference Share Pricing Supplement*" (as applicable);

**Applicable Terms and Conditions** means, in relation to a Tranche of Programme Preference Shares, the Programme Preference Share Terms and Conditions or the Previous Programme Preference Share Conditions (as applicable), as replaced, amended and/or supplemented by the terms and conditions set out in the Applicable Pricing Supplement relating to that Tranche of Programme Preference Shares.

**Beneficial Interest** has the meaning specified in the Programme Preference Share Terms and Conditions.

**Class** means a Tranche of Existing Programme Preference Shares together with any further Tranche or Tranches of Existing Programme Preference Shares which are (a) expressed in the Authorising Resolution (as defined in the Previous Programme Preference Share Conditions) to form part of the same Class as another Tranche of Existing Programme Preference Shares, and (b) identical in all respects (including as to listing) except for their respective Issue Dates and/or Issue Prices.

**Companies Act** means the South African Companies Act, 2008, as amended from time to time.

**Details** means the last section of the Programme Memorandum specifying the Guarantor's details.

**Excluded Beneficiaries** means, in relation to a Tranche of Programme Preference Shares, any person or group of persons who are or become Programme Preference Shareholders and who are specified in the Applicable Pricing Supplement to be "Excluded Beneficiaries".

**Existing Programme Preference Shareholders** means collectively, the Programme Preference Shareholders of Existing Programme Preference Share and **Exiting Programme Preference Shareholder** means any of them.

**Existing Programme Preference Shares** means "'C' Preference Shares" (as defined in the Previous Programme Preference Share Conditions) issued under the Programme, pursuant to the Previous Programme Preference Share PM, which remain in issue under the Programme as at the Programme Date.

**Extraordinary Resolution** means a resolution passed at a duly convened meeting of all of the Programme Preference Shareholders or the relevant Group of Programme Preference Shareholders or the relevant Groups of Programme Preference Shareholders (as applicable), upon a poll, by a majority consisting of not less than three-quarters of the votes cast on such poll.

**Group of Programme Preference Shareholders** means (as applicable) the Programme Preference Shareholders of the Programme Preference Shares in a Tranche of Programme Preference Shares or the Programme Preference Shareholders of the Programme Preference Shares in more than one Tranche of Programme Preference Shares in a Class or Series of Programme Preference Shares or the Programme Preference Shareholders of Programme Preference Shares in a Class or Series of Programme Preference Shares.

**Guaranteed Amounts** means all amounts owing by the Issuer in respect of the Programme Preference Shares under the Applicable Terms and Conditions (including, for the avoidance of doubt, any other amount due under the Applicable Terms and Conditions that the Issuer has failed to pay on the due date for payment thereof for any reason whatsoever, including by reason of the operation of section 46 of the Companies Act where the Issuer is prohibited from making payment of a "distribution" (including a Programme Preference Dividend (as defined in the Programme Preference Share Terms and Conditions or a "C" Preference Dividend (as defined in the Previous Programme Preference Share Conditions)) in terms of section 46 of the Companies Act).

**Individual Certificate** means the single certificate in definitive registered form without interest coupons representing Programme Preference Shares for which a Beneficial Interest has been exchanged in accordance with the Applicable Terms and Conditions.

**Issuer** means Macquarie Securities South Africa Limited, a company incorporated under the laws of the Republic of South Africa (registration number 2006/023546/06).

**New Programme Preference Shareholders** means, collectively, the Programme Preference Shareholders of New Programme Preference Shares and **New Programme Preference Shareholder** means any of them.

**New Programme Preference Shares** means "Programme Preference Shares" (as defined in the Programme Preference Share Terms and Conditions) issued under the Programme, pursuant to the Programme Memorandum, on or after the Programme Date.

**Notes** and **Noteholder** have the meanings given to those terms in the Programme Preference Share Terms and Conditions.

**Person** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of state or other entity, whether or not having separate legal personality.

**Previous Programme Memorandum** means the Amended and Updated Programme Memorandum, dated 17 May 2012, as amended and supplemented by the Supplement dated 25 June 2012, the Supplement dated 14 December 2012, the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013.

**Previous Programme Preference Share PM** means the portion of the Previous Programme Memorandum comprising the Supplement, dated 14 December 2012, as amended and supplemented by the Supplement dated 14 February 2013 and the Supplement dated 20 March 2013.

**Previous Programme Preference Share Conditions** means the section of the Previous Programme Preference Share PM headed "*Terms and Conditions of the "C" Preference Shares*".

**Programme** means the Macquarie Securities South Africa Limited ZAR10,000,000,000 Debt Instrument Programme (as that limit may be increased from time to time) under which the Issuer may issue unsecured notes or other similar instruments of any kind from time to time.

**Programme Date** means the date of the Programme Memorandum, being 8 September 2016.

**Programme Memorandum** means the consolidated amended and updated Programme Memorandum, dated 8 September 2016, prepared by the Issuer in respect of the Programme;

provided that if the Issuer publishes a new Programme Memorandum or a supplement to the Programme Memorandum, as the case may be, references to "*Programme Memorandum*" shall be construed as references to that new Programme Memorandum or the Programme Memorandum as supplemented, as the case may be.

**Programme Preference Shares** means, collectively, the Existing Programme Preference Shares and the New Programme Preference Shares and **Programme Preference Share** means any of them.

**Programme Preference Shareholders** means, collectively, (i) the registered Programme Preference Shareholder/s of the Programme Preference Share/s, determined in accordance with the rules and operating procedures for the time being of the CSD and Participants (in the case of Programme Preference Shares held in the CSD) and (ii) the holders of Programme Preference Shares recorded as the registered Programme Preference Shareholders of such Programme Preference Shares in the Register (in the case of Programme Preference Shares which are represented by Individual Certificates) and **Programme Preference Shareholder** means any of them.

**Programme Preference Share Guarantee** means the guarantee given by the Guarantor in clause 3.1(a) ("Programme Preference Share Guarantee").

**Programme Preference Share Terms and Conditions** means the section of the Programme Memorandum headed "Terms and Conditions of the Programme Preference Shares".

**Register** means the register of the Issuer's securities (including the register of the Issuer's uncertificated securities) contemplated in (and maintained in accordance) with Part E of the Companies Act 2008 of South Africa.

**Series** means a Tranche of New Programme Preference Shares which, together with any other Tranche/s of New Programme Preference Shares, is expressed in the relevant Applicable Pricing Supplements to form a single series of New Programme Preference Shares.

**Taxes** means taxes, levies, imposts, charges and duties imposed by any authority (including stamp and transaction duties) together with any related interest, penalties, fines and expenses in connection with them, except if imposed on, or calculated having regard to, the net income of the relevant Programme Preference Shareholder.

**Tranche** means those Programme Preference Shares which are identical in all respects (including as to listing) and in respect of which the same Applicable Pricing Supplement applies.

## 1.2 Interpretation

Unless the contrary intention appears, a reference in this deed poll to:

- a) an agreement, representation or warranty in favour of two or more Persons is for the benefit of them collectively and each of them individually;
- b) anything (including an amount) is a reference to the whole and each part of it;
- c) a document (including this deed poll) includes any variation or replacement of it;
- d) law means common law, principles of equity, and laws made by parliament (and laws made by parliament include State, Territory and Commonwealth laws and regulations and other instruments under them, and consolidations, amendments, re-enactments or replacements of any of them);
- e) a "*directive*" includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any such case having the force of law) with which responsible participants in the relevant market generally comply;
- f) Australian dollars, A\$ or AUD is a reference to the lawful currency of Australia;

- g) Rand or ZAR is a reference to the lawful currency of South Africa;
- h) a particular Person includes a reference to the Person's executors, administrators, successors, substitutes (including Persons taking by novation) and assigns; and
- i) the words "*including*", "*for example*" or "*such as*" when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

### **1.3 Number**

The singular includes the plural and *vice versa*.

### **1.4 Headings**

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of this deed poll.

### **1.5 Incorporated definitions**

In the interpretation of this deed poll in relation to any Tranche of Programme Preference Shares, a term defined in the Applicable Terms and Conditions relating to those Programme Preference Shares has the same meaning when used in this deed poll unless it is expressly defined in this deed poll, in which case the meaning in this deed poll prevails.

### **1.6 Amendment and replacement**

- a) This deed poll shall, on and with effect from the Programme Date, be deemed to amend the 2012 Guarantee Deed Poll in accordance with clause 4.1(a) thereof and replaces the 2012 Guarantee Deed Poll in its entirety. By such amendment and replacement of the 2012 Guarantee Deed Poll, that document shall be deemed to be terminated.
- b) No Programme Preference Shareholder shall have any entitlement to exercise any rights or remedies under this deed poll to the extent that such exercise results in the double recovery for the same obligation as has been claimed for under the 2012 Guarantee Deed Poll or that has been awarded in any judgment obtained against the Guarantor in respect of the 2012 Guarantee Deed Poll.

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## **2 Deed poll**

### **2.1 Benefit**

- a) Each Programme Preference Shareholder has the benefit of, and is entitled to enforce, this deed poll even though it is not a party to, or is not in existence at the time of execution and delivery of, this deed poll.
- b) This deed poll is granted for the benefit of each Person who at any time is or becomes a Programme Preference Shareholder.
- c) For the avoidance of doubt, a Noteholder and the holder of a Beneficial Interest in a Note do not have the benefit of, and are not entitled to enforce, this deed poll.
- d) The Guarantor is not bound to take notice of, or to accede to the execution of any trust, express, implied or constructive, to which any Programme Preference Share may be subject.
- e) Notwithstanding anything to the contrary herein, Excluded Beneficiaries do not have the benefit of, and are not entitled to enforce, this deed poll.

### **2.2 Programme Preference Shareholder's independent rights**

Each Programme Preference Shareholder may enforce its rights under this deed poll independently from each other Programme Preference Shareholder.



### **2.3 Each Programme Preference Shareholder having notice and being bound**

The Programme Preference Share Guarantee and the other undertakings in this deed poll are given subject to and on the basis that each Programme Preference Shareholder is taken to have notice of, and be bound by, all the provisions of this deed poll and the Applicable Terms and Conditions.

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## **3 Terms of Programme Preference Share Guarantee**

### **3.1 Programme Preference Share Guarantee**

- a) The Guarantor unconditionally and irrevocably guarantees to each Programme Preference Shareholder the due and punctual payment by the Issuer of the Guaranteed Amounts as and when the same become due and payable, and accordingly undertakes to pay to such Programme Preference Shareholder within 10 (ten) Business Days of receipt by the Guarantor of written demand stipulating any Guaranteed Amounts which the Issuer is at any time liable to pay in respect of such Programme Preference Shares, and which the Issuer has failed to pay, in the manner and currency prescribed by the Applicable Terms and Conditions for payments by the Issuer in respect of such Programme Preference Shares.
- b) The Guarantor acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Programme Preference Shares and that the Guarantor shall be liable as principal and sole obligor under this deed poll to make the payments undertaken to be made by it pursuant to the Programme Preference Share Guarantee until the later of the date on which the Programme is terminated by the Issuer and the date on which all the obligations of the Issuer in respect of the Programme Preference Shares have been discharged in full (including in respect of any Programme Preference Dividend (each as defined in the Programme Preference Share Terms and Conditions), Additional "C" Preference Dividends (as defined in the Previous Programme Preference Share Conditions) and/or Additional Amounts (as defined in the Previous Programme Preference Share Conditions or the Programme Preference Share Terms and Conditions, as the case may be) (as applicable)), notwithstanding the occurrence of any event referred to in clause 3.3 ("Continuing Guarantee").
- c) The Programme Preference Share Guarantee is a direct unsecured obligation of the Guarantor. The Guarantor's payment obligations under the Programme Preference Share Guarantee rank at least equally with the claims of its unsecured and unsubordinated creditors, except creditors mandatorily preferred by law.

### **3.2 Withholding Tax**

If a law requires the Guarantor to withhold or deduct an amount in respect of Taxes from a payment in respect of the Programme Preference Shares such that the Programme Preference Shareholder would not actually receive on the due date the full amount of the Guaranteed Amounts, then:

- a) the Guarantor agrees to deduct the amount for the Taxes (and any further withholding or deduction applicable to any additional amount due under paragraph (c) below);
- b) the Guarantor agrees to pay the amount deducted to the relevant authority in accordance with applicable law and give the original receipts to the Programme Preference Shareholder; and
- c) if the amount deducted or withheld is in respect of Accountable Taxes, the amount payable is increased so that, after making the deduction and further deductions applicable to additional amounts payable under this clause, each Programme Preference Shareholder is entitled to receive (at the time the payment is due) the amount it would have received if no deductions or withholdings had been required to be made.

### 3.3 Continuing guarantee

The Programme Preference Share Guarantee is a continuing obligation despite any intervening payment, settlement or other thing and extends to all of the Guaranteed Amounts.

The obligations, covenants, agreements and duties of the Guarantor under the Programme Preference Share Guarantee and this deed poll shall in no way be affected or impaired by reason of the happening from time to time of any of the following:

- a)
  - (i) any amendment to, or variation of; or
  - (ii) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of,
 

any express or implied agreement, covenant, term or condition relating to the Programme Preference Shares to be performed or observed by or on behalf of the Issuer;
- b) any failure, omission, delay or lack of diligence on the part of Programme Preference Shareholders to enforce, assert or exercise any right, privilege, power or remedy conferred on Programme Preference Shareholders pursuant to the Applicable Terms and Conditions, or any action on the part of the Issuer granting indulgence or extension of any kind;
- c) the voluntary or involuntary winding-up, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganisation, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;
- d) any invalidity of, or defect or deficiency in, the Programme Preference Shares;
- e) the settlement or compromise of any obligation guaranteed hereby or hereby incurred; or
- f) any other act, event or omission which, but for this clause 3.3, may operate to discharge, impair or otherwise affect the obligations of the Guarantor as set out in this deed poll or any of the rights conferred upon any Programme Preference Shareholder by this Programme Preference Share Guarantee, or by law.

There shall be no obligation on the Programme Preference Shareholders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

### 3.4 Enforcement; rights of remedy

- a) A Programme Preference Shareholder may enforce the Programme Preference Share Guarantee directly against the Guarantor on written demand and the Guarantor waives any right it has of first requiring a Programme Preference Shareholder to:
  - (i) make a demand against the Issuer;
  - (ii) commence proceedings against the Issuer;
  - (iii) make a claim, or file any proof of debt, in any proceeding described in clause 3.3(c) ("**Continuing Guarantee**"); or
  - (iv) enforce any other right against the Issuer or any other Person or entity,

save for the delivery by the Programme Preference Shareholder to the Guarantor (or its nominee) of (i) any Individual Certificate representing the Programme Preference Shares (if applicable) and/or (ii) any other conclusive proof that the Programme Preference Shareholder holds or held (as the case may be) the Programme Preference Share to which the enforcement claim relates before proceeding against the Guarantor in accordance with the terms of this deed poll.
- b) The Guarantor agrees that the Programme Preference Share Guarantee shall not be discharged except by complete performance of all obligations of the Guarantor under the

Programme Preference Share Guarantee.

- c) The obligations, covenants, agreements and duties of the Guarantor under the Programme Preference Share Guarantee and this deed poll shall in no way be affected or impaired by reason of any indulgence granted by a Programme Preference Shareholder to the Guarantor or a Programme Preference Shareholder not exercising any rights against the Guarantor which may have arisen in the past.
- d) Where any discharge in respect of the Guaranteed Amount is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition, which discharge or arrangement is avoided, reduced or must be repaid on winding-up or repaid otherwise without limitation, the liability of the Guarantor under the Programme Preference Share Guarantee shall continue as if there had been no such discharge.

### **3.5 Subrogation**

The Guarantor shall be subrogated to any and all rights of the Programme Preference Shareholders against the assets of the Issuer in respect of any amounts paid to the Programme Preference Shareholders by the Guarantor under the Programme Preference Share Guarantee. The Guarantor shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, right of reimbursement or other agreement, in any such case as a result of a payment under the Programme Preference Share Guarantee if, at the time of any such payment, any amounts are due and unpaid under the Programme Preference Share Guarantee.

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## **4 Amendments**

### **4.1 General**

The Guarantor is entitled, without any authority or assent on the part of the Programme Preference Shareholders or any Group of them, to amend or to add to this deed poll (including as it applies to any Programme Preference Shares then in issue) if such amendment or addition, in the opinion of the Guarantor, acting reasonably:

- a) is of a formal, minor or technical nature; or
- b) is made to correct a manifest error.

### **4.2 Amendments with approval of Programme Preference Shareholders**

This deed poll may, in addition to clause 4.1 above, be amended or added to if such amendment or addition is in writing and signed by or on behalf of the Issuer, the Guarantor and is (a) approved by an Extraordinary Resolution of that relevant Group of Programme Preference Shareholders (or those Groups of Programme Preference Shareholders) or (b) is signed by or on behalf of Programme Preference Shareholders in that Group of Programme Preference Shareholders (or those Groups of Programme Preference Shareholders) holding not less than 75% of the aggregate Outstanding Redemption Amounts of all of the Programme Preference Shares in that Group of Programme Preference Shareholders (or those Groups of Programme Preference Shareholders), as the case may be.

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## **5 General**

### **5.1 Supervening legislation**

Any present or future legislation which operates to vary the obligations of the Guarantor in connection with this deed poll with the result that the rights, powers or remedies of the Programme Preference Shareholders are adversely affected (including by way of delay or postponement) is excluded except to the extent that its exclusion is prohibited or rendered

ineffective by law.

## **5.2 Copies of the Programme Preference Share Guarantee**

A copy of this deed poll will be deposited with and held by the Issuer until the later of:

- a) the date on which the Programme is terminated by the Issuer; and
- b) the date on which all the obligations of the Issuer under or in respect of all Programme Preference Shares have been discharged in full.

Within 14 days of the Guarantor receiving a written request from a Programme Preference Shareholder to do so, the Guarantor:

- (i) must produce, or must procure that the Issuer produces, the original of this deed poll for inspection by the Programme Preference Shareholder; or
- (ii) provide to the Programme Preference Shareholder a certified copy of this deed poll.

## **6 Notices and other communications**

### **6.1 Notices to the Guarantor**

All notices and other communications to the Guarantor must be in writing, signed by the sender (if an individual) or an authorised officer of the sender and marked for the attention of the Person identified in the Details or, if the sender has been notified otherwise, then marked for attention in the last way notified.

### **6.2 Delivery**

Communications must be:

- a) left at the address set out or referred to in the Details; or
- b) sent by courier to the address set out or referred to in the Details; or
- c) sent by fax to the fax number set out or referred to in the Details;

However, if the sender has been notified of a changed address or fax number, then communications must be to that address or number.

### **6.3 When effective**

Communications take effect from the time they are received or taken to be received under clause 6.4 ("**When taken to be received**") (whichever happens first) unless a later time is specified.

### **6.4 When taken to be received**

Communications are taken to be received:

- a) if left at the address set out or referred to in the Details or sent by courier, on the day of delivery; or
- b) if sent by fax, at the time shown in the transmission report as the time that the whole fax was sent.

## **7 Governing law and service**

### **7.1 Governing law**

This deed poll is governed by, and shall be construed in accordance with, the laws in force in New South Wales, Australia.

## **7.2 Jurisdiction**

The Guarantor irrevocably agrees that the courts of New South Wales and the courts of appeal from them are to have jurisdiction to settle any disputes which may arise out of or in connection with this deed poll and that, accordingly, any suit, action or proceedings arising out of or in connection therewith (together referred to as "**Proceedings**") may be brought in such courts.

The Guarantor irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of New South Wales and courts of appeal from them and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably and unconditionally agrees that a final judgment in any Proceedings brought in the courts of New South Wales and courts of appeal from them, shall be conclusive and binding upon the Guarantor and may be enforced in the courts of any other jurisdiction.

Nothing contained in this section shall limit any rights of a Programme Preference Shareholder to take Proceedings against the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other competent jurisdiction, whether concurrently or not, to the extent permitted by applicable law.

## **7.3 Serving documents**

Without preventing any other method of service, any document in a court action may be served on a party by being delivered to or left at that party's address for service of notices provided for in clause 6.2 ("Delivery").

**EXECUTED** as a deed poll.

**Signing page**

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## DESCRIPTION OF THE ISSUER

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### INTRODUCTION

After collaboration in joint ventures with major South African banks since 1998, from which numerous new derivative products were launched, Macquarie Group made the decision to establish a standalone entity to offer equity derivative products from the Macquarie Group franchise to South African clients.

Macquarie Securities South Africa Limited (incorporated with limited liability under registration number 2006/023546/06 in South Africa) ("**Issuer**") was incorporated as a limited liability private company and registered in South Africa in 2006. On 26 September 2013, the Issuer was converted to a limited liability public company. The Issuer is directly and wholly-owned by Macquarie EMG Holdings Pty Limited ("**MEH**"), a limited liability company in the Commonwealth of Australia having its principal place of business in Sydney, Australia. MEH is indirectly and wholly-owned by MGL.

The registered office of the Issuer is situated at Level 2, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa.

The company secretary of the Issuer is David Carl Scheppening. The registered office of the company secretary of the Issuer is Level 2, Great Westerford, 240 Main Road, Rondebosch, Cape Town, 7700, South Africa.

The telephone number of the Issuer's principal place of business is + 27 21 813 2600.

### OWNERSHIP

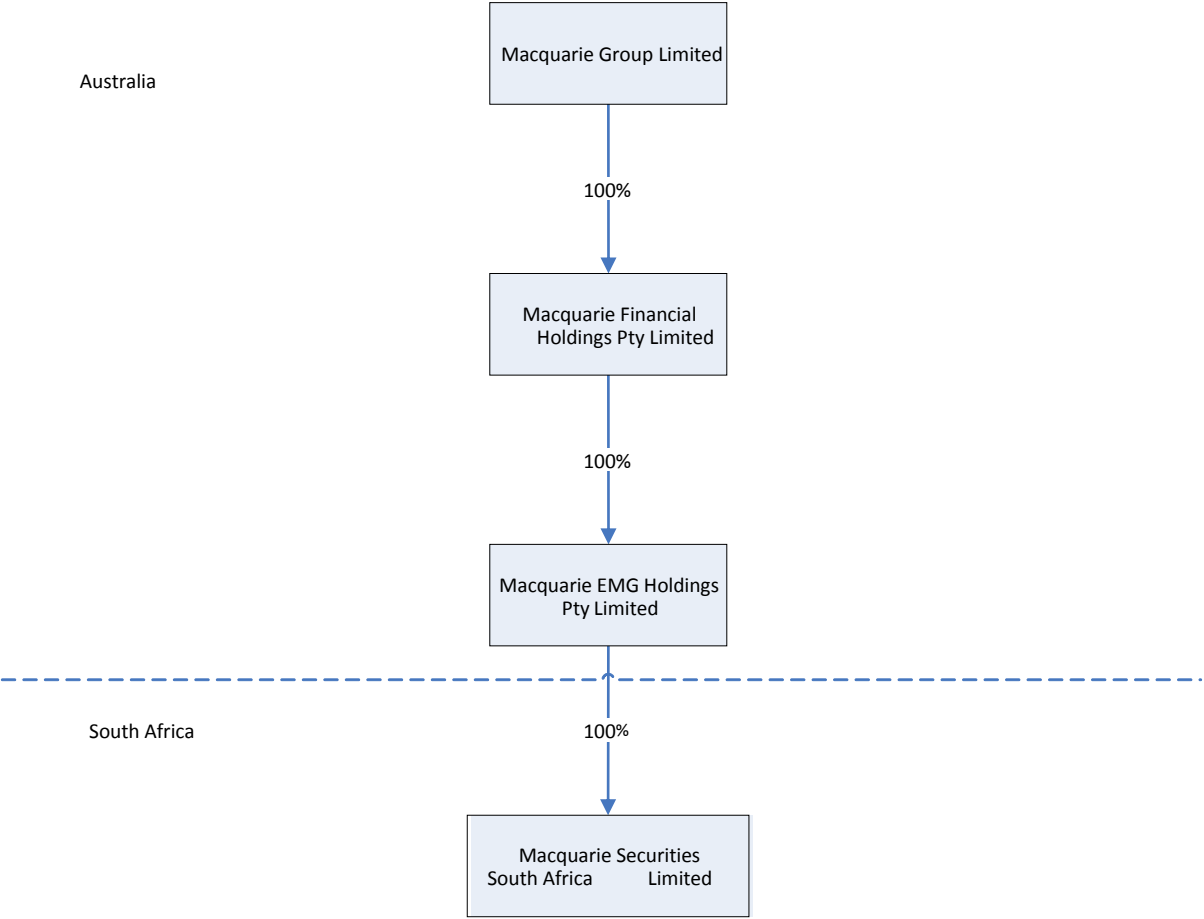
The Issuer is indirectly and wholly owned by MGL.

The authorised ordinary share capital of the Issuer comprises 328,000 ordinary shares and 190,000,000 class "B" ordinary shares. The issued ordinary share capital of the Issuer comprises 327 100 ordinary shares and 190 000 000 class "B" ordinary shares.

The Issuer intends to issue additional preference shares in the future as part of the Issuer's normal business.

The ownership structure of the Issuer is set out below by shareholding:

Ownership structure



## DESCRIPTION OF BUSINESS

The Issuer is licensed as a "*financial services provider*" under the Financial Advisory and Intermediary Services Act, 2002 and is an "*authorised user*" under the Financial Markets Act (the Issuer is a member of the JSE). The Issuer offers a range of trading and risk management solutions and specialised investment strategies to institutional and corporate clients and intermediaries. The Issuer's primary offering comprises the provision of equity derivative products over South African listed equity securities. In the ordinary course of its business the Issuer also makes principal investments into listed and unlisted debt and equity securities.

The business is supported by a Capital Management team that oversees the Treasury function of the business and an active securities lending team that ensures efficient utilisation of equity holdings.

The Issuer's business is further supported by Risk Management, Finance, Information Technology, Settlement Services, Equity Markets Operations, Human Resources Services and Business Services teams, as well as utilising the central Group Treasury team for its funding needs.

## MANAGEMENT STRATEGY

The management of the Issuer understands the value of combining local market knowledge and expertise with international experience and support. The Macquarie Group has a highly regarded equity research and broking business that works closely with market making, equity finance and structured finance teams that have well established relationships in South Africa.

The Issuer's senior executive management roles are as follows:

- Graham Alexander Crawford – Managing Director and Country Head;
- Izan Zybrands – Chief Operations Officer;
- Nicholas Richard Luck – Head of Sales & Trading.

## FINANCIAL RISK MANAGEMENT

Risk is an integral part of the Macquarie Group's businesses. The main risks faced by the Issuer are market risk, credit risk, equity risk, liquidity risk, operational risk, compliance risk, foreign exchange risk, and legal and regulatory risk (see the section of this Programme Memorandum headed "*Risk Factors*" under "*Risks relating to the Issuer*").

Responsibility for management of these risks lies with the individual businesses giving rise to them. It is the responsibility of the Risk Management Group ("**RMG**") to ensure appropriate assessment and management of these risks on an on-going basis.

RMG is independent of all other areas of the Macquarie Group, reporting directly to the Managing Director and the Board of MGL. The Head of RMG is a member of the Executive Committee of the Guarantor. RMG authority is required for all material risk acceptance decisions. RMG identifies, quantifies and assesses all material risks and sets prudential limits. Where appropriate, these limits are approved by the Executive Committee and the Board.

The risks which the Issuer is exposed to are managed on a globally consolidated basis for MGL as a whole, including all subsidiaries, in all locations. The Macquarie Group's internal approach to risk ensures that risks in subsidiaries (including the Issuer) are subject to the same rigour and risk acceptance decisions.

## BOARD OF DIRECTORS

As at the Programme Date the members of the board of directors of the Issuer ("**Board**") are:

- Nicholas Richard Luck (Executive Director) (\*British);
- Nikolai Mavrodinov (Executive Director);
- Graham Alexander Crawford (Executive Director);
- Peter Cameron Gordon (Non-Executive Director);



- Timothy Guy Leclercq (Non-Executive Director);
- Duncan Giles McRobert (Non-Executive Director).

## CORPORATE GOVERNANCE

The Issuer applies the principles specified in the King III Code of Corporate Governance ("**King III Code**") where these principles are feasible. The Issuer adheres to the King III Code subject (to the best of the knowledge and belief of the Issuer) to the following main exception (which is owing to the size of the Issuer, and as this exception is regarded by the Board as being in the best interests of the Issuer): The Board is not comprised of a majority of non-executive directors – the Board currently comprises three executive directors and three non-executive directors.

With respect to the above noted exception, the Board conducts its affairs in consultation with senior management of the Macquarie Group. Macquarie Group Limited ("**MGL**") (which is the Issuer's holding company and the Guarantor) complies with the Corporate Governance Council's Corporate Governance Principles and Recommendations of the Australian Securities Exchange operated by ASX Limited ("**ASX**"), except to the extent publicly disclosed in any annual report of MGL (see the section of this Programme Memorandum headed "*Description of Macquarie Group Limited*").

See, in addition, MGL's corporate governance statements at <http://www.macquarie.com.au/mgl/au/about-macquarie-group/profile/corporate-governance>.

Further disclosure relating to the Issuer's commitment to corporate governance is set out in the directors' report included in the audited annual financial statements of the Issuer for the financial year ended 31 March 2016, which annual financial statements are incorporated by reference into, and form part of, this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

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## DESCRIPTION OF MACQUARIE GROUP LIMITED

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A description of Macquarie Group Limited ("**MGL**" or "**Guarantor**") is set out in the annual report of the Guarantor for the financial year ended 31 March 2016. This annual report is incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*") and is available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, this annual report is available on the Guarantor's website at [www.macquarie.com](http://www.macquarie.com).

The description of the Guarantor may be updated from time to time in the respective annual report of the Guarantor for all financial years after the Programme Date. These annual reports are incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). These annual reports will (as and when such annual reports are approved and become available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports will (as and when such annual reports are approved and become available) be available on the Guarantor's website at [www.macquarie.com](http://www.macquarie.com).

## INFORMATION ABOUT MACQUARIE GROUP LIMITED

The Guarantor is the ultimate holding company for all other companies and entities within the Macquarie Group. As at the Programme Date, MGL is not a subsidiary of, nor controlled by, any other company.

MGL (ABN 94 122 169 279) was incorporated on 12 October 2006 with limited liability for an unlimited duration. It is incorporated in Australia, registered in Victoria and is regulated by the Corporations Act 2001 of Australia ("**Corporations Act**").

The registered office of MGL is at Level 6, 50 Martin Place, Sydney 2000, New South Wales, Australia. MGL's principal administrative office is Level 6, 50 Martin Place, Sydney 2000, New South Wales, Australia. The telephone number of MGL's principal administrative office is + 61 2 8232 3333.

MGL complies with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, as disclosed in the Corporate Governance Statement on MGL's website at [www.macquarie.com](http://www.macquarie.com).

MGL is an ASX-listed diversified financial services holding company headquartered in Sydney, Australia and regulated as a non-operating holding company ("**NOHC**") of an Australian "*authorised deposit-taking institution*" ("**ADI**") by the Australian Prudential Regulation Authority ("**APRA**"), the prudential regulator of the Australian financial services industry. The Macquarie Group provides banking, financial, advisory, investment and funds management services through client driven businesses which generate income by providing a diversified range of services to clients. The Macquarie Group acts on behalf of institutional, corporate and retail clients and counterparties around the world.

The Macquarie Group's operations are conducted primarily through two groups – the "**Macquarie Bank Group**", consisting of Macquarie B.H. Pty Ltd (the direct parent of MBL) and its controlled entities including MBL and the "**Non-Banking Group**", consisting of Macquarie Financial Holdings Limited and its controlled entities and, more specifically, most of the activities of Macquarie Capital; certain activities of the Cash division of Macquarie Securities and certain activities of the Derivatives and Trading divisions of Macquarie Securities, in each case, in certain jurisdictions; the Macquarie Infrastructure and Real Assets division and the Macquarie Investment Management division of Macquarie Asset Management; and certain assets of the Credit Trading business and certain less financially significant activities of Commodities & Financial Markets. Further details of the Macquarie Bank Group and the Non-Banking Group are provided below.

On 13 November 2007, MGL became the ultimate holding company of MBL. As such, the historical consolidated financial statements of MBL reflect the historical results of operations and financial condition of MGL's businesses, with certain limited exceptions.

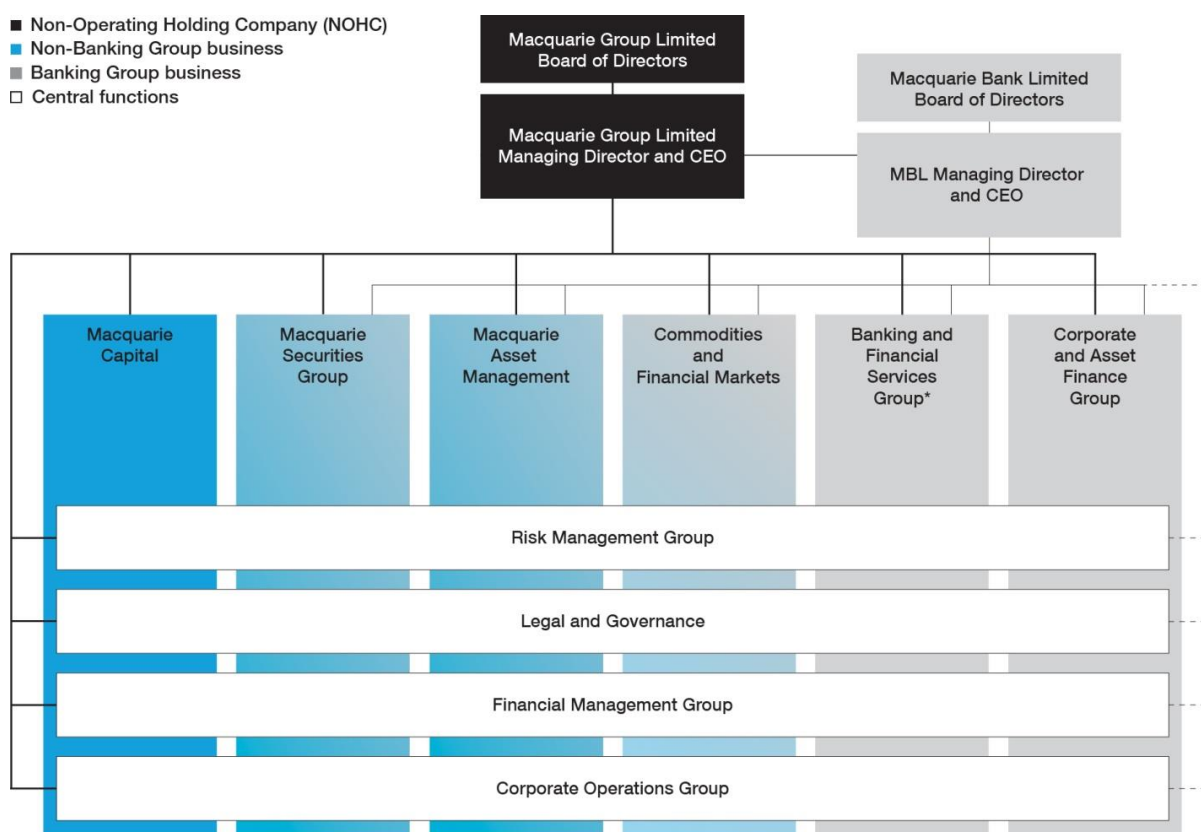
As at 31 March 2016, the Group employed over 14,300 staff and had total assets of A\$196.8 billion and

total equity of A\$15.7 billion.

For the year ending 31 March 2016, the Group's net operating income was A\$10,135 million and profit attributable to ordinary equity holders was A\$2,063 million, with 68% of the Macquarie Group's total operating income (excluding earnings on capital and other corporate items) derived from regions outside Australia.

## ORGANISATIONAL STRUCTURE

As at 31 March 2016, MGL's organisational structure was as follows:



As at 8 May 2015

\*The current Group Head of BFS is also the Deputy Group CEO.

MBL and MGL have corporate governance and policy frameworks that meet APRA's requirements for Australian ADIs and authorised non-operating holding companies, respectively. The Macquarie Bank Group and the Non-Banking Group operate as separate sub-groups within MGL with clearly identifiable businesses, separate capital requirements and discrete funding programmes. Although the Macquarie Bank Group and the Non-Banking Group will operate as separate sub-groups MGL views both as integral to the Macquarie Group's identity and strategy as they assist the Macquarie Group in continuing to pursue value adding and diversified business opportunities while meeting APRA requirements.

## SHARED SERVICES

Macquarie Group provides shared services to both the Macquarie Bank Group and the Non-Banking Group through the Corporate segment. The Corporate segment is not considered an operating group and comprises four central functions: Risk Management, Legal and Governance, Financial Management and Corporate Operations. Shared services include: Risk Management, Finance, Information Technology, Group Treasury, Settlement Services, Equity Markets Operations, Human Resources Services, Business Services, Company Secretarial, Corporate Communications and Investor Relations Services, Taxation Services, Business Improvement and Strategy Services, Central Executive Services, other Group-wide Services, Business Shared Services, and other services as may be agreed from time to time.

## BUSINESS OVERVIEW

The following describes the Macquarie Bank Group and Non-Banking Groups' operations.

### Overview of Macquarie Bank Group

MBL is headquartered in Sydney, Australia and is an Australian ADI regulated by APRA that, directly and through subsidiaries, engages in Australian and international financial services businesses.

MBL began in 1969 as the merchant bank Hill Samuel Australia Limited, a wholly owned subsidiary of Hill Samuel & Co. Limited, London. Authority for MBL to conduct banking business in Australia was received from the Australian Federal Treasurer on 28 February, 1985.

MBL's ordinary shares were listed on the Australian Securities Exchange operated by ASX Limited ("ASX") on 29 July, 1996 until the corporate restructuring of the Macquarie Group in November 2007. Although MBL's ordinary shares are no longer listed on ASX, MBL's Macquarie Income Securities continue to be listed on ASX and accordingly, MBL remains subject to the disclosure and other requirements of ASX as they apply to ASX Debt Listings.

As at 31 March 2016, the Macquarie Bank Group conducted its operations in over 20 countries.

The Macquarie Bank Group comprises five operating groups: Corporate & Asset Finance; Banking & Financial Services; Macquarie Asset Management (excluding the Macquarie Infrastructure and Real Assets division and the Macquarie Investment Management division); Commodities & Financial Markets (excluding certain assets of the Credit Trading business and some other less financially significant activities) and Macquarie Securities (excluding certain activities of the Cash division and certain activities of the Derivatives and Trading division, in each case, in certain jurisdictions).

### Overview of Non-Banking Group

The following operating groups, divisions and activities form the Non-Banking Group:

- Macquarie Capital which provides corporate finance advisory and capital market services to corporate and government clients involved in public and private M&A, debt and equity fund raisings, private equity raisings and corporate restructuring. It also undertakes principal investing activities.
- Certain activities of the Cash division of Macquarie Securities and certain activities of the Derivatives and Trading divisions, in each case, in certain jurisdictions. The Cash division is a full-service institutional cash equities broker in Australia, Asia, South Africa and Canada with a specialised institutional cash equities offering in the United States and Europe. It provides an equity capital markets service through a joint venture with Macquarie Capital.
- The Macquarie Infrastructure and Real Assets division and Macquarie Investment Management division of Macquarie Asset Management. Macquarie Infrastructure and Real Assets manages alternative assets, specialising in infrastructure, real estate, agriculture and energy. Its client base is primarily institutional investors, including global pension funds and superannuation funds, other institutions and governments. Macquarie Investment Management offers a diverse range of securities investment management products and capabilities.
- Certain assets of the Credit Trading business and other less financially significant activities of the Commodities & Financial Markets operating group.

## PRINCIPAL MARKETS

MGL is an ASX-listed diversified financial services holding company headquartered in Sydney, Australia and regulated as a non-operating holding company of an Australian ADI by APRA. As a provider of banking, financial, advisory, investment and funds management services, the Macquarie Group acts on behalf of institutional, corporate and retail clients and counterparties around the world.

## SHAREHOLDERS AND CAPITAL

As at 31 March 2016, MGL had on issue 340,302,389 fully paid ordinary shares. The ordinary shares of MGL

are listed in Australia on the ASX.

As at the Programme Date, MGL is neither directly nor indirectly controlled by any of its shareholders.

## REGULATORY OVERSIGHT AND RECENT DEVELOPMENTS

In Australia, the key regulators that supervise and regulate the Banking Group's activities are APRA, the Reserve Bank of Australia ("**RBA**"), Australian Securities and Investments Commission ("**ASIC**"), the ASX, the Australian Securities Exchange Limited (as operator of the ASX24 market formerly known as the Sydney Futures Exchange), the Australian Competition and Consumer Commission ("**ACCC**") and the Australian Transaction Reports and Analysis Centre ("**AUSTRAC**").

APRA is the prudential regulator of the Australian financial services industry. APRA establishes and enforces prudential standards and practices designed to ensure that, under all reasonable circumstances, financial promises made by institutions under APRA's supervision are met within a stable, efficient and competitive financial system. MGL has corporate governance and policy frameworks designed to meet APRA's requirements for NOHCs.

The Banking Act confers wide powers on APRA which are to be exercised ultimately for the protection of depositors of ADIs in Australia and for the promotion of financial system stability in Australia.

In its supervision of the Macquarie Group and other ADIs, APRA focuses on capital adequacy, liquidity, market risk, credit risk, operational risk, interest rate risk, associations with related entities, large exposures to unrelated entities and funds management, securitisation, outsourcing and covered bond activities and governance. APRA discharges its responsibilities by requiring ADIs to regularly provide it with information as requested as well as reports which set forth a broad range of information, including financial and statistical information relating to their financial position and information in respect of prudential and other matters. APRA's approach to the assessment of an ADI's capital adequacy and liquidity risk management is based on the risk based capital adequacy framework set out in the Basel Committee on Banking Supervisions' ("**Basel Committee**") publications, *"International Convergence of Capital Measurement and Capital Standards a Revised Framework"* ("**Basel II**"), revised in June 2006 and *"A global regulatory framework for more resilient banks and banking systems"* ("**Basel III**"), released in December 2010 and revised in June 2011.

In exercising its powers, APRA works closely with the RBA. The RBA is Australia's central bank and an active participant in the financial markets. It also manages Australia's foreign reserves, issues Australian currency notes, serves as a banker to the Australian Government and, through the Payment Systems Board, supervises the payment system.

ASIC is Australia's corporate, markets and financial services regulator, which regulates Australian companies financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit.

ASX is Australia's primary securities market and the Macquarie Income Securities, Macquarie Group Capital Notes and MGL's ordinary shares are listed on ASX. MGL and the relevant member of the Macquarie Group have contractual obligations to comply with ASX's listing rules, which have the statutory backing of the Corporations Act 2001 of Australia ("**Corporations Act**").

The ASX24 market provides exchange traded and over-the-counter services and regulates the cash and derivative trades that MGL executes through the ASX24 as a market participant in the ASX24. This business is conducted primarily within the Macquarie Group.

The ACCC is Australia's competition regulator. Its key responsibilities include ensuring that corporations do not act in a way that may have the effect of eliminating or reducing competition and pricing practices, and to oversee product safety and liability issues, pricing practices and third-party access to facilities of national significance. The ACCC's consumer protection activities complement those of Australia state and territory consumer affairs agencies that administer the unfair trading legislation of those jurisdictions.

AUSTRAC is Australia's anti-money laundering and counter-terrorism financing regulator and specialist financial intelligence unit. It works collaboratively with Australian industries and businesses (including

certain entities of the Macquarie Group) in their compliance with anti-money laundering and counter-terrorism financing legislation. As Australia's financial intelligence unit, AUSTRAC contributes to investigative and law enforcement work to combat financial crime and prosecute criminals in Australia and overseas.

Revenue authorities undertake risk reviews and audits as part of their normal activities. MGL have assessed those matters which have been identified in such reviews and audits as well as other taxation claims and litigation, including seeking advice where appropriate, and consider that the Macquarie Group and the Macquarie Bank Group currently hold appropriate provisions.

Outside Australia, some of the Macquarie Group's key regulators include the United States Securities Exchange Commission, the United States Commodity Futures Trading Commission, the United States Financial Industry Regulatory Authority, the United Kingdom Financial Conduct Authority and Prudential Regulation Authority, the Hong Kong Monetary Authority, the Monetary Authority of Singapore, the Korean Financial Supervisory Service and the Bank of Korea.

As with other financial services providers, the Macquarie Group continues to face increased supervision and regulation in most of the jurisdictions in which it operates, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation.

### **Basel III framework**

The Basel III reforms raise the quality and quantity of the regulatory capital base, enhance the risk coverage of the capital framework and introduces a leverage ratio as a backstop to the risk-based requirement. The Basel III liquidity measures are designed to promote the build-up of liquidity buffers that can be drawn down in periods of stress as well as to ensure sufficient long term funding is in place for long term assets. The Liquidity standards introduce a series of qualitative measures as well as two specific metrics, being the Liquidity Coverage Ratio ("**LCR**") and the Net Stable Funding Ration ("**NSFR**").

APRA's implementation of the Basel III capital framework began on 1 January 2013, with four prudential standards implementing the Basel III capital reforms in Australia coming into effect. The Macquarie Bank Group is in compliance with the capital requirements as implemented by APRA.

APRA has implemented both the Basel III qualitative requirements and LCR into local prudential standards. The LCR became a prudential requirement on 1 January 2015, with a minimum LCR of 100% required of all ADIs subject to the ratio (notwithstanding the Basel Committee permits a phase-in approach of LCR requirements). The Macquarie Group has fully complied with the LCR from 1 January 2015. On 31 March 2016, APRA released for consultation a discussion paper outlining its proposed implementation of the NSFR. It is proposed that the new standard would come into effect on 1 January 2018, consistent with the international timetable agreed by the Basel Committee. APRA intends to implement the NSFR into local standards, and therefore the existing prudential liquidity standard will be subject to change prior to this date. The Macquarie Group expects to comply with the NSFR, however until the final standards are published the overall impact on the funding structure or businesses of the Macquarie Group and the Macquarie Bank Group is uncertain.

### **Counterparty credit risk**

In September 2012, APRA released its final prudential standards on its implementation of the Basel III reforms to the capital framework for counterparty credit risk and other credit exposure came into effect on 1 January 2013. Under its prudential standards, APRA extended its existing capital framework for counterparty credit risk in bilateral transactions to be the sum of the existing counterparty credit default component that applies under its existing prudential standards and a risk capital Credit Value Adjustment ("**CVA**") risk capital charge introduced as part of the Basel III reforms. The CVA risk capital charge is intended to cover the risk of mark-to-market losses on the expected counterparty credit risk arising from bilateral OTC derivatives. In January 2013, APRA also adopted Basel III reforms on capital charges for exposure to central counterparties arising from over the counter derivatives, exchange traded derivatives and securities financing transactions. These prudential standards will require the Macquarie Group to hold more capital for its counterparty credit risk exposures and other credit exposures.

## **United States Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act")**

The Dodd-Frank Act was signed into law in the United States on 21 July 2010. The Act contains a wide range of provisions that will affect financial institutions operating in the United States or trading with U.S. persons, including Macquarie Group's U.S. and foreign subsidiaries. Included under the Dodd-Frank Act are reforms designed to reduce systemic risk presented by very large financial firms, promote enhanced supervision, regulation and prudential standards for financial firms, establish comprehensive supervision of financial markets, impose new limitations on permissible financial institution activities and investments, expand regulation of the derivatives markets, protect consumers and investors from financial abuse, and provide the US government with the tools needed to manage a financial crisis. The Macquarie Group's businesses will be affected by a variety of new regulations under the Dodd-Frank Act, including but not limited to (i) greater regulation of over-the-counter derivatives including stricter capital and margin requirements, the centralised execution and clearing of standardised over-the-counter derivatives, and heightened supervision and required registration of all over-the-counter swap dealers and major swap participants (ii) more stringent and extensive position limits on derivatives on physical commodities and (iii) increased regulation of investment advisers. In addition, if MGL is determined by U.S. regulators to be a "systemically important" non-bank financial company, U.S. regulators may have increased regulatory authority over MGL and its subsidiaries, including MBL, and may impose stricter capital, leverage and risk management requirements. The Dodd-Frank Act will increase compliance and execution costs for derivative trading in the United States and have an impact on certain Macquarie Group businesses, such as on its U.S. derivatives business. For instance, two Macquarie Group Limited affiliates have registered as swap dealers. Many of the rules under the Dodd-Frank Act have already been issued and made effective. However, some of these rules are yet to take effect and others are yet to be finalised. It is not possible at this point in time to determine definitively the full extent of the impact of the Dodd-Frank Act because the rulemaking process is ongoing and the process of implementation is still expected to continue for several years. Nevertheless, it is clear that the regulatory changes will increase costs, which would cause some entities to reduce or eliminate their trading activity, thereby also potentially reducing liquidity and increasing volatility.

## **UK Bank Levy**

Effective 1 January 2011, the United Kingdom introduced a new bank levy to apply to all accounting periods ending subsequent to the effective date. In respect of non-UK banking groups operating in the United Kingdom, the bank levy will apply to the notional consolidated balance sheets of its UK branches, UK entities and their worldwide subsidiaries and branches. Currently, the bank levy is calculated by reference to chargeable equity and liabilities included in the consolidated balance sheet at different rates for short term chargeable liabilities and long term chargeable equity and liabilities.

From 1 January, 2016, the applicable bank levy rates are 0.18% for short-term chargeable liabilities and 0.09% for long-term chargeable equity and liabilities. The bank levy is not applicable on the first £20 billion of chargeable equity and liabilities on the consolidated balance sheet. [Based on the 31 March 2016 balance sheet position, the Macquarie Group was not impacted by the bank levy on the basis that its chargeable equity and liabilities were below £20 billion for the full accounting period.] MGL will continue to monitor its position on a regular basis.

## **Other developments**

In addition, there have also been a series of legislative changes and other regulatory releases from regulators in the various jurisdictions in which the Macquarie Group operates resulting in significant regulatory change for financial institutions, the legal and practical implications of which may not yet be fully understood.

These include:

- further capital reforms for conglomerate banking groups;
- recovery and resolution planning requirements;

- greater regulation of derivatives, particularly over the counter (OTC) derivatives, including the European Market Infrastructure Regulation and the Dodd-Frank reforms, which have resulted in increased reporting and stricter capital and margin requirements, the centralised execution and clearing of standardised OTC derivatives and heightened supervision and required registration of swap dealers and major swap and major swap participants;
- in December 2015, the ASIC Derivative Transaction Rules (Clearing) 2015 were released. The rules are applicable to Australian and foreign financial institutions that meet the clearing threshold specified in the rules and commenced in April 2016;
- ongoing work on the Future of Financial Advice reforms primarily in relation to fee disclosure, advisor remuneration and changes required given the end of grandfathering of conflicted remuneration on 1 July 2014;
- the Senior Manager Regime in the UK, which took effect from March 2016;
- new laws and regulation relating to data protection and privacy, consumer credit and consumer protection and personal property securities; and
- changes to accounting and reporting requirements, tax legislation, regulation relating to remuneration and superannuation, competition legislation and bribery and anti-money laundering laws.

**Further changes may occur driven by policy, prudential or political factors.**

The Macquarie Group reviews these changes and releases, engages with government, regulators and industry bodies and amends its systems, processes and operations to align with changes and new regulatory requirements as they occur. Further information on the risk management and other policies of the Macquarie Group is contained in the documents incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

**FINANCIAL INFORMATION AND ADDITIONAL INFORMATION**

The Macquarie Group is required to prepare annual financial statements for itself and itself consolidated with its controlled entities in accordance with Australian Accounting Standards. Compliance with Australian Accounting Standards ensures compliance with International Financial Reporting Standards.

The independent auditors of the Macquarie Group are PricewaterhouseCoopers, an Australian partnership ("**PwC Australia**") who are a member of The Institute of Chartered Accountants in Australia and New Zealand.

PwC Australia has audited the financial statements included in Macquarie Group's 2016 annual report for the financial years ended 31 March 2015 and 31 March 2016 in accordance with Australian Auditing Standards. The Independent Auditor's Report dated 6 May 2016 was unqualified.

**Limitation on auditors' liability**

PwC Australia may be able to assert a limitation of liability with respect to claims arising out of its audit report described or included in the documents identified in the section of this Programme Memorandum headed "*Documents Incorporated by Reference*", and elsewhere in this Programme Memorandum, to the extent it is subject to the limitations set forth in the Professional Standards Act 1994 of New South Wales, Australia ("**Professional Standards Act**") and the Institute of Chartered Accountants in Australia (NSW) Scheme adopted by The Institute of Chartered Accountants in Australia and approved by the New South Wales Professional Standards Council pursuant to the Professional Standards Act (together, the "**NSW Accountants Scheme**") (or, in relation to matters occurring prior to 7 October 2007, the predecessor scheme).

The Professional Standards Act and the NSW Accountants Scheme may limit the liability of PwC Australia for damages with respect to certain civil claims arising in, or governed by the laws of, New South Wales



directly or vicariously from anything done or omitted in the performance of its professional services to the Macquarie Group, including, without limitation, its audits of the Macquarie Group's financial statements, to the lesser of ten times the reasonable charge for the service by PwC Australia that gave rise to the claim and a maximum of A\$75 million and for other work of A\$20 million (or in relation to matters occurring prior to 7 October 2007, A\$20 million). The limit does not apply to claims for breach of trust, fraud or dishonesty. The Professional Standards Act and the NSW Accountants Scheme have not been subject to judicial consideration and therefore how the limitation will be applied by the courts and the effect of the limitation on the enforcement of foreign judgments are untested.

There is also legislation similar to the Professional Standards Act in the other states and territories of Australia and federally. Schemes similar to the NSW Accountants Scheme have been implemented in other states and territories of Australia and in relation to various civil claims under federal Australian law.

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## FINANCIAL INFORMATION

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### MACQUARIE SECURITIES SOUTH AFRICA LIMITED (ISSUER)

#### Financial statements of the Issuer

The respective audited annual financial statements of the Issuer for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016, which include the independent auditor's reports in respect of such financial statements, and the respective audited annual financial statements of the Issuer for all financial years of the Issuer after the Programme Date, which will include the independent auditor's reports in respect of such financial statements, are incorporated by reference into, and form part of, this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

The respective audited annual financial statements of the Issuer for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 are available for inspection, upon request, at the Specified Office of the Issuer. In addition, these annual financial statements are available on the following website: <http://www.macquarie.co.za/mgl/za>.

The respective audited annual financial statements of the Issuer for all financial years of the Issuer after the Programme Date will, as and when such audited annual financial statements are approved and become available, be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual financial statements will (as and when such annual financial statements are approved and become available) be available on the following website: <http://www.macquarie.co.za/mgl/za>.

#### Report of the independent auditors

The reports of the auditors of the Issuer are included with the audited annual financial statements of the Issuer referred to under "*Financial statements of the Issuer*" above.

#### Auditors of the Issuer

The independent auditors of the Issuer as at the Programme Date are PricewaterhouseCoopers Incorporated.

For purposes of Rule 7.31 of the JSE Debt Listings Requirements, PricewaterhouseCoopers Incorporated is an accredited audit firm specified as such in the JSE List of Accredited Auditors (26 February 2016). As at the Programme Date, the person who signs off on the annual financial statements of the Issuer is an accredited partner.

### MACQUARIE GROUP LIMITED (GUARANTOR)

#### Financial statements

(i) The respective annual reports of the Guarantor for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016, which include the audited consolidated annual financial statements of the Guarantor for such financial years and the independent auditor's reports in respect of such financial statements, (ii) the respective annual reports of the Guarantor for all financial years of the Guarantor after the Programme Date, which will include the audited consolidated annual financial statements of the Guarantor for such financial years and the independent auditor's reports in respect of such financial statements and (iii) all consolidated interim financial reports of the Guarantor for all 6-month interim financial periods after the Programme Date, are incorporated by reference into, and form part of, this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*").

The respective annual reports of the Guarantor for the financial years ended 31 March 2014, 31 March 2015 and 31 March 2016 are available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports are available on the Guarantor's website at

[www.macquarie.com](http://www.macquarie.com).

The respective annual reports of the Guarantor for all financial years of the Guarantor after the Programme Date and all consolidated interim financial reports of the Guarantor for all 6-month interim financial periods after the Programme Date will, as and when these annual reports and interim financial reports are approved and become available, be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual reports and interim financial reports will (as and when such annual reports and interim financial reports are approved and become available) be available on MGL's website at [www.macquarie.com](http://www.macquarie.com).

All information which relates to the ratings, financial performance or future financial results of the Guarantor released by the Guarantor to ASX in compliance with the continuous disclosure requirements of the Australian Corporations Act (which information is incorporated by reference into this Programme Memorandum (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*")) will (as and when the relevant information becomes available) be available on the ASX's website at [www.asx.com.au](http://www.asx.com.au) (MGL's ASX code is "MQG").

See, in addition, the section of this Programme Memorandum headed "*Description of Macquarie Group Limited*" under "*Financial Information and Additional Information*".

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## SETTLEMENT, CLEARING AND TRANSFERS OF REGISTERED INSTRUMENTS

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### REGISTERED INSTRUMENTS LISTED ON THE JSE

#### Clearing systems

Each Tranche of Registered Notes which is listed on the Interest Rate Market of the JSE, each Tranche of unlisted Registered Notes, each Tranche of Programme Preference Shares which is listed on the Main Board of the JSE and each Tranche of unlisted Programme Preference Shares will be issued in registered uncertificated form, in terms of Chapter IV of the Financial Markets Act, and will be held in 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 Interest Rate Market of the JSE and the Main Board of the JSE. Each Tranche of Registered Instruments which is held in the CSD will be issued, cleared and transferred in accordance with the Applicable Procedures through the electronic settlement system of the CSD, and the settlement of trades in such Registered Instruments will take place in accordance with the electronic settlement procedures of the JSE and the CSD. Such Registered Instruments will be settled through Participants who will comply with the electronic settlement procedures prescribed by the JSE and the CSD.

The Issuer will adhere to the recognised and standardised electronic clearing and settlement procedures of the JSE and the CSD. Registered Instruments 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 central securities accounts only for Participants.

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

As at the Programme Date, the Participants are Standard Chartered Bank Johannesburg Branch, Société Générale, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear and Clearstream Banking will settle off-shore transfers in Registered Instruments held in the CSD through their Participants.

#### Payments

All amounts to be paid and, subject to the CSD Procedures, all rights to be exercised in respect of Registered Instruments held in the CSD will be paid to and, subject to the CSD Procedures, may be exercised only by the CSD for the holders of Beneficial Interests in such Registered Instruments.

Payments of all amounts in respect of a Tranche of Registered Instruments which is held in the CSD will be made to the CSD, which in turn will transfer such funds, via the Participants, to the holders of Beneficial Interests, in accordance with the CSD Procedures.

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 Registered Instruments 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.

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

#### Transfers and exchanges

The Participants will maintain records of the Beneficial Interests in Registered Instruments held in the CSD.

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 CSD Procedures.

Beneficial Interests may be exchanged for Instruments represented by Individual Certificates in accordance with Condition 11.1 of the Note Terms and Conditions or Condition 14.1 of the Programme Preference Share Terms and Conditions, as applicable.

#### **REGISTERED INSTRUMENTS LISTED ON ANY OTHER RELEVANT STOCK EXCHANGE**

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

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## SUBSCRIPTION AND SALE

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### ARRANGER, DEBT SPONSOR, DEALER AND PLACING ARRANGEMENTS

#### Arranger

The Issuer is the Arranger of the Programme.

#### Debt Sponsor

In terms of a separate written mandate entered into between the Issuer and The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division ("**Debt Sponsor Mandate**"), The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division ("**Standard Bank**") has been appointed by the Issuer as the ongoing Debt Sponsor of the Programme (as required by the JSE Debt Listings Requirements), subject to Rules 2.5 and 2.6 of the JSE Debt Listings Requirements (as read with the terms as to termination of such appointment set out in the Debt Sponsor Mandate).

In terms of the Debt Sponsor Mandate, Standard Bank has been appointed by the Issuer as the Debt Sponsor for purposes of procuring the approval of the Programme Memorandum by the JSE, the listing of Tranches of Instruments on the Interest Rate Market of the JSE and the listing of Tranches of Programme Preference Shares on the Main Board of the JSE, subject to Rules 2.5 and 2.6 of the JSE Debt Listings Requirements (as read with the terms and conditions of the Debt Sponsor Mandate).

Rule 2 of the JSE Debt Listings Requirements sets out certain requirements in relation to the appointment, and termination of appointment, of a Debt Sponsor. Among other things, if the appointment of the Debt Sponsor is terminated by the Issuer for whatever reason, such termination must be approved by the board of directors of the Issuer. Once the termination of the Debt Sponsor has been approved by the board of directors of the Issuer, the Issuer and the Debt Sponsor must submit a report to the JSE stipulating the reasons for the termination, within 48 hours of such termination.

#### Dealer and placing arrangements

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

The Issuer is a Dealer for the duration of Programme.

If the Issuer does not itself place a Tranche of Instruments, the Issuer may agree with any third party Dealer/s to issue, and such Dealer/s may agree to place, that Tranche of Instruments by entering into an appropriate agreement for the issue and placing of that Tranche of Instruments ("**Subscription Agreement**").

If a Subscription Agreement is entered into between the Issuer and third party Dealer/s, the Subscription Agreement will, among other things, provide for the relevant Dealer/s, subject to certain conditions set out in the Subscription Agreement, to place the Instruments in the relevant Tranche/s of Instruments, and may also provide for the Dealer/s to underwrite the subscription and payment for such Instruments.

On the Issue Date, delivery of the Instruments in a Tranche of Instruments which is held in the CSD to the subscribers of such Instruments will, in accordance with the Subscription Agreement (if any), be effected by the Issuer's Participant, against payment of the Issue Price, in accordance with the Applicable Procedures.

The relevant Dealer/s may procure sale and purchase transactions in respect of the relevant Tranche/s of Instruments before the Issue Date. Such transactions will be for settlement on the Issue Date and will be subject to the condition that the Subscription Agreement (if any) is not terminated before the time on which such transactions are to be settled on the Issue Date.

If a Subscription Agreement is entered into between the Issuer and third party Dealer/s:

- such Dealer/s may, under certain circumstances (before the issue of or payment for the relevant

Tranche/s of Instruments) terminate their obligations to place the relevant Tranche/s of Instruments under the Subscription Agreement;

- the Subscription Agreement may, under certain circumstances (before the issue of or payment for the relevant Tranche/s of Instruments), automatically terminate;
- if the Subscription Agreement is terminated before the Issue Date, the transactions in the relevant Tranche/s of Instruments will also terminate and no party thereto will have any claim against any other party as a result of such termination;
- the Issuer will have no right to cancel the Subscription Agreement before the issue of or payment for the relevant Tranche/s of Instruments.

## SELLING RESTRICTIONS

### South Africa

Each Dealer will be required to represent and agree that it will not solicit any offers for subscription for or sale of any Instruments, and will itself not sell any Instruments, 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.

In particular, this Programme Memorandum does not, nor is it intended to, constitute a "*prospectus*" (as contemplated in the Companies Act) and each Dealer will be required to represent and agree that it will not make an "*offer to the public*" (as such expression is defined in the Companies Act) of any Instruments (whether for subscription, purchase or sale).

Each Programme Preference Shareholder will be required to subscribe for such minimum number of Programme Preference Shares in a Tranche of Programme Preference Shares as have an aggregate Issue Price, as at the date on which such Programme Preference Shares are offered to such Programme Preference Shareholder, of ZAR1,000,000 (or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act).

Notes will not be offered for subscription or sale to any single addressee for an amount of less than ZAR1,000,000 (or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act).

### United States

#### *Regulation S Category 2*

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

Each Dealer will be required to represent and agree that it has not offered, sold, resold or delivered, and will not offer, sell, resell or deliver, any Instruments:

- a) as part of its distribution at any time; and
- b) otherwise until 40 days after completion of the distribution of all of the Instruments in the relevant Tranche/s of Instruments, as determined and certified by the Dealer or, in the case of an issue of the relevant Tranche/s of Instruments on a syndicated basis, the Lead Manager, of all Instruments of the Series of which the relevant Tranche/s of Instruments is/are a part,

within the United States or to, or for the account or benefit of, U.S. persons only in accordance with Regulation S and that during the distribution compliance period, it will have sent to each distributor to which it sells any Instruments, a confirmation or other notice setting forth the restrictions on offers and sales of such Instruments within the United States or to, or for the account or benefit of, U.S. persons.

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

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

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

### European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Dealer will be required to represent and agree that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State ("**Relevant Implementation Date**"), it has not made and will not make an offer of any Instruments 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 Instruments to the public in that Relevant Member State:

- a) if the Applicable Pricing Supplement relating to a Tranche of Instruments specifies that an offer of such Instruments may be made other than pursuant to Article 3.2 of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Instruments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant EEA State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Applicable Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Applicable Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- c) at any time to fewer than 100 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Dealer nominated by the Issuer for any such offer; or
- d) at any time in any other circumstances falling within Article 3.2 of the Prospectus Directive,

provided that no such offer of Instruments referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Instruments to the public**" in relation to any Instruments 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 Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended including by Directive 2010/73/EU) and including any relevant implementing measure in the Relevant Member State.

### United Kingdom

Each Dealer will be required to represent and agree that:

- a) in relation to any Instruments which have a maturity of less than one year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal



or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Instruments 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 the Instruments would otherwise constitute a contravention of Section 19 of the United Kingdom Financial Services and Markets Act, 2000 ("**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 those Instruments in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, 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 Instruments in, from or otherwise involving the United Kingdom.

### **Hong Kong**

Each Dealer will be required to represent and agree that:

- a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Instruments (for the purposes of this sub-paragraph (a) Instruments shall exclude any "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong ("**Securities and Futures Ordinance**") other than (i) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under the Securities and Futures Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32); and
- b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Instruments, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the applicable securities laws of Hong Kong) other than with respect to Instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under the Securities and Futures Ordinance.

### **Singapore**

This Programme Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended ("**SFA**"). Each Dealer will be required to represent, warrant and agree that this Programme Memorandum, any Applicable Pricing Supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Instruments may not be circulated or distributed, nor may the Instruments be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

- a) to an institutional investor under Section 274 of the SFA;
- b) to a relevant person, or any person pursuant to Section 275(1A) of the SFA, or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the SFA; or
- c) pursuant to, and in accordance with, the conditions of, any other applicable provision of the SFA or otherwise in accordance with applicable Singapore law.

Each Dealer will be required to represent, warrant and agree to notify (whether through the distribution of

this Programme Memorandum or any Applicable Pricing Supplement or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Instruments or otherwise) each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased Instruments from and through that Dealer pursuant to an exemption under Section 275 of the SFA, namely a person who is:

- (1) a corporation (which is not an accredited investor) (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined under Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest in that trust shall not be transferred for six months after that corporation or that trust has acquired the Instruments under Section 275 of the SFA except:

- (i) to an institutional investor under Section 274 of the SFA, or to any person pursuant to Section 275(1A) of the SFA, respectively and in accordance with the conditions, specified in in Section 275 of the SFA; or
- (ii) where no consideration is given for the transfer; or
- (iii) by operation of law; or
- (iv) pursuant to Section 276(7) or Section 282ZA(7) of the SFA or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

#### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Programme or any Instruments has been, or will be, lodged with the Australian Securities and Investments Commission ("**ASIC**"). Each Dealer will be required to represent and agree that, unless the Applicable Pricing Supplement/s relating to the relevant Tranche/s of Instruments otherwise provide/s, it:

- a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of any Instruments in Australia (including an offer or invitation which is received by a person in Australia); and
- b) has not distributed or published, and will not distribute or publish, this Programme Memorandum or any Applicable Pricing Supplement or any other offering material or advertisement relating to any Instruments in Australia,

unless (i) the aggregate consideration payable by each offeree is at least AUD 500,000 (or its equivalent in other currencies and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or 7.9 of the Corporations Act 2001 of Australia, (ii) such action complies with all applicable laws and regulations in Australia (including, without limitation, the licensing requirements set out in Chapter 7 of the Corporations Act 2001 of Australia), (iii) the offer or invitation is not made to a person who is a "retail client" for the purposes of section 761G of the Corporations Act 2001 of Australia, and (iv) such action does not require any document to be lodged with ASIC.

#### **Changes to the above selling restrictions**

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

### Other selling restrictions

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

None of the Issuer, the Guarantor, the Debt Sponsor, the Arranger, the Dealer/s or their respective professional advisors represent that this Programme Memorandum and/or any Applicable Pricing Supplement may be lawfully distributed, or that any Instruments may be lawfully offered, 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 any such distribution, offering, subscription or sale.

Persons into whose possession this Programme Memorandum and/or any Applicable Pricing Supplement comes are required by the Issuer, the Guarantor, the Debt Sponsor, the Arranger and the Dealer/s to comply with all Applicable Laws and regulations in each country or jurisdiction in which they subscribe for, purchase, offer, sell, transfer or deliver Instruments or have in their possession or distribute this Programme Memorandum and/or any Applicable Pricing Supplement and to obtain any consent, approval or permission required by them for the subscription, purchase, offer, sale, transfer or delivery by them of any Instruments under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such subscriptions, purchases, offers, sales, transfers or deliveries, in all cases at their own expense, and none of the Issuer, the Guarantor, the Debt Sponsor, the Arranger or the Dealer/s shall have responsibility therefor.

In accordance with the above, any Instruments purchased or subscribed for by any person which it wishes to offer for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in the Issuer being obliged to register this Programme Memorandum or any further prospectus or corresponding document relating to the Instruments in such country or jurisdiction.

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## TAXATION

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*The summary in this section headed "Taxation" below is intended to deal with the more important general fiscal provisions that could be relevant to the treatment of the Instruments from a general fiscal perspective as at the Programme Date. The contents of this section headed "Taxation" are not intended to and 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 holder of or purchaser of Instruments.*

*The treatment of particular types of Instruments from a specific fiscal perspective may depend on the precise nature of the Applicable Note Terms and Conditions of the relevant Tranche of Notes or the Applicable Programme Preference Share Terms and Conditions of the relevant Tranche of Programme Preference Shares, as the case may be, and such treatment is not covered by this section headed "Taxation" below.*

*Prospective Instruments of Instruments should consult their professional advisers in this regard.*

### THE NOTES

#### Income tax - treatment of premium and/or discount as well as interest on the Notes

The taxation of "interest" is regulated by section 24J of the Income Tax Act, 1962 ("**Income Tax Act**") on the basis that interest must be accounted for in the hands of a Noteholder on a yield-to-maturity basis. For tax purposes "interest" as defined in section 24J of the Income Tax Act ("**Interest**") has a wide meaning and includes, among other things, not just interest and related finance charges, but also any discount or premium payable or receivable in terms of or in respect of a financial arrangement.

However, to the extent that a Noteholder is a "covered person" as defined in section 24JB of the Income Tax Act, such as a member of a banking group, the Noteholder should apply the provisions of section 24JB of the Income Tax Act instead.

#### Original issue discount or premium

Any discount that arises pursuant to the original issue of the Notes will be treated as Interest for tax purposes, and the amount of the discount will be deemed to accrue to the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until the Maturity Date.

Any premium that arises pursuant to the original issue of the Notes over the Nominal Amount thereof will also be treated as Interest for tax purposes and will be taken into account in calculating the return to the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until the Maturity Date.

#### Interest on the Notes

A "resident" of South Africa (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 Resident Noteholder will be liable for income tax, subject to available exemptions, on any income received or accrued in respect of the Notes held by that Resident Noteholder in the relevant year of assessment of that Resident Noteholder.

A person who or which is not a Resident ("**Non-Resident**") is taxed in South Africa under the Income Tax Act only on income from a source within or deemed to be sourced within South Africa, subject to any relief available in any applicable convention concluded between the Government of the Republic of South Africa and the relevant other contracting state for the avoidance of double taxation ("**DTA**").

Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect of Notes which are held by that Non-Resident Noteholder may be regarded as being from a South African source.

However, Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect of the Notes which are held by that Non-Resident Noteholder should be exempt from income tax under section 10(1)(h) of the Income Tax Act (see, however, the Withholding Tax on Interest

paid to a Non-Resident under "*Withholding Tax - Notes*" below).

The section 10(1)(h) exemption will not apply to a Non-Resident Noteholder if:

- a) that Non-Resident Noteholder is a natural person who was physically present in South Africa for a period exceeding 183 calendar days in aggregate during the 12 month period preceding the date on which the interest is received or accrued by that Non-Resident Noteholder;
- b) the debt from which the Interest arises is effectively connected to a permanent establishment of that Non-Resident Noteholder in South Africa.

If a Non-Resident Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, (a) that Non-Resident Noteholder should be exempt from the Withholding Tax on Interest paid to Non-Residents (see "*Withholding Tax - Notes*" below), (b) an exemption from or reduction of tax liability under the Income Tax Act may be available under an applicable DTA and (c) certain entities may, in any event, be exempt from income tax.

Prospective Non-Resident Noteholders must consult their own professional advisers as to whether the interest income earned on Notes to be held by them will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable DTA.

As regards liability for the withholding tax on Interest paid to Non-resident Noteholders, see "*Withholding Tax – Notes*" below.

### **Re-characterisation of Interest**

Certain anti-avoidance provisions have been inserted into the Income Tax Act which have the result that interest is re-characterised as dividends. In such event, the interest is deemed to be a dividend *in specie* declared and paid by the Issuer on the last day of the year of assessment of the Issuer and is not deductible in terms of the Income Tax Act. The interest is also re-characterised in the hands of the Noteholder and is deemed to have accrued to the Noteholder in the form of a dividend *in specie* that is declared and paid to the Noteholder on the last of the year of assessment of the Issuer.

Interest is re-characterised to the extent that one is dealing with a hybrid debt instrument or hybrid interest. A hybrid debt instrument is, amongst others, an instrument in terms of which an Issuer owes an amount if –

- the Issuer is entitled or obliged to –
  - convert the instrument (or any part thereof) in any year of assessment to; or
  - exchange the instrument (or any part thereof) in any year of assessment for, shares unless the market value of the shares is equal to the amount owed in terms of the instrument at the time of conversion or exchange;
- the obligation to pay an amount in respect of the instrument is conditional upon the market value of the assets of the Issuer not being less than the market value of the liabilities of the Issuer; or
- the Issuer owes the amount to a connected person in relation to the Issuer and is not obliged to redeem the instrument, excluding any instrument payable on demand, within 30 years from the date of the issue of the instrument or from the end of that year of assessment.

Interest is also re-characterised as a dividend *in specie* if one is dealing with hybrid interest. The concept of hybrid interest is, amongst others, defined in relation to a debt owed by the Issuer as –

- any interest where the amount of the interest is not determined with reference to a specified rate of interest or not determined with reference to the time value of money; or
- if the rate of interest has in terms of the instrument been raised by reason of an increase in the profits of the Issuer, so much of the amount of interest as has been determined with reference to the raised rate of interest as exceeds the amount of interest that would have been determined with reference to the lowest rate of interest in terms of that instrument during the current year of

assessment and the previous five years of assessment.

Should one be dealing with a hybrid debt instrument, the interest will be deemed to be a dividend *in specie* that is declared by the Issuer and accrued to the Noteholder on the last day of the year of assessment of the Issuer.

### **Withholding Tax**

#### *Notes*

In terms of Part IVB of the amended Income Tax Act, a withholding tax on Interest paid to Non-Residents (at a rate of 15% of the amount of the Interest) ("**Withholding Tax**") came into effect on 1 March 2015.

Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect of Notes which are held by that Non-Resident Noteholder may be regarded as being from a South African source.

The Issuer is entitled to request a Noteholder to confirm its tax residency and whether any withholding or deduction is in fact required in terms of any applicable DTA.

Subject to any Withholding Tax relief provided for in the Income Tax Act (see the paragraph below) or an applicable DTA, the Withholding Tax will be imposed in respect of all payments of Interest from a South African source to Non-Residents (other than payments of Interest to a Non-Resident who is not entitled to the section 10(1)(h) exemption referred to under "*Income tax - treatment of premium and/or discount as well as interest on the Notes*" above and which Non-Resident is therefore liable for the payment of income tax on such Interest).

However, payments of Interest under Notes held by Non-Resident Noteholders will be exempt from Withholding Tax if (among other exemptions) such Notes are listed on a "*recognised exchange*". The JSE is a "*recognised exchange*".

Accordingly, where Notes are listed on the Interest Rate Market of the JSE and such Notes are held by Non-Resident Noteholders, payments of Interest under such Notes will be exempt from Withholding Tax.

#### *Amended Note Guarantee*

Any payments made by the Guarantor (following an Event of Default by the Issuer) to Non-Resident Noteholders under the Amended Note Guarantee (even where such payments follow a failure to pay Interest under the relevant Notes) should not be subject to Withholding Tax.

### **Disposal of the Notes**

If a Noteholder sells or otherwise disposes of a Note, Taxes (whether income tax or capital gains tax) may be levied on such sale or disposal.

Having regard to the provisions of section 24J(4) of the Income Tax Act, Taxes (whether income tax or capital gains tax) may be levied on the disposal or deemed disposal of any Notes held by a Resident Noteholder. In general, income tax will be leviable to the extent that a Resident Noteholder is a trader or has acquired the Notes for speculative purposes or has acquired the Notes as part of a business in carrying out a profit making scheme. Capital gains tax will be leviable to the extent that the Notes have been acquired by a Resident Noteholder for investment purposes and the disposal is not regarded as an operation of business in carrying out a profit-making scheme even though the South African Revenue Service has generally taken the view that these types of profits would generally be on revenue account.

Any discount or premium on acquisition which has already been treated as Interest for income tax purposes under section 24J of the Income Tax Act (see "*Original issue discount or premium*" above) will not again be taken into account when determining any capital gain or loss.

Taxes (whether income tax or capital gains tax) will not be levied on the disposal or deemed disposal of the Notes by a Non-Resident Noteholder unless the profits made on the disposal or deemed disposal of such Notes are from a South African source or are attributable to a permanent establishment of that Non-Resident Noteholder in South Africa during the relevant year of assessment of that Non-Resident

Noteholder. An applicable DTA may provide such Non-Resident Noteholder with relief from such Taxes.

## **PROGRAMME PREFERENCE SHARES**

### **Dividends**

Generally dividends are exempt from income tax in terms of section 10(1)(k) of the Income Tax Act. However, the exemption from income tax on dividends is subject to a number of exclusions and Programme Preference Shareholders must carefully consider whether or not the exemption in section 10(1)(k) of the Income Tax Act applies.

In addition, dividends received by or accrued to persons in respect of "*hybrid-equity instruments*" and/or "*third-party backed shares*" may be deemed to be income in terms of section 8E and section 8EA of the Income Tax Act, respectively, and no longer be exempt from income tax in terms of section 10(1)(k) of the Income Tax Act. The provisions of section 8E and 8EA of the Income Tax Act will apply to dividends received by or accrued to a person during any year of assessment if the Programme Preference Shares constitute "*hybrid-equity instruments*" or "*third-party backed shares*" at any time during the relevant year of assessment.

Whether or not the Programme Preference Shares will constitute "*hybrid-equity instruments*" and/or "*third-party backed shares*" will depend on the Applicable Programme Preference Share Terms and Conditions. Existing as well as prospective subscribers for or purchasers of any Programme Preference Shares must consult their professional advisers in this regard.

The Guarantor has, subject to and in accordance with the terms of the Amended Programme Preference Share Guarantee, irrevocably and unconditionally guaranteed to (i) the Programme Preference Shareholders of each Existing Tranche of Programme Preference Shares and (ii) the Programme Preference Shareholders of each Tranche of Programme Preference Shares issued, under the Programme, pursuant to this Programme Memorandum, the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of each such Tranche of Programme Preference Shares and the Applicable Programme Preference Share Terms and Conditions of each such Tranche of Programme Preference Shares.

The Programme Preference Shares may well constitute "*third-party backed shares*". Careful consideration therefore needs to be given as to whether a qualifying purpose exists in each case and thus whether any of the exclusions in section 8EA(3) of the Income Tax Act are applicable.

### **Withholding tax on dividends**

Part VIII of Chapter II imposes a withholding tax on dividends declared by (i) a company which is a Resident, and (ii) a company which is not a Resident if the share in respect of which that dividend is paid is listed on the JSE.

Dividends paid to Resident and Non-Resident Programme Preference Shareholders of Programme Preference Shares will normally be subject to the dividend withholding tax at a rate of 15%. However, section 64F of the Income Tax Act exempts various different types of entities from the withholding tax on dividends. Amongst others, Resident companies and pension funds are exempt from the dividends tax. Non-Residents are, however, subject to the dividends tax although it is possible that in specific instances a Non-Resident could obtain limited relief from the dividends tax in terms of the DTA.

The dividends tax must ordinarily be deducted by the company declaring the dividend. However, if the Programme Preference Share in respect of which the dividend is declared is listed on, among others, the JSE then (i) the Issuer will pay the dividends, without deducting withholding tax, to the Participant (being a "*regulated intermediary*") and (ii) the Participant will deduct the withholding tax prior to making payment of the applicable dividends to the holders of Beneficial Interests in the Programme Preference Shares.

Accordingly, a Participant is obliged to deduct the dividends tax from any dividends which it pays over to a Programme Preference Shareholder, unless the Participant receives (i) confirmation that the beneficial owner of the dividend is exempt from dividends tax in terms of section 64F of the Income Tax Act, or is subject to a reduced dividend rate in terms of an applicable DTA and (ii), a written undertaking to inform the Participant should the beneficial owner no longer qualify for the exemption listed in section 64F of the

Income Tax Act or cease to be the beneficial owner. The applicable declarations and/or undertakings in line with section 64F of the Income Tax Act can be obtained from the Participant, the broker or the South African Revenue Service website.

Any redemption amounts, which constitute contributed tax capital ("**CTC**"), and thus effectively a return of capital will not constitute a dividend and will not accordingly attract dividend withholding tax. Only the redemption amounts that do not constitute a return of CTC may be subject to the dividend withholding tax and dividend exemption in section 10(1)(k) of the Income Tax Act.

### **Redemption and/or sale of the Programme Preference Shares**

The capital gains tax consequences of the redemption of preference shares is typically that (i) a distribution which a company makes is not a dividend if the amount thereof is debited to the issuer's CTC (and such a distribution is, instead and for tax purposes, a return of capital), and (ii) the issuer typically debits rolled up dividends on redemption to its retained earnings and an amount equal to the original subscription price of the preference shares to its CTC, and (iii) the proceeds which the shareholder receives as a result of the disposal of its preference share, is equal to the subscription price paid for that preference share, and (iv) if the shareholder was the original subscriber for the preference share, the proceeds of the disposal of its share will be equal to its base cost and the shareholder will not realise a capital gain. If there is a partial return of CTC, then the base cost of the preference shares is proportionally reduced.

If any Programme Preference Shareholder of a Programme Preference Share that holds the Preference Shares for investment purposes sells that Programme Preference Share, such Programme Preference Shareholder will (i) realise a capital gain if the proceeds obtained by it on disposal exceed the base cost of the Programme Preference Share, or (ii) incur a capital loss if the base cost of the Programme Preference Share exceeds its proceeds. Resident Programme Preference Shareholders will be subject to capital gains tax on their capital gains, but Non-Resident Programme Preference Shareholders will be subject to capital gains tax only if the applicable Programme Preference Share is attributable to a permanent establishment of that Non-Resident in South Africa.

## **INDIRECT TAXES**

### **Value-added tax**

In terms of the Value-Added Tax Act, 1991 ("**VAT Act**"), no value-added tax ("**VAT**") is payable on the issue or transfer of the Instruments. The issue, allotment or transfer of ownership of the Instruments will constitute a "*financial service*", the supply of which is exempt from VAT in terms of section 12(a) of the VAT Act. However, commissions or other charges that are payable on the facilitation of this "*financial service*" are, in principle, subject to VAT at the standard current rate of 14%, depending on the circumstances and the identity of the service provider.

### **Securities Transfer Tax**

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

The Securities Transfer Tax Act imposes securities transfer tax on the transfer and on the redemption of the Programme Preference Shares at a rate equal to 0.25% of the higher of the Issue Price of the Programme Preference Shares and their market value. Such securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the transfer of the Programme Preference Shares will be for the account of the Programme Preference Shareholders. There is no Securities Transfer Tax on the issue of Programme Preference Shares.

Save as set out above, no indirect taxes on the issue, transfer or redemption of the Instruments are payable in respect of the Instruments as at the Programme Date.



## US TAXATION – FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "**foreign financial institution**" or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a "**Recalcitrant Holder**").

The new withholding regime is now in effect for payments from sources within the United States and will apply to "foreign passthru payments" (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Instruments characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "grandfathering date", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term "foreign passthru payment" are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Instruments characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Instruments are issued before the grandfathering date, and additional Instruments of the same Series are issued on or after that date, the additional Instruments may not be treated as grandfathered, which may have negative consequences for the existing Instruments, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

The South African Government and the U.S. Government signed an IGA ("**South African IGA**") in respect of FATCA on 09 June 2014. Under the South African IGA, South African FFIs will generally be able to be treated as "deemed compliant" with FATCA. Depending on the nature of the relevant FFI, FATCA Withholding may not be required from payments made with respect to the Instruments other than in certain prescribed circumstances. However, under the South African IGA, an FFI may be required to provide the South African Revenue Services with information on financial accounts (for example, the Instruments) held by U.S. persons and Recalcitrant Holders and on payments made to non-participating FFIs. Consequently, where applicable, Instrumentholders may be requested to provide certain information and certifications to the Issuer and to any other financial institutions through which payments on the Instruments are made in order for the Issuer and such other financial institutions to comply with their FATCA obligations.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Instruments, neither the Issuer nor the Paying Agent nor any other person would, pursuant to the Applicable Note Terms and Conditions of the relevant Tranche of Notes or the Applicable Programme Preference Share Terms and Conditions of the relevant Tranche of Programme Preference Shares, as the case may be, be required to pay additional amounts as a result of the deduction or withholding. As a result, Instrumentholders of such Instruments may receive less interest or principal than expected.

Whilst the Instruments are held in the CSD, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Instruments by the Issuer, the Paying Agent and the CSD or Participants, as the case may be, given that each of the entities in the payment chain between the Issuer and the Participants is a financial institution whose business is dependent on compliance with FATCA and

that any alternative approach introduced under the South African IGA will be unlikely to affect the Instruments.

However, subject to the Financial Markets Act, the holder of a Beneficial Interest may exchange such Beneficial Interest for Registered Instruments represented by a Certificate in accordance with Condition 11.1 of the Note Terms and Conditions or Condition 14.1 of the Programme Preference Share Terms and Conditions, as applicable. In this event, such Instruments will no longer be held by the CSD and a non-FATCA compliant Instrumentholder of such Instruments could be subject to FATCA Withholding.

FATCA is particularly complex legislation. The above description is based in part on U.S. Treasury regulations official guidance and the South African IGA, all of which are subject to change or may be implemented in materially different form.

Potential investors in the Instruments should consult their own tax advisers to determine how these rules may apply to payments they will receive under the Instruments and the potential impact of the implementation of the South African IGA and implementing legislation on them.

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## EXCHANGE CONTROL

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*The information below is intended to be a general guide to the position under the Exchange Control Regulations as at the Programme Date. The contents of this section headed "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 Instruments. Prospective subscribers for or purchasers of any Instruments should consult their professional advisers in this regard.*

In this section headed "Exchange Control":

- a) **"Exchange Control Approvals"** means the approvals of the Exchange Control Authorities contained in various correspondences from the Exchange Control Authorities to The Standard Bank of South Africa Limited (as *"authorised dealer"* of the Issuer for purposes of the Exchange Control Regulations) and/or the Issuer, and *vice versa*, including (i) Application Number 10495, dated 1 October 2010 (permitted instruments), (ii) an e-mail, dated 7 October 2010, from Mr Glen Sommerville (Head – Exchange Control division - Standard Bank) to the Issuer, (iii) Application Number 7377, dated 22 July 2011, (iv) Application Number 6478, dated 6 August 2012 (New Subsidiaries), (v) Application Number 8612, dated 12 October 2012 (Preference Shares and increase of Programme Amount), (vi) Application Number 10724, dated 14 November 2012 (listing of Equity Linked Programme Preference Shares), (vii) Application Number 9754, dated 16 November 2012 (Rand 225 000 000 Equity Linked Floating Rate "C" Preference Shares), (viii) Application Number 2600, dated 26 March 2013 (increase of Programme Amount), (ix) Application Number 9452, dated 25 October 2013 (local financial assistance provisions) and (x) Application Number 1373, dated 11 June 2014 (local financial assistance), as consolidated, updated and or re-affirmed from time to time;
- b) **"Permitted Investments"** means Instruments issued or to be issued, under the Programme, which are instruments and/or investments permitted by the Exchange Control Approvals.

## PROGRAMME MEMORANDUM

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

## ISSUE OF INSTRUMENTS

The Issuer qualifies as an *"affected person"* in terms of the Exchange Control Regulations.

In terms of the Exchange Control Approvals, the Exchange Control Authorities have approved:

- the issue of Notes under the Programme which are Permitted Investments; and
- the issue of the Existing Programme Preference Shares,

subject to the aggregate Outstanding Amount of all of the Instruments in issue under the Programme (including Existing Instruments) from time to time not exceeding ZAR10,000,000,000.

The issue of a Tranche of Programme Preference Shares, under the Programme, pursuant to this Programme Memorandum will require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

The exchange control approval referred to in the paragraph above may take the form of:

- a "specific" exchange control approval which covers the issue of a particular Tranche of Programme Preference Shares, under the Programme, pursuant to this Programme Memorandum;
- a "general" exchange control approval which covers the issue of multiple Tranches of Programme Preference Shares, under the Programme, pursuant to this Programme Memorandum, up to a particular Outstanding Redemption Amount.

In addition, the issue of a particular Tranche of Instruments, under the Programme, pursuant to this Programme Memorandum may, depending on the type of Instruments in that Tranche, require the

additional prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

In particular, in terms of Rule 3.20(c) of the JSE Debt Listings Requirements, *"where the ... Issuer issues listed [Notes] that will pay higher than the interest rate to be paid/discounted in terms of exchange control policy, and where there will be foreign participation cross-border funding, the ... Issuer is required to obtain prior [Exchange Control Authorities] approval/directive in respect of the issue. Exchange control policy allows interest to be paid up to the prime overdraft rate (predominant rate) plus 3% per annum or as amended from time to time"*.

Dealings in such Instruments and the performance by the Issuer of its obligations under such Instruments and the Applicable Note Terms and Conditions or the Applicable Programme Preference Share Terms and Conditions, as the case may be, may be subject to the Exchange Control Regulations.

#### **AMENDED NOTE GUARANTEE AND AMENDED PROGRAMME PREFERENCE SHARE GUARANTEE**

The Guarantor qualifies as a *"non-resident"* for purposes of the Exchange Control Regulations.

In terms of the Exchange Control Approvals, the Exchange Control Authorities have approved:

- the provision of the Previous Note Guarantee by the Guarantor in respect of the issue of Existing Notes under the Programme which are Permitted Investments; and
- the provision of the Previous Programme Preference Share Guarantee by the Guarantor in respect of Existing Programme Preference Shares,

subject to the aggregate Outstanding Amount of all of the Instruments in issue under the Programme (including Existing Instruments) from time to time not exceeding ZAR10,000,000,000.

Given that the amendments to the Amended Note Guarantee are *"technical"* and not substantive amendments, the Exchange Control Approvals are likely to cover the provision of the Amended Note Guarantee by the Guarantor in respect of the issue of Notes (which are Permitted Investments), under the Programme, pursuant to this Programme Memorandum, subject to the aggregate Outstanding Amount of all of the Instruments in issue under the Programme (including Existing Instruments) from time to time not exceeding ZAR10,000,000,000.

The provision of the Amended Programme Preference Share Guarantee by the Guarantor in respect of a Tranche of Programme Preference Shares issued, under the Programme, pursuant to this Programme Memorandum will require the prior written approval of the Exchange Control Authorities in terms of the Exchange Control Regulations.

The exchange control approval referred to in the paragraph above may take the form of:

- a *"specific"* exchange control approval which covers the provision of the Amended Programme Preference Share Guarantee by the Guarantor in respect of a particular Tranche of Programme Preference Shares issued, under the Programme, pursuant to this Programme Memorandum;
- a *"general"* exchange control approval which covers the provision of the Amended Programme Preference Share Guarantee by the Guarantor in respect of multiple Tranches of Programme Preference Shares issued, under the Programme, pursuant to this Programme Memorandum, up to a particular Outstanding Redemption Amount.

#### **BLOCKED RAND**

Blocked Rand may be used for the subscription for or purchase of Instruments. Any amounts payable by the Issuer in respect of the Instruments 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 Certificate issued to an Instrumentholder who is an emigrant from the Common Monetary

Area ("**Emigrant Instrumentholder**") will be endorsed "*emigrant*" and must be deposited with an authorised foreign exchange dealer controlling such Emigrant Instrumentholder's blocked assets.

Where a Beneficial Interest in Instruments is held by an Emigrant Instrumentholder through the CSD, the securities account maintained for such Emigrant Instrumentholder by the relevant Participant will be designated as an "*emigrant*" account.

Any payments and/or other redemption amount due to an Emigrant Instrumentholder will be deposited into such Emigrant Instrumentholder's Blocked Rand account, as maintained by an authorised foreign exchange dealer controlling such Emigrant Instrumentholder's blocked assets. Such amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations. Payments of interest and/or dividend due and payable in respect of such Instruments to such Emigrant Instrumentholder need not be deposited into such Emigrant Instrumentholder's Blocked Rand account, and such amounts of interest and/or dividend are freely transferable from the Common Monetary Area.

#### **NON-RESIDENTS OF THE COMMON MONETARY AREA**

Any Individual Certificate issued to an Instrumentholder who is not resident in the Common Monetary Area ("**Non-Resident Instrumentholder**") will be endorsed "*non-resident*".

Where a Beneficial Interest in Instruments is held by a Non-Resident Instrumentholder through the CSD, the securities account maintained for such Non-Resident Instrumentholder by the relevant Participant will be designated as a "*non-resident*" account.

It will be incumbent on any such Non-Resident Instrumentholder to instruct its nominated authorised dealer in foreign exchange as to how payments of any amount (whether in respect of principal, interest, dividend or otherwise) payable in respect of the Instruments held by such Non-Resident Instrumentholder are to be dealt with. Such amounts may, in terms of the Exchange Control Regulations, be remitted abroad only if such Instruments 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*" securities account, as the case may be.

#### **BEARER NOTES**

The disposal or acquisition of or dealing in Bearer Notes is subject to the prior written approval of the Minister of Finance (or a person authorised by the Minister of Finance) in accordance with Regulation 15 of the Exchange Control Regulations.

#### **ORDER NOTES**

Any Order Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed in accordance with the applicable provisions of the Exchange Control Regulations. Any Order Notes (and Order Certificates) issued to Noteholders who are emigrants from the Common Monetary Area will be subject to the applicable provisions of the Exchange Control Regulations.

Any Order Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed in accordance with the applicable provisions of the Exchange Control Regulations. Any Order Notes (and Order Certificates) issued to Noteholders who are not resident in the Common Monetary Area will be subject to the applicable provisions of the Exchange Control Regulations.

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## GENERAL INFORMATION

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### AUTHORISATION

All corporate authorities, and all consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa as at the Programme Date have been given for the establishment of the Programme and the execution of this Programme Memorandum.

All corporate authorities, and all consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa will be given, prior to the Issue Date of a Tranche of Instruments, for (among other things) the Issuer to issue that Tranche of Instruments, to execute the Applicable Pricing Supplement relating to that Tranche of Instruments, to enter into and perform its obligations under the Applicable Note Terms and Conditions or the Applicable Programme Preference Share Terms and Conditions, as the case may be, of that Tranche of Instruments, and to enter into and perform its obligations under the Subscription Agreement relating to the issue of that Tranche of Instruments.

All corporate authorities, and all consents, approvals, authorisations or other orders of all regulatory authorities (if any) required by the Guarantor under the laws of the Commonwealth of Australia as at the Programme Date have been given for the Guarantor to execute and enter into the Amended Note Guarantee and to perform its obligations under the Amended Note Guarantee, and to execute and enter into the Amended Programme Preference Share Guarantee and to perform its obligations under the Amended Programme Preference Share Guarantee.

No corporate authorities, consents, approvals, authorisations or other orders of any regulatory authorities are required by the Guarantor under the laws of South Africa as at the Programme Date for the Guarantor to execute and enter into the Amended Note Guarantee and to perform its obligations under the Amended Note Guarantee and to execute and enter into the Amended Programme Preference Share Guarantee and to perform its obligations under the Amended Programme Preference Share Guarantee.

### LISTING

This Programme Memorandum was approved by the JSE on 27 July 2016.

A Tranche of Registered Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Noteholders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Registered Notes will be listed and, if so, on which Relevant Stock Exchange.

A Tranche of Programme Preference Shares may be listed on the Main Board of the JSE or on such other or additional Relevant Stock Exchange/s as may be determined by the Issuer and the relevant Dealer/s (if any), subject to all Applicable Laws. Unlisted Programme Preference Shares may also be issued under the Programme. Unlisted Programme Preference Shares are not regulated by the JSE. The Programme Preference Shareholders of Programme Preference Shares that are not listed on the Main Board of the JSE will have no recourse against the JSE and/or the JSE Guarantee Fund. Claims against the JSE Guarantee Fund may only be made in respect of the trading of Programme Preference Shares listed on the Main Board of the JSE and in accordance with the rules of the JSE Guarantee Fund. The Applicable Pricing Supplement will specify whether or not a Tranche of Programme Preference Shares will be listed and, if so, on which Relevant Stock Exchange/s.

### COMMERCIAL PAPER REGULATIONS

If applicable, see Annexure "A" to the *pro forma* Applicable Pricing Supplement set out in the section of this Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement - Notes*".

**MATERIAL CHANGE**

As at the Programme Date, the Issuer has no "*subsidiaries*" as defined in the Companies Act.

The Issuer confirms that, as at the Programme Date, no material change in the financial or trading position of the Issuer has occurred since 31 March 2016 (being the end of the last financial period for which audited annual financial statements have been published). This statement has not been confirmed or verified or reviewed and reported on by the independent auditors of the Issuer.

For purposes of the paragraph above "**material**" shall have the meaning ascribed to it in the JSE Main Board Listings Requirements.

The statement above is made pursuant to Rule 4.16(b)(i) of the JSE Debt Listings Requirements.

**SIGNED** at Cape Town on this the 8th day of September 2016

For: **MACQUARIE SECURITIES SOUTH AFRICA LIMITED**

By: 

Name: Nikolai Mavrodinov

Capacity: *Director, duly authorised*

By: 

Name: Graham Alexander Crawford

Capacity: *Director, duly authorised*

**Issuer****Macquarie Securities South Africa Limited**

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**Auditors to the Guarantor****PricewaterhouseCoopers Incorporated**

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