

PROGRAMME MEMORANDUM

SUPERDRIVE INVESTMENTS (RF) LIMITED

*(incorporated in the Republic of South Africa with limited liability)
(registration number 2011/000895/06)*

ZAR10,000,000,000 ASSET BACKED DOMESTIC MEDIUM TERM NOTE PROGRAMME

On 25 September 2011, a ZAR10,000,000,000 asset backed note programme (the "**Programme**") was established by SuperDrive Investments (RF) Limited (the "**Issuer**") pursuant to the issue by the Issuer of a programme memorandum dated 24 August 2011 (the "**Initial Programme Memorandum**"). The Issuer wishes to amend the provisions of the Initial Programme Memorandum and wishes to enter into this amended and restated programme memorandum ("**Programme Memorandum**"). With effect from the date of signature of this amended and restated Programme Memorandum, this amended and restated Programme Memorandum and the terms and conditions of the Notes described herein shall supersede and replace in all respects the Initial Programme Memorandum and shall apply in respect of all Notes issued after the date of signature of this Programme Memorandum.

Under this Programme Memorandum, the Issuer may issue notes ("**Notes**") from time to time having a maximum Principal Amount Outstanding of up to ZAR10,000,000,000 or such other amount as the board of directors of the Issuer may from time to time decide and specify in a pricing supplement ("**Applicable Pricing Supplement**"). All Notes issued under this Programme Memorandum will be issued subject to the terms and conditions ("**Terms and Conditions**") set out in this Programme Memorandum, as supplemented by each Applicable Pricing Supplement issued in relation thereto. Any other terms and conditions not contained in the Terms and Conditions which are applicable to any Notes will be set forth in an Applicable Pricing Supplement issued in relation to such Tranche of Notes.

The Notes will be secured by a limited recourse guarantee issued by SuperDrive Investments Guarantor SPV (RF) Proprietary Limited (the "**Guarantor SPV**") in favour of the holders of Notes ("**Noteholders**") and other secured creditors under this Programme Memorandum (jointly hereinafter referred to as "**Secured Creditors**"), as described in the section of this Programme Memorandum entitled "*Description of Security Arrangements*".

The Programme has been registered with the Interest Rate Market of the JSE Limited (the "**JSE**"). A Tranche of Notes may be listed on the Interest Rate Market of the JSE, or any successor exchange. The Notes may also be listed on such other or further exchanges as may be determined by the Issuer, subject to all relevant Applicable Laws. Notes so listed on the Interest Rate Market of the JSE may be traded by or through members of the JSE.

*Sole Arranger, Manager,
Dealer and Transactional
Debt Sponsor*

Debt Sponsor

Attorneys



Unlisted Notes may also be issued by the Issuer. Unlisted Notes are not regulated by the JSE.

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE Debt Guarantee Fund Trust or the JSE, even if such Notes are settled through the electronic settlement procedures of the JSE and the Central Securities Depository. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. The placement of a Tranche of unlisted Notes may (at the sole discretion of the Issuer) be reported through the JSE reporting system, in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository for all trades done through the JSE.

The Notes issued under this Programme Memorandum may be rated by Moody's Investors Service Limited and/or one or more other rating agencies appointed by the Issuer for such purpose on a national and/or local currency global scale basis. Certain Tranches of Notes which are assigned a Rating by a Rating Agency on the Issue Date of such Notes may be assigned a different Rating by another Rating Agency subsequent to the Issue Date of such Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency. Unrated Notes may also be issued by the Issuer.

Save for the guarantee issued by the Guarantor SPV referred to above, the Notes will constitute obligations of the Issuer only and will not constitute obligations or responsibilities of, or be guaranteed by, any other person. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by The Standard Bank of South Africa Limited ("Standard Bank") or any company in the same group as or affiliated to Standard Bank. The cash flows ultimately backing the Notes derive from the assets of the Issuer and do not derive in any way from any other cash flows.

Particular attention is drawn to the section herein entitled "Investment Considerations".

Terms used in this section shall bear the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent that they are separately defined in this section or the context clearly indicates a contrary intention.

The Issuer certifies to the best of its knowledge and belief that there are no facts which have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that this Programme Memorandum contains all information required by law and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum, each Applicable Pricing Supplement, its annual financial statements or annual financial reports, as the case may be, and any amendments or supplements to the aforementioned documents, except as may be otherwise stated therein.

*The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum, when read together with each Applicable Pricing Supplement issued in relation to the Notes and the documents that are deemed to be incorporated herein and therein ("**Supporting Documentation**") contains or incorporates all information which is material in the context of the issue or offering of the Notes, that the information contained or incorporated in this Programme Memorandum, read together with the Supporting Documentation, is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Programme Memorandum, read together with the Supporting Documentation, are honestly held and that there are no other facts the omission of which would make this Programme Memorandum, read together with the Supporting Documentation, or any information or expression of any such opinions or intentions misleading in any material respect.*

The JSE's approval of the registration of this Programme Memorandum and the listing of the Notes on the Interest Rate Market of the JSE is not to be taken as an indication of the merits of the Issuer or the Notes and, to the extent permitted by Applicable Law, the JSE will not be liable for any claim whatsoever. The JSE takes no responsibility for the contents of this Programme Memorandum or any Applicable Pricing Supplement or the Issuer's annual financial statements or annual financial reports and any amendments or supplements to the aforementioned documents, and the JSE makes no representation as to the accuracy or completeness of this Programme Memorandum or any Applicable Pricing Supplement, the Issuer's annual financial statements or annual financial reports and any amendments or supplements to the aforementioned documents. The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum or any Applicable Pricing Supplement or the Issuer's annual financial statements or annual financial reports and any amendments or supplements to the aforementioned documents.

*Information contained in this Programme Memorandum with respect to the Arranger and Manager, Administrator, the Guarantor SPV, other parties to the Transaction Documents, the JSE and other advisors ("**Relevant Advisors**") has been obtained from each of them for information purposes only and the Issuer assumes no responsibility for such information. The delivery of this Programme Memorandum shall not create any implication that there has been no change in the affairs of the Issuer or any of the Relevant Advisors since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date. The Issuer makes no representation or warranties as to the settlement procedures of the JSE and the Central Securities Depository.*

This Programme Memorandum is to be read in conjunction with each Applicable Pricing Supplement issued in relation to the Notes together with all documents which are deemed to be incorporated therein by reference on the basis that such documents are incorporated

into and form part of this Programme Memorandum and/or Applicable Pricing Supplements (as applicable).

No person is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in this Programme Memorandum and each Applicable Pricing Supplement issued in relation to the Notes. Nevertheless, if any such information is given or representation made, it must not be relied upon as having been authorised by the Issuer or any of the Relevant Advisors. Neither the delivery of this Programme Memorandum or any Applicable Pricing Supplement, nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer since the date hereof or that the information contained herein is correct at any time subsequent to the date of this Programme Memorandum. None of the Relevant Advisors has separately verified the information contained in this Programme Memorandum or any Applicable Pricing Supplement. Accordingly, none of the Relevant Advisors nor any of their respective affiliates makes any representation, expressed or implied, or accepts any responsibility, with respect to the accuracy or completeness of any information in this Programme Memorandum and/or any Applicable Pricing Supplement or any other information supplied in connection with the Programme. Each person receiving this Programme Memorandum or any Applicable Pricing Supplement acknowledges that such person has not relied on any of the Relevant Advisors or any person affiliated with any of the Relevant Advisors in connection with its investigation of the accuracy of such information or its investment decision.

Neither this Programme Memorandum nor any Applicable Pricing Supplement, nor any other information supplied in connection with this Programme Memorandum or any Applicable Pricing Supplement is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation by the Issuer or any of the Relevant Advisors that any recipient of this Programme Memorandum or any Applicable Pricing Supplement or any other information supplied in connection with the Programme should subscribe for or purchase any Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the financial condition and affairs, and its own appraisal of the credit worthiness of the Issuer and the Guarantor SPV and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. None of the Relevant Advisors undertake to review the financial condition or affairs of the Issuer or to advise any investor or potential investor in the Notes of any information coming to the attention of such Relevant Advisor.

This Programme Memorandum and any other information supplied in connection with the Notes do not constitute the rendering of financial investment advice by the Issuer or any of the Relevant Advisors, but merely describes certain factual information about the Issuer and the Notes.

The Notes will be obligations solely of the Issuer. The Notes will not be obligations of, or the responsibility of, or (save for the Guarantee) be guaranteed by, any person other than the Issuer. In particular, the Notes will not be obligations of, or the responsibility of, or be guaranteed by any Relevant Advisor, save to the extent of the amount recovered from the Issuer in terms of the Indemnity by the Guarantor SPV. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by any of the Relevant Advisors.

This Programme Memorandum does not constitute an offer or an invitation by or on behalf of the Issuer or any of the Relevant Advisors to any person to subscribe

for or purchase any of the Notes. The distribution of this Programme Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer or any of the Relevant Advisors that this Programme Memorandum or any Applicable Pricing Supplement may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of the JSE for this Programme Memorandum and the listing of Notes on the Interest Rate Market of the JSE, no action has been taken by the Issuer or any of the Relevant Advisors which would permit a public offering of the Notes or distribution of this Programme Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any Applicable Pricing Supplement nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. Persons into whose possession this Programme Memorandum, or any Applicable Pricing Supplement comes are required by the Issuer and each of the Relevant Advisors to inform themselves about and observe such restrictions.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to any United States persons. In addition, there are restrictions on the distribution of this Programme Memorandum in the RSA, the United Kingdom and each Member State of the European Economic Area.

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

All references in this Programme Memorandum to "Rand", "R", "South African Rand", "ZAR" and "cent" refer to the lawful currency for the time being of the Republic of South Africa.

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ANNEXURES

ANNEXURE "A" – DETAILS OF PARTICIPATING ASSETS

DOCUMENTS INCORPORATED BY REFERENCE

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

- 1 The following documents will be deemed to be incorporated into, and form part of, this Programme Memorandum –
 - 1.1 the audited annual financial statements of the Issuer for each of the preceding three years ended 31 December, up to and including the most recent financial year ended 31 December 2018, together with such statements, reports and notes attached to or intended to be read with such financial statements, in respect of all financial years of the Issuer after the date of this Programme Memorandum, as well as the annual report of the Issuer (if applicable), as and when such is approved and becomes available;
 - 1.2 the annual financial statements of the Guarantor SPV for each of the preceding three financial years ending on 31 December, together with such statements, reports and notes attached to or intended to be read with such financial statements in respect of all financial years of the Guarantor SPV after the date of this Programme Memorandum;
 - 1.3 each of the Applicable Pricing Supplements relating to the issue of any Notes;
 - 1.4 the Guarantor SPV Guarantee;
 - 1.5 any supplements and/or amendments to this Programme Memorandum circulated by the Issuer, from time to time in accordance with the Programme Agreement;
 - 1.6 all information pertaining to the Issuer which is relevant to the Notes and which is electronically disseminated on the Stock Exchange News Service of the JSE (or any similar service established by the JSE) ("**SENS**") to SENS subscribers;
 - 1.7 the Investor Reports; and
 - 1.8 all Transaction Documents including but not limited to all of the Notes and the Certificates (if any), the Indemnity, the Cession *in Securitatem Debiti* (Assets), the Cession *in Securitatem Debiti* (Contracts), the Issuer Owner Trust Suretyship, the Cession *in Securitatem Debiti* (Shares), the Administration Agreement, the Programme Wide Liquidity Facility Agreement, the Paying Agency Agreement, the Account Bank Agreement, the Transfer Secretary Agreement, the Programme Agreement, each of the Hedging Agreements in force and effect from time to time, the Asset Sale and Servicing Agreement, the Subordinated Loan Agreement, each Sale Supplement and the Common Terms Agreement.
- 2 The Issuer will, in connection with the listing of the Notes on the Interest Rate Market of the JSE or such other or further exchanges as may be selected by the Issuer, and for so long as the Programme Memorandum remains registered with the Interest Rate Market of the JSE, publish a new Programme Memorandum or a further supplement

to the Programme Memorandum on the occasion of any subsequent issue of Notes where there has been -

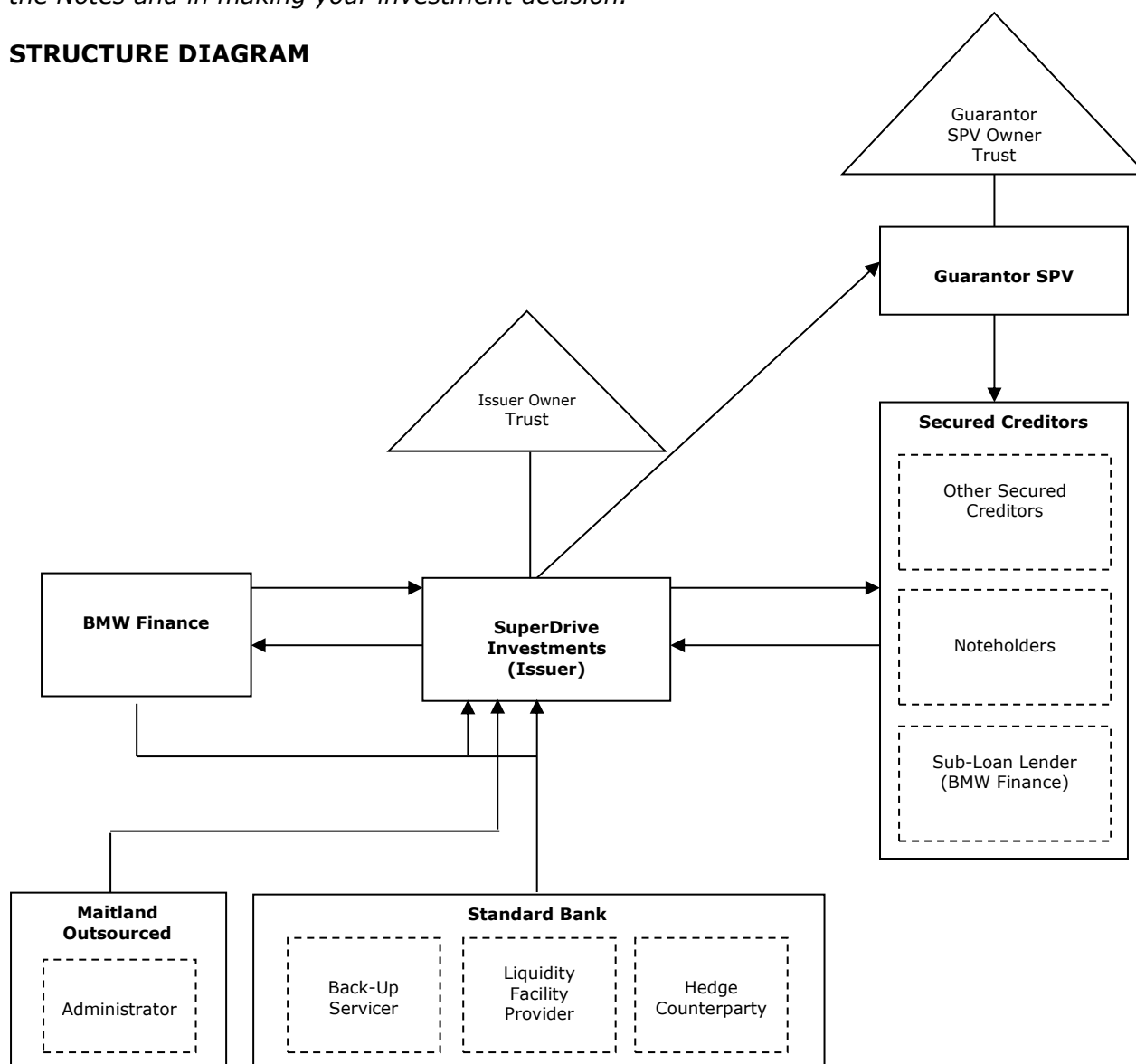
- 2.1 any modification of the terms of the Programme which would make the Programme Memorandum materially inaccurate or misleading;
 - 2.2 a material change in the condition of the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum.
- 3 The Issuer will further review the Programme Memorandum, on an annual basis at the same time as the audited annual financial statements are published, to consider if any of the information therein contained in relation to the Issuer, but excluding the Conditions, is outdated in a material respect and if so, the Issuer shall publish a new Programme Memorandum or a further supplement to the Programme Memorandum.
 - 4 Any such new Programme Memorandum or Programme Memorandum as supplemented and/or modified shall be deemed to have been substituted for the previous Programme Memorandum or to have modified the previous Programme Memorandum from the date of issue of the new Programme Memorandum or the Programme Memorandum as supplemented, as the case may be.
 - 5 The Issuer will, for so long as the Programme Memorandum remains registered with the Interest Rate Market of the JSE, provide, at its registered office as set out at the end of this Programme Memorandum, free of charge, to the general public upon request, a copy of the Programme Memorandum and any or all of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded.
 - 6 This Programme Memorandum and the documents listed in paragraphs 1.4, 1.7 and 1.8 above are available for inspection, during normal office hours, at the offices of the Issuer for so long as the Programme Memorandum remains registered with the Interest Rate Market of the JSE. The documents listed in paragraphs 1.1, 1.2, 1.3 and 1.5 above, will, as and when such documents are approved and become available, be available for inspection, during normal office hours, at the offices of the Issuer for so long as the Programme Memorandum remains registered with the Interest Rate Market of the JSE. This Programme Memorandum and the documents referred to under 1.1, 1.2, 1.3, 1.4, 1.5 and 1.7 above, when they become available, will also be available for inspection on the Servicer's website <https://www.bmw.co.za/en/topics/offers-and-services/bmw-financial-services/investor-relations.html>. This Programme Memorandum is and, when they become available, the documents listed in paragraphs 1.3 and 1.5 above will also be available for inspection on the JSE's website, "<http://www.jse.co.za>".

TRANSACTION SUMMARY

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The following is a brief overview of certain key aspects of the Programme as more fully described in this Programme Memorandum. This section should be read in conjunction with the detailed information contained elsewhere in this Programme Memorandum. You should carefully read this entire document to understand all of the terms of the offering of the Notes and in making your investment decision.

STRUCTURE DIAGRAM



- 1 BMW Finance, as Originator, sold the Initial Participating Assets on the First Transfer Date complying with the Eligibility Criteria and the Portfolio Covenants, to the Issuer.

The Issuer funded the purchase of the Initial Participating Assets through the issuance of Notes and a draw down on a Subordinated Loan provided by BMW Finance.

- 2 After the First Transfer Date, the Issuer acquired Subsequent Participating Assets from the proceeds of prepayments and/or repayments from Obligors under the Participating Assets and from the proceeds of further Note issuances and draw downs of Subordinated Loans.
- 3 Following the date of this Programme Memorandum, the Issuer may issue further Notes and draw down on the Subordinated Loan for the purpose of refinancing maturing Notes or acquiring Subsequent Participating Assets.

On any Relevant Transfer Date during the Revolving Period, the Issuer may use prepayments and repayments of Principal by Obligors to fund the purchase of additional Participating Assets in replenishment of the Portfolio of Participating Assets.

In addition, and during the Revolving Period, the Issuer may acquire Subsequent Participating Assets on any Issue Date financed through the issue of Notes, which will have the effect of increasing the aggregate Principal Amount Outstanding of the Notes under the Programme.

The Originator may under the Asset Sale and Servicing Agreement purchase assets from the Issuer subject to the conditions set out therein.

- 4 The Guarantor SPV has been established for the purpose of guaranteeing the performance by the Issuer of its obligations to Secured Creditors (which include Noteholders, BMW Finance as the Subordinated Lender and other creditors of the Issuer) set out in the Priority of Payments. The Guarantor SPV has accordingly issued the Guarantee to the Secured Creditors on the basis that the Secured Creditors will only proceed against the Guarantor SPV under the Guarantee in the event of the Issuer failing to meet its obligations to them. The Guarantor SPV's aggregate liability under the Guarantee is limited to amounts realised under the Indemnity referred to in 5 below. Any payments to be made by the Guarantor SPV will be made in accordance with the Post-Enforcement Priority of Payments.
- 5 The Issuer has provided the Guarantor SPV with the Indemnity in terms of which it indemnifies the Guarantor SPV against all claims made under the Guarantee. The Issuer's obligations to the Guarantor SPV under the Indemnity are secured by a cession and pledge of all the Issuers assets to the Guarantor SPV.
- 6 The Issuer has appointed the Servicer as servicing agent in respect of the Participating Assets and the Servicer will continue, *inter alia*, to collect payments from Obligors and administer and manage the portfolio of Participating Assets on an ongoing basis as set out in the Asset Sale and Servicing Agreement.
- 7 Maitland Outsourced will provide a support service to the Issuer in its role as Administrator. For further details on this role, see the section entitled "*Summary of Information*".
- 8 Standard Bank will provide various support services to the Issuer in its role as, *inter alia*, Back-Up Servicer, Liquidity Facility Provider and Hedge Counterparty. For further details of these and other roles that Standard Bank provides see section entitled "*Summary of Information*".

STRUCTURAL SUMMARY

Acquisition of Initial Participating Assets

On the First Transfer Date, the Originator sold the Initial Participating Assets to the Issuer. All Participating Assets acquired by the Issuer, whether on the First Issue Date or thereafter, are required to comply with the Eligibility Criteria. The purchase price for these assets, as well as certain other costs and expenses of the Issuer, was financed through the issue of Notes and the Issuer drawing down under the Subordinated Loan Agreement. In addition, the Issuer, using amounts drawn under the Subordinated Loan Agreement, funded the Reserve Fund up to the Reserve Fund Required Amount.

Acquisition of Subsequent Participating Assets

After the First Transfer Date and during the Revolving Period, the Issuer may replenish the Portfolio of Participating Assets by acquiring Subsequent Participating Assets using the proceeds from prepayments and/or repayments from Obligor(s) under the Participating Assets to finance such acquisition.

In addition, the Issuer may also after the First Transfer Date and during the Revolving Period, acquire further Subsequent Participating Assets by using the proceeds from a further issue of Notes and/or a Subordinated Loan(s) on the terms and conditions as further described in this Programme Memorandum and any Applicable Pricing Supplement.

All Participating Assets acquired by the Issuer from time to time will be consolidated into a single asset pool and there will be no separation or segregation of Participating Assets with respect to any particular Tranche of Notes. The Portfolio of Participating Assets is required to comply with the Portfolio Covenants.

Class of Notes

The Issuer may issue up to four Classes of senior and subordinated Notes, which will rank in seniority between themselves as set out in the Conditions. Due to the revolving nature of the Programme it is conceivable that subordinated Notes may reach their Scheduled Maturity Date prior to senior Notes. Such subordinated Notes may only be redeemed while more senior Notes are outstanding provided that certain conditions are met, including conditions relating to the maintenance of over-collateralisation, as set out in the Condition 8.3.

Soft Bullet Notes

All Notes will be issued with a Legal Final Maturity Date, by which date the Issuer is obliged to redeem such Notes. Failure to redeem a Note on its Legal Final Maturity Date will constitute an Event of Default. In addition, Notes may be issued with or without a Scheduled Maturity Date. Notes issued with a Scheduled Maturity Date ("**Soft Bullet Notes**") will not receive repayments of principal prior to that date unless an Early Amortisation Event occurs (this period being referred to as the "**Interest Only Period**"). On the Scheduled Maturity Date the Issuer is expected to redeem the relevant Notes in full but is not obliged to do so and failure to do so will not constitute an Event of Default. Notes that are not redeemed on their Scheduled Maturity Date will from that date bear interest at the Interest Rate including the Step-Up Margin. It is expected that the Issuer will redeem maturing Soft Bullet Notes from the proceeds of new Notes to be issued, the sale of Participating Assets or other funds available to the Issuer.

Amortising Notes

Notes that are issued without a Scheduled Maturity Date ("**Amortising Notes**") will not have an Interest Only Period and will be entitled to receive principal repayments in respect of such Notes from their Issue Date in accordance with the Priority of Payments.

Early Amortisation

On the occurrence of an Early Amortisation Event, the Revolving Period will end and the Issuer will no longer be entitled to acquire further Participating Assets or issue further Notes.

On each Payment Date following the end of the Revolving Period, the Issuer will redeem Notes outstanding in accordance with the Priority of Payments to the extent that cash is available for this purpose. All Notes within a particular Class will rank *pari passu* among themselves with respect to amortisation during this period, regardless of their Scheduled Maturity Date or Legal Final Maturity Date.

Security Arrangements

The payment obligations of the Issuer under, *inter alia*, the Notes will be secured by the Guarantee issued by the Guarantor SPV to the Noteholders and other Secured Creditors of the Issuer. Except in certain limited circumstances set out in the Conditions, Noteholders will not be entitled to proceed directly against the Issuer in the event of the Issuer failing to meet its obligations under the relevant Transaction Documents, but will instead be required to lodge a claim under the Guarantee.

The Issuer indemnifies the Guarantor SPV for any losses it may suffer as a result of the execution and granting of the Guarantee and cedes, in security, all of its right, title and interest in and to, *inter alia*, the Participating Assets to the Guarantor SPV as security for the Issuer's obligations under the Indemnity. The Issuer's liability under the Indemnity will be limited to the Guarantor SPV's rights held by it under the Guarantor SPV's Security. The Guarantor SPV's liability under the Guarantee will be limited to the amount which the Guarantor SPV receives under the Indemnity and the Guarantor SPV's Security.

Sale of Participating Assets

The Issuer will be entitled, but not obliged, on any Payment Date during the Revolving Period to sell, without the prior consent of the Noteholders (but subject to the prior consent of the Guarantor SPV), Participating Assets from the Portfolio of Participating Assets, provided that the purchase consideration at which such Participating Asset is sold is at least equal to the then outstanding Principal plus all accrued interest in respect of such Participating Asset if such asset is not in arrears and is not otherwise a Non-Performing Participating Asset. All other Participating Assets ("**Other Assets**") shall be disposed of at the fair market value of such asset agreed to between the Issuer and the purchaser subject to the approval of the Guarantor SPV and subject further to a minimum purchase consideration of 45% of the outstanding Principal of the relevant asset at that time. Disposals of Other Assets will be subject to a maximum limit of 10% of the aggregate outstanding Principal of the Pool of Participating Assets as at the most recent Issue Date, measured on a two year rolling period immediately preceding the proposed disposal date.

Should the Issuer wish to redeem all, but not only some, of the Notes, the Issuer shall be entitled to dispose of all the Participating Assets in the Portfolio of Participating Assets provided that the purchase consideration payable in respect of such disposal shall be equal to or greater than the principal amount outstanding on all the Notes as at the proposed

Actual Redemption Date of such Notes, plus all Interest Accrued in respect of such Notes, plus all other amounts payable by the Issuer in terms of the Priority of Payments up to and including such proposed Actual Redemption Date, which rank senior to the Issuer's obligation to pay principal and interest to the Subordinated Lender under item 11.1.13 of the Pre-Enforcement Priority of Payments. The proceeds of such sale will be deposited into the Transaction Account for allocation in accordance with the Priority of Payments by the Issuer.

Servicer and Back-Up Servicer

The Issuer will appoint the Servicer as servicing agent in respect of the Participating Assets and the Servicer will continue, *inter alia*, to collect payments from Obligor and administer and manage the portfolio of Participating Assets on an ongoing basis.

The Servicer will be obliged to service the Participating Assets in the ordinary course of its credit management business, as more specifically referred to in the Procedures Manual. The Servicer role is more fully described in the section entitled "*Description of Servicing Arrangements*". Any changes to the Procedures Manual as regards the Participating Assets that the Servicer regards as material will require the prior approval of the Guarantor SPV and a confirmation from the Rating Agency that such changes will not result in a downgrading or withdrawal of the Long-Term Rating of the Notes.

Standard Bank will assume the Back-Up Servicer role in the event that the Servicer's role as servicing agent of the Issuer is terminated.

Administrator

Maitland Outsourced has been appointed as Administrator and in such capacity is required to assist the Issuer and Servicer in performing certain administrative duties relating to the Programme, including duties relating to the calculation and administration of the Priority of Payments.

Programme Wide Liquidity Facility

The Programme Wide Liquidity Facility may be used by the Issuer, *inter alia*, to fund timing mismatches between the receipt by the Issuer of payments on the Participating Assets and the obligations of the Issuer to pay Interest Accrued to Noteholders in terms of the Priority of Payments from time to time. The Programme Wide Liquidity Facility may not be used by the Issuer to fund losses sustained in relation to the Programme.

Credit Enhancement

Credit enhancement will be made available to the Issuer, *inter alia*, through the Subordinated Loan up to the limit specified in the Subordinated Loan Agreement and the issue of subordinated Notes (if any). No subordinated Note was issued on the First Issue Date but the Issuer is entitled to issue subordinated Notes. On the First Issue Date, the Issuer made a drawdown under the Subordinated Loan Agreement with the Subordinated Lender which served as credit enhancement in relation to higher ranking Notes. The Subordinated Loans may be utilised by the Issuer, *inter alia*, to fund the purchase price of Participating Assets, to fund the Reserve Fund up to the Reserve Fund Required Amount, and for such other purposes as the Issuer and the Subordinated Lender may agree from time to time. The Issuer will not be entitled to redeem any subordinated Note or repay any Subordinated Loan while more senior Notes are outstanding unless certain conditions are met, including conditions relating to over-collateralisation as set out in Condition 8.3.

Excess spread will be utilised, as needed to fund losses sustained in respect of this Programme and to fund the Reserve Fund up to the Reserve Fund Required Amount.

Hedging Arrangements

The Issuer will enter into a Hedging Agreement with the Hedge Counterparty from time to time in terms of which, *inter alia*, the Issuer will hedge any interest rate risk or basis risk of the Issuer. The Issuer has undertaken in terms of Condition 6.1.14 to ensure that for so long as any Notes are outstanding, that prime linked assets which are equal to the value of the Principal Amount Outstanding of the Notes in issue on such Issue Date will be hedged into JIBAR Rate linked assets. In accordance with the definition of Early Amortisation Event, failure to maintain such Hedging Agreement may result in an Early Amortisation Event.

GENERAL DESCRIPTION OF THE PROGRAMME

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

A general description of the Programme is set out below. The general description does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Programme Memorandum.

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

Notes will be issued in individual Tranches which, together with other Tranches, may form a series of Notes. A series of Notes may, together with a further series of Notes or more than one series of Notes, form a Class of Notes. The Issuer will not require the consent of Noteholders for the issue of any Tranche of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign an Applicable Pricing Supplement based on the *pro forma* Applicable Pricing Supplement included in this Programme Memorandum, setting out details of such Notes. A draft of such Applicable Pricing Supplement shall be sent to investors (and also be available for inspection on the Servicer's website, <https://www.bmw.co.za/en/topics/offers-and-services/bmw-financial-services/investor-relations.html>) as notification of the capital raising at least 48 hours before the closing time of the capital raising, or such shorter period as the investors may agree. Any changes made to the draft Applicable Pricing Supplement following its distribution to investors shall be notified to such investors. If the Applicable Pricing Supplement contains changes to the terms of the Programme, such changes shall be brought to the attention of the investors.

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

Each Tranche of Notes is subject to the Conditions; provided that the Applicable Pricing Supplement may specify other terms and conditions (which may replace, modify or supplement the Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Pricing Supplement or to the extent inconsistent with the

Terms and Conditions, replace, modify or supplement the Conditions for the purpose of that Tranche of Notes.

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

This Programme Memorandum will apply to Notes in issue by the Issuer under the Programme in an aggregate Principal Amount Outstanding which does not exceed ZAR10,000,000,000, unless such aggregate Principal Amount Outstanding is increased in accordance with the Programme Agreement, as set out below.

From time to time the Issuer may wish to increase the Programme Limit. Subject to the Programme Agreement, the JSE Debt Listings Requirements and/or the requirements of such other or further exchange(s) on which any Tranche of Notes may be listed and to any Applicable Law, the Issuer may, without the consent of Noteholders, increase the Programme Limit by delivering a notice thereof to the Noteholders and to the relevant exchange. Upon such notice being given (and following compliance with the provisions of the Programme Agreement), all references in this Programme Memorandum, or any other agreement, deed or document relating to the Programme, to the Programme Limit will be, and will be deemed to be, references to the increased Programme Limit set out in such notice. Increases to the Programme Limit will be subject to the terms of the approval of the South African Reserve Bank under the provisions of the Securitisation Notice to issue commercial paper, as held by the Issuer.

SUMMARY INFORMATION

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The following summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Programme Memorandum and to the documents referred to herein.

RELEVANT PARTIES

Issuer	SuperDrive Investments (RF) Limited (registration number 2011/000895/06), a company duly established in accordance with the laws of the RSA and having its registered office at 3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, 7708. See further section entitled " <i>Description of Issuer</i> " contained in this Programme Memorandum.
Originator	BMW Financial Services (South Africa) Proprietary Limited (registration number 1990/004670/07), a company duly established in accordance with the laws of the RSA, and having its registered office at 1 Bavaria Road, Randjespark Extension 17, Midrand, 1685 (" BMW Finance "). See further section entitled " <i>Description of Originator</i> " contained in this Programme Memorandum.
Guarantor SPV	SuperDrive Investments Guarantor SPV (RF) Proprietary Limited (registration number 2010/013324/07), a company duly established in accordance with the laws of the RSA and having its registered office at 3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, 7708. See further section entitled " <i>Description of Security Arrangements</i> " contained in this Programme Memorandum.
Arranger and Manager	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division, (registration number 1962/000738/06), a public company duly established and registered as a bank in accordance with the laws of the RSA, and having its registered office at 9th Floor, 5 Simmonds Street, Johannesburg, 2001 (" Standard Bank ").
Administrator	Maitland Outsourced Securitisation Services Proprietary Limited (registration number 2008/020146/07) (" Maitland Outsourced "), a company duly established in accordance with the laws of the RSA, and having its registered office at Maitland House 1, River Park, Gloucester Road, Mowbray, 7700.

Servicer	BMW Finance. See further section entitled " <i>Description of Servicing Arrangements</i> ".
Debt Sponsor	Merchantec Proprietary Limited (registration number 2008/027362/07), a company duly established in accordance with the laws of the RSA, and having its office at 13 th Floor, Illovo Point, 68 Melville Road, Illovo, Sandton, 2196.
Programme Wide Liquidity Facility Provider	Standard Bank, acting through its Corporate and Investment Banking division, or such other Eligible Institution(s) as the Issuer may elect from time to time, will provide a liquidity facility up to the Programme Wide Liquidity Commitment (as specified in the most recent Applicable Pricing Supplement). See further section entitled " <i>Description of Liquidity Arrangements</i> ".
Hedge Counterparty	Standard Bank, acting through its Corporate and Investment Banking division, or such other Eligible Institution as the Issuer may elect, will enter into Hedging Agreements with the Issuer.
Account Bank	Standard Bank, acting through its Corporate and Investment Banking division, or such other Eligible Institution as the Issuer may elect, will act as account bank to the Issuer in terms of the Account Bank Agreement.
Auditor	KPMG or such other independent auditor (or independent firm of auditors) as may be appointed by the Issuer as its auditor from time to time.
Paying Agent	Standard Bank, acting through its Transactional Product Services, Investor Services division, or such other Eligible Institution as the Issuer may elect, will act as paying agent to the Issuer in respect of the Notes in terms of the Paying Agency Agreement.
Calculation Agent	Maitland Outsourced, or such other Eligible Institution as the Issuer may elect, will act as calculation agent to the Issuer in respect of the Notes in terms of the Administration Agreement;
Transfer Secretary	Standard Bank, acting through its Transactional Product Services, Investor Services division, or such other Eligible Institution as the Issuer may elect, will act as transfer secretary to the Issuer in relation to the Notes in terms of the Transfer Secretary Agreement.
Issuer Agent	Standard Bank, acting through its Transactional Product Services, Investor Services division, or such other Eligible Institution as the Issuer may elect, will act as issuer agent to the Issuer in relation to the Notes in terms of, <i>inter alia</i> , the Administration Agreement.
Dealer	Standard Bank, acting through its Corporate and Investment Banking division, or such other Eligible Institution(s) as the Issuer may from time to time select, will act as dealer in

relation to the Programme in terms of the Programme Agreement.

Rating Agency

Moody's Investors Service Limited (registration number 1950192), a company duly established and registered in accordance with the laws of England, will rate the Notes. The Issuer may also appoint other or further rating agencies from time to time.

Subordinated Lender

BMW Finance will act as Subordinated Lender in terms of the Subordinated Loan Agreement.

Back-Up Servicer

Standard Bank, acting through its Vehicle and Asset Finance division, will be appointed as back-up servicer in relation to the Participating Assets in the event that the appointment of BMW Finance as Servicer is terminated in terms of the Asset Sale and Servicing Agreement. See further section entitled "*Description of Servicing Arrangements*".

Issuer Owner Trust and the Guarantor SPV Owner Trust

TMF Corporate Services (South Africa) Proprietary Limited (formerly known as GMG Trust Company (SA) Proprietary Limited) (registration number 2006/013631/07), acting in its capacity as trustee of the Issuer Owner Trust and the Guarantor SPV Owner Trust, will hold the issued share capital of the Issuer and the Guarantor SPV.

THE NOTES

Programme Limit

The Issuer may issue Notes under this Programme Memorandum having an aggregate Principal Amount Outstanding not exceeding ZAR10,000,000,000 at any point in time or such increased amount as the Issuer's Board may agree in terms of the Programme Agreement.

Classes of Notes

The Issuer may issue various Classes of Notes under this Programme Memorandum which will be designated as being part of a particular class in the Applicable Pricing Supplement issued in relation thereto. It is envisaged that the Issuer will issue up to four Classes of Notes being Class A Notes, Class B Notes, Class C Notes and Class D Notes under the Programme. Only Class A Notes have been issued on the First Issue Date.

Soft Bullet Notes

Notes may be issued with or without a Scheduled Maturity Date. Notes issued with a Scheduled Maturity Date may not receive repayments of principal prior to that date unless an Early Amortisation Event occurs. On the Scheduled Maturity Date of those Notes the Issuer is expected to redeem such Notes in full but is not obliged to do so, and failure to do so will not constitute an Event of Default. If Notes with a Scheduled Maturity Date are not redeemed on that date, an Early Amortisation Event will occur. Notes issued with a Scheduled Maturity Date will receive interest from their Issue Date to the Actual Redemption Date in accordance with the Priority of Payments. Notes which are not redeemed in full on

their Scheduled Maturity Date shall bear interest at the Interest Rate including the Step-Up Margin.

Amortising Notes

Notes issued without a Scheduled Maturity Date will be entitled to receive principal repayments and interest from their Issue Date to their Actual Redemption Date in accordance with the Priority of Payments.

Status of the Notes

The Notes shall be issued by the Issuer on the terms and conditions set out in this Programme Memorandum and will constitute limited recourse, secured obligations of the Issuer. Although each Tranche of Notes may have a different Scheduled Maturity Date and Legal Final Maturity Date, the Notes of the same Class will rank *pari passu* and rateably without preference or priority amongst themselves. See section entitled "*Terms and Conditions of Notes*".

During the Early Amortisation Period Notes will receive payments of principal sequentially in descending order of seniority until such time as the Pro-Rata Threshold has been achieved. Thereafter (and for so long as the Pro-Rata Threshold is maintained) subordinated Notes may receive a *pro rata* allocation of the Potential Redemption Amount in accordance with the Priority of Payments.

Prior to the commencement of the Early Amortisation Period, subordinated Notes may only receive repayment of principal subject to certain conditions being met, including conditions relating to the maintenance of over-collateralisation as set out in Condition 8.3.

Security Structure

The Issuer's obligations under the Notes (and to other Secured Creditors) will not directly be secured by any assets of the Issuer, but the Guarantor SPV has issued a limited recourse guarantee to the Noteholders and Secured Creditors in respect of the Issuer's payment obligations under this Programme Memorandum. The liability of the Guarantor SPV under the Guarantee will, however, be limited to the proceeds recovered by the Guarantor SPV from the Issuer pursuant to the Indemnity. As security for its obligations under the Indemnity, the Issuer has ceded in security all of its right, title and interest in and to its assets to the Guarantor SPV. See further section entitled "*Description of Security Arrangements*".

Priority of Payments

The Issuer will make all payments to Noteholders and Secured Creditors under this Programme Memorandum and the Transaction Documents in accordance with the Priority of Payments. The rights of each Secured Creditor bound in terms of the Priority of Payments will be subordinated and ranked in accordance with the Priority of Payments such that a payment will only be made to a creditor bound in terms of the Priority of Payments if and to the extent that payments or provisions of a higher priority have been made or provided for in full. Prior to the delivery of an Enforcement Notice, the

Pre-Enforcement Priority of Payments will apply, and subsequent to the delivery of an Enforcement Notice, the Post-Enforcement Priority of Payments will apply.

Interest

The Interest Rate payable on each Tranche of Notes will be a floating rate equal to the JIBAR Rate plus the Margin applicable to such Tranche of Notes and the Step-Up Margin (if applicable), as set out in the Applicable Pricing Supplement. The Interest Accrued in respect of the Notes in respect of each Interest Period will be payable by the Issuer quarterly in arrears on each Payment Date.

Payment Dates

The Issuer will, subject to the Priority of Payments, pay interest and principal on the Notes on the relevant payment dates, which will be 21 February, 21 May, 21 August and 21 November of each year. If the relevant payment date is not a Business Day, payments on the Notes will be adjusted in accordance with the relevant Business Day Convention (as specified in the Applicable Pricing Supplement).

Legal Final Maturity Date

In relation to a Tranche of Notes, the legal final maturity date of that Tranche of Notes is as specified in the Applicable Pricing Supplement, upon which the Principal Amount Outstanding and interest in respect of that Tranche of Notes are required to be repaid or paid, as the case may be.

Scheduled Maturity Date

In relation to a Tranche of Notes, the date upon which the Issuer is expected, but is not obliged, to make repayment of the Principal Amount Outstanding of the Notes of that Tranche.

Step-Up Interest Payable

In relation to any Tranche of Notes which is not redeemed in full on its Scheduled Maturity Date, the Interest Accrued determined by the Administrator with reference to the Step-Up Margin as set out in the Applicable Pricing Supplement.

Currency

The Notes will be issued in ZAR.

Rating

A Tranche of Notes may on issue, be assigned a Long-Term Rating by the Rating Agency, which rating will be set out in the Applicable Pricing Supplement relating to that Tranche of Notes. Unrated Tranches of Notes may also be issued by the Issuer.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

Events of Default

If an Event of Default occurs, the Guarantor SPV may, in its discretion, or (subject to Condition 15.4) if so instructed by a Special Resolution of the Noteholders, shall by delivery of an Enforcement Notice declare the Notes to be immediately due and payable and require the Principal Amount Outstanding of the Notes as at the date thereof, together with Interest Accrued, to be forthwith repaid, subject to the Post-Enforcement Priority of Payments.

Reserve Fund

On the First Issue Date, the Issuer established and funded the Reserve Fund to the Reserve Fund Required Amount by drawing down on the Subordinated Loan.

On each Payment Date funds standing to the credit of the Reserve Fund will form part of the Available Cash and will accordingly provide liquidity and credit enhancement for the Issuer.

The Issuer is required to maintain the Reserve Fund at the Reserve Fund Required Amount. To the extent available, excess spread will be utilised to fund the Reserve Fund on a quarterly basis on each Payment Date. Failure to maintain the Reserve Fund at the Reserve Fund Required Amount on two consecutive Payment Dates shall constitute an Early Amortisation Event.

GENERAL

Use of Proceeds

The proceeds derived by the Issuer from the issue of Notes will be applied by the Issuer, *inter alia*, to fund (i) the acquisition of the Initial Participating Assets; (ii) the acquisition of Subsequent Participating Assets from time to time; (iii) the refinancing and/or redemption of Notes on their Scheduled Maturity Date; and (iv) otherwise for the general corporate purposes of the Issuer.

Participating Assets

All of the rights, title and interest in and to a defined portfolio of Initial Participating Assets was sold by the Originator to the Issuer in terms of the Asset Sale and Servicing Agreement on the First Issue Date. After the First Issue Date and during the Revolving Period the Issuer may acquire further Subsequent Participating Assets by using the proceeds from prepayments and/or repayments from Obligors under the Participating Assets to finance such acquisition. In addition, the Issuer may also after the First Issue Date and during the Revolving Period acquire further Subsequent Participating Assets by using the proceeds from a further issue of Notes and/or Subordinated Loan(s). All Participating Assets acquired by the Issuer from time to time will be consolidated with the existing Participating Assets already owned by the Issuer into a single asset pool. Each Participating Asset is required to meet certain Eligibility Criteria. In addition, the Portfolio of Participating Assets as a whole must comply with the Portfolio Covenants on each

Transfer Date. See further section entitled "*Description of Portfolio of Participating Assets*".

The Participating Assets comprise Instalment Sale Agreements, together with the relevant Instalment Sale Assets, all of the rights, title and interest in and to the Data and Underlying Documentation in relation to such Instalment Sale Agreements and all of the rights, title and interest in and to all security provided in relation to such Instalment Sale Agreements. See further section entitled "*Description of Portfolio of Participating Assets*".

Servicing

BMW Finance has been appointed by the Issuer as Servicer of the Participating Assets in terms of the Asset Sale and Servicing Agreement. Standard Bank, acting through its Vehicle and Asset Finance division has been appointed by the Issuer as Back-Up Servicer. Should a Servicer Default occur, the appointment of the Servicer may be terminated and the Back-Up Servicer will take over the administration and manage the Participating Assets. See section entitled "*Description of Servicing Arrangements*".

Revolving Period

The Revolving Period is the period from and including the First Issue Date to (but excluding) the Early Amortisation Date during which, *inter alia*, the Issuer may purchase Participating Assets and may issue further Notes as contemplated in Condition 1. During the Revolving Period the Issuer shall apply the Available Cash towards payment of its liabilities to the Secured Creditors in accordance with the Pre-Enforcement Priority of Payments.

Early Amortisation Events

The occurrence of any one or more of the following events, as determined by the Administrator and/or the Guarantor SPV -

- (a) the Administrator and the Servicer agree that the Programme should wind-down prior to the Programme Termination Date;
- (b) as at any Determination Date, a breach of a Portfolio Covenant and such breach is not remedied by the Issuer within a period of 15 days of such breach having occurred;
- (c) as at any Determination Date, a breach of a Performance Covenant and such breach is not remedied by the Issuer within a period of 15 days of such breach having occurred;
- (d) a Servicer Default occurs or the Servicer's appointment is terminated for any reason whatsoever;
- (e) an Event of Default occurs and an Enforcement Notice is delivered by the Guarantor SPV;

- (f) a failure by the Issuer to redeem any Tranche of Notes on the Scheduled Maturity Date of such Tranche of Notes;
- (g) a balance of more than ZAR5,000,000 or 5% of the Principal Amount Outstanding of the Notes whichever is the greater, remains in the Asset Purchase Ledger on two consecutive Payment Dates;
- (h) failure by the Issuer to maintain the Reserve Fund at the Reserve Fund Required Amount on two consecutive Payment Dates;
- (i) a Hedge Counterparty Default occurs and no replacement Hedge Counterparty is appointed by the second Payment Date following such default; or
- (j) the Programme Wide Liquidity Facility Agreement is terminated and no replacement Liquidity Facility Provider is appointed by the second Payment Date following such termination,

provided that, save for (e) above, should the occurrence of any of the other above events not result in an Event of Default, and such event is capable of remedy within a further extended period of time, the Guarantor SPV, in its discretion, may agree to extend the remedy period, in relation to such event, by such further period as the Guarantor SPV reasonably deems fit, which shall not be longer than 15 days;

Early Amortisation Period

Upon the occurrence of an Early Amortisation Event, the Administrator shall forthwith provide written notice thereof to the Issuer and the Guarantor SPV and the Early Amortisation Period shall commence on the Business Day following delivery of such notice. During the Early Amortisation Period, the Issuer shall, *inter alia*, not purchase any Participating Assets and will not be entitled to issue any further Notes.

Programme Liquidity

A Programme Wide Liquidity Facility, which has a Programme Wide Liquidity Commitment as specified in the Programme Wide Liquidity Facility Agreement, was provided by the Liquidity Facility Provider to the Issuer.

The Programme Wide Liquidity Facility may be drawn by the Issuer in specified circumstances to cover items 11.1.1 to 11.1.7 (both inclusive) of the Pre-Enforcement Priority of Payments. The Programme Wide Liquidity Facility is a 364 day facility which is subject to renewal on an annual basis.

The initial Programme Wide Liquidity Facility Commitment is equal to the lesser of -

- (a) 5% of the Principal Amount Outstanding of the Notes; or

- (b) ZAR150,000,000 (or such other amount as may be agreed between the Issuer and the Liquidity Facility Provider).

The Programme Wide Liquidity Facility Commitment may be amended in accordance with the terms of the Programme Wide Liquidity Facility Agreement and may only be reduced with a Rating Agency Confirmation.

Credit enhancement

Credit enhancement will be provided from, *inter alia*, a Subordinated Loan, the Reserve Fund and the use of excess spread to cover Non-Performing Participating Assets. Subordinated Notes, if issued, will provide credit enhancement for Notes ranking senior to such Notes.

Subordinated Loan

Credit enhancement will be provided by BMW Finance through a Subordinated Loan Agreement, which agreement allows for multiple draw downs (each draw down being a "Subordinated Loan") for the duration of the Programme, subject to the Subordinated Loan Facility Limit. The Subordinated Loan(s) may be utilised by the Issuer to fund, *inter alia*, the purchase price of the Participating Assets, to fund the Reserve Fund up to the Reserve Fund Required Amount and for such other purposes as the Issuer and Subordinated Lender may agree from time to time.

Disposal of Assets

The Issuer shall be entitled to dispose of the Participating Assets without the prior consent of the Noteholders (but subject to the prior consent of the Guarantor SPV), on any Payment Date during the Revolving Period provided that the purchase consideration payable in respect of such disposal shall be at least equal to the outstanding Principal plus all accrued interest in respect of such Participating Asset if such asset is not in arrears and is not otherwise a Non-Performing Participating Asset. All other Participating Assets ("**Other Assets**") shall be disposed of at the fair market value of such asset agreed to between the Issuer and the purchaser subject to the approval of the Guarantor SPV and subject further to a minimum purchase consideration of 45% of the outstanding Principal of the relevant asset at that time. Disposals of Other Assets will be subject to a maximum limit of 10% of the aggregate outstanding Principal of the Pool of Participating Assets as at the most recent Issue Date, measured on a two year rolling period immediately preceding the proposed disposal date. Should the Issuer wish to redeem all, but not only some, of the Notes, the Issuer shall be entitled to dispose of all the Participating Assets in the Portfolio of Participating Assets provided that the purchase consideration payable in respect of such disposal shall be equal to or greater than the Principal Amount Outstanding on all the Notes as at the proposed Actual Redemption Date of such Notes, plus all Interest Accrued in respect of such Notes, plus all other amounts payable by the Issuer in terms of the Priority of Payments up to and including such proposed Actual Redemption Date, which rank senior to the Issuer's obligation

to pay principal and interest to the Subordinated Lender under item 11.1.13 of the Pre-Enforcement Priority of Payments.

Transaction Account

The Issuer initially established one transaction account and established sub-ledgers within that account as required or contemplated in the Transaction Documents. The Issuer will be entitled to open other bank accounts in its name for purposes of the Issuer's Business in accordance with the Account Bank Agreement, provided that such further accounts and all funds standing to the credit of such accounts shall be ceded *in securitatem debiti* to the Guarantor SPV for purposes of the Guarantor SPV's Security.

Notes Proceeds Ledger

Amounts standing to the credit of the Notes Proceeds Ledger will not constitute Available Cash and may only be used by the Issuer to acquire Subsequent Participating Assets, to redeem Notes, to repay Subordinated Loans or for such other purpose as may be specified in the Applicable Pricing Supplement.

Hedging

The Issuer has undertaken that for so long as any Notes remain outstanding it will ensure that it has entered into a Hedge Agreement to swap the prime linked amounts it receives in relation to those Participating Assets which are equal to the value of the Principal Amount Outstanding of the Notes in issue on such Issue Date into JIBAR linked amounts.

Accordingly, on or about the First Issue Date the Issuer entered into a Hedging Agreement with the Hedge Counterparty.

If a Hedge Counterparty Default occurs and no replacement Hedge Counterparty is appointed by the second Payment Date thereafter, an Early Amortisation Event will occur.

Listing

The Notes may be listed on the Interest Rate Market of the JSE. Unlisted Notes may also be issued.

Selling Restrictions

The distribution of this Programme Memorandum and the offering or sale of any particular Notes may be restricted by law in certain jurisdictions, and are restricted by law in the United States of America, the United Kingdom, each Member State of the European Economic Area and the RSA. Persons who come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves of and observe such restrictions.

Governing Law

The Notes and the Transaction Documents will be governed by, construed and interpreted in accordance with the laws of the RSA.

INTERPRETATION

In this Programme Memorandum, unless inconsistent with the context, the following expressions shall have the following meanings –

"Account Bank"	Standard Bank, acting through its Corporate and Investment Banking division, in its capacity as account bank in terms of the Account Bank Agreement or such other Eligible Institution as may be appointed as Account Bank by the Issuer and the Guarantor SPV in terms of the Account Bank Agreement;
"Account Bank Agreement"	the written account bank agreement concluded between the Issuer, the Account Bank and the Guarantor SPV in terms of which, <i>inter alia</i> , the Account Bank is appointed as the banker of the Issuer in respect of the Accounts;
"Accounting Records"	the books of account and accounting systems of the Issuer;
"Accounts"	the accounts opened, or to be opened, in the name of the Issuer with the Account Bank, as listed and more fully described in the Account Bank Agreement, it being recorded that as at the Effective Date, the only account of the Issuer was the Transaction Account;
"Actual Redemption Date"	the date upon which a Note is actually redeemed by the Issuer in accordance with Condition 8 by way of payment of the Principal Amount Outstanding;
"Administration Agreement"	the written amended and restated administration agreement concluded between, <i>inter alia</i> , the Issuer, the Administrator and the Guarantor SPV in terms of which, <i>inter alia</i> , the Administrator was appointed by the Issuer and the Guarantor SPV to assist and advise the Issuer in relation to the conduct of the Issuer's Business;
"Administrator"	Maitland Outsourced in its capacity as administrator of the Issuer in terms of the Administration Agreement or such other administrator of the Issuer as may be appointed by the Issuer and the Guarantor

	SPV in terms of the Administration Agreement;
"Applicable Laws"	<p>in relation to an entity, all and any -</p> <ul style="list-style-type: none">(a) statutes and subordinate legislation;(b) regulations, ordinances and directives;(c) by-laws;(d) codes of practice, circulars, guidance notices, judgements and decisions of any competent authority; and(e) other similar provisions, <p>from time to time, compliance with which is mandatory for that party;</p>
"Applicable Pricing Supplement"	the relevant pricing supplement issued in relation to a Tranche of Notes, which pricing supplement shall be substantially in the form of schedule 1 to this Programme Memorandum;
"Applicable Procedures"	the rules and operating procedures for the time being of the JSE, the Central Securities Depository and/or the Settlement Agents, as the case may be;
"Arranger"	Standard Bank, acting through its Corporate and Investment Banking division, in its capacity as such;
"Asset Purchase Ledger"	the ledger in the Transaction Account established to record monies available for purposes of acquiring Subsequent Participating Assets;
"Asset Sale and Servicing Agreement"	the written Asset Sale and Servicing Agreement concluded between the Issuer (as purchaser), BMW Finance (as Originator and Servicer), Standard Bank (as Back-up Servicer) and the Guarantor SPV, in terms of which, <i>inter alia</i> , the Issuer may acquire Participating Assets from the Originator from time to time and the Servicer undertakes to service the Participating Assets so acquired by the Issuer;
"Auditors"	the statutory auditors of the Issuer and the Guarantor SPV from time to time, being KPMG as at the First Issue Date, or such

other auditing firm accredited by a local competent authority appointed by the Issuer and the Guarantor SPV from time to time;

"Available Cash"

as at any point in time - the credit balance of clear and available funds in the Transaction Account and amounts available to be drawn down by the Issuer to the extent permitted in accordance with the terms of the Programme Wide Liquidity Facility Agreement and Subordinated Loan Agreement, as determined by the Administrator from time to time, but specifically excluding any amounts standing to the credit of the Note Proceeds Ledger;

"Back-Up Servicer"

Standard Bank, acting through its Corporate and Investment Banking division, or such other entity as may be appointed by the Issuer and the Guarantor SPV as back-up servicer from time to time and in respect of which a Rating Agency Confirmation has been received, such institution not to include the finance arms of any other vehicle manufacturer;

"Beneficial Interest"

in respect of Uncertificated Notes, an interest as co-owner in an undivided share of such Note held in the Central Securities Depository as provided for in section 37 of the Financial Markets Act;

"BMW Finance"

BMW Financial Services (South Africa) Proprietary Limited (registration number 1990/004670/07), a company duly established in accordance with the laws of the RSA;

"Business Day"

a day (other than a Saturday, Sunday or official public holiday within the meaning of the Public Holidays Act, 1994) on which commercial banks are generally open to settle payments in Rands in Johannesburg;

"Central Securities Depository"

Strate Proprietary Limited (registration number 1998/022242/07), a company duly licensed as a central securities depository in terms of the Financial Markets Act or any additional depository operating in terms of the Financial Markets Act;

"Central Securities Depository Participant"

a participant as authorised by the Central Securities Depository as a participant in terms of section 31 of the Financial Markets Act to perform electronic settlement of funds and debt securities;

"Certificate"

an Individual Certificate;

"Cession *in Securitatem Debiti* (Assets)"

the written cession *in securitatem debiti* agreement concluded between the Issuer and the Guarantor SPV in terms of which, *inter alia*, all right, title and interest of the Issuer in and to the Accounts (and all amounts standing to the credit of the Accounts), Permitted Investments, the Participating Assets, the Hedging Agreements, the Programme Wide Liquidity Facility Agreement and the Cession *in Securitatem Debiti* (Contracts), from time to time is ceded by the Issuer to the Guarantor SPV;

"Cession *in Securitatem Debiti* (Contracts)"

the written cession *in securitatem debiti* agreement (contracts) concluded between BMW Finance and the Issuer in terms of which, *inter alia*, all right, title and interest of BMW Finance in and to the Contracts in so far as same relates to the Participating Assets, is ceded by BMW Finance to the Issuer;

"Cession *in Securitatem Debiti* (Shares)"

the written cession *in securitatem debiti* (shares) concluded between the Issuer Owner Trust and the Guarantor SPV in terms of which, *inter alia*, the Issuer Owner Trust's right in and to the entire issued share capital of the Issuer is ceded to the Guarantor SPV as security for the Issuer Owner Trust's obligations under the Issuer Owner Trust Suretyship;

"Class"

Notes that have been designated as being part of a particular class in the Applicable Pricing Supplement issued in relation thereto;

"Collections"

as at any given point in time, all amounts recorded in the System as having been received by the Servicer on behalf of the Issuer in respect of the Participating Assets, whether in the form of payments of Principal, Finance Charges, Obligor Prepayments, Recoveries or otherwise;

"Companies Act"

the Companies Act, 71 of 2008;

"Conditions"

the terms and conditions of the Notes incorporated in this Programme Memorandum under the section entitled "*Terms and Conditions of Notes*", subject to and in accordance with which the Notes are issued;

"Conditions Precedent to Issue"

the conditions which must be fulfilled prior to the actual issue by the Issuer of any Notes as set out in Condition 1.2;

"Constitutive Documents"

collectively -

- (a) the memorandum of incorporation of the Issuer;
- (b) the memorandum of incorporation of the Guarantor SPV;
- (c) the Issuer Owner Trust Deed; and
- (d) the Guarantor SPV Owner Trust Deed;

"Consumer Protection Act"

the Consumer Protection Act, 68 of 2008;

"Contracts"

all documents and/or agreements concluded between BMW Finance and any third parties in relation to the maintenance and/or safe custody of the Data and/or the System and/or the operation of the System;

"Controlling Class"

the Class A Notes, for so long as any of such Class A Notes are outstanding, and after such Class A Notes are no longer outstanding, each succeeding Class of Notes, in reducing order of rank, for so long as each such succeeding Class is outstanding;

"Credit Agreements Act"

the Credit Agreements Act, 75 of 1980;

"Data"

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

"Dealer"

Standard Bank, acting through its Corporate and Investment Banking division, and any additional dealer(s) appointed under the Programme from time to time, which appointment may be for a specific issue of Notes or on an ongoing

	basis, subject to the Issuer's rights to terminate the appointment of any Dealer;
"Debt Sponsor"	Merchantec Proprietary Limited (registration number 2008/027362/07), a company duly established in accordance with the laws of the RSA;
"Delinquent Participating Asset"	in respect of which the System indicates that an instalment or other amount due has not been paid by the relevant Obligor for a period of 60 days but not more than 90 days;
"Determination Date"	in relation to each Payment Date, the last Business Day of the month preceding such Payment Date;
"Direct Sales"	Participating Assets originated by the Originator without the use of any intermediary (whether a dealership or otherwise) and as reflected as such on the System;
"DIS Project"	the Debt Instrument Solution Project of the Central Securities Depository;
"Early Amortisation Date"	the next Business Day following the delivery by the Guarantor SPV to the Issuer of a notice of the occurrence of an Early Amortisation Event;
"Early Amortisation Event"	<p>the occurrence of any one or more of the following events, as determined by the Administrator and/or the Guarantor SPV -</p> <ul style="list-style-type: none">(a) the Administrator and the Servicer agree that the Programme should wind-down prior to the Programme Termination Date;(b) as at any Determination Date, a breach of a Portfolio Covenant and such breach is not remedied by the Issuer within a period of 15 days of such breach having occurred;(c) as at any Determination Date, a breach of a Performance Covenant and such breach is not remedied by the Issuer within a period of 15 days of such breach having occurred;

- (d) a Servicer Default occurs or the Servicer's appointment is terminated for any reason whatsoever;
- (e) an Event of Default occurs and an Enforcement Notice is delivered by the Guarantor SPV;
- (f) a failure by the Issuer to redeem any Tranche of Notes on the Scheduled Maturity Date of such Tranche of Notes;
- (g) a balance of more than ZAR5 000 000 or 5% of the Principal Amount Outstanding of the Notes whichever is the greater, remains in the Asset Purchase Ledger on two consecutive Payment Dates;
- (h) failure by the Issuer to maintain the Reserve Fund at the Reserve Fund Required Amount on two consecutive Payment Dates;
- (i) a Hedge Counterparty Default occurs and no replacement Hedge Counterparty is appointed by the second Payment Date following such default; or
- (j) the Programme Wide Liquidity Facility Agreement is terminated and no replacement Liquidity Facility Provider is appointed by the second Payment Date following such termination,

provided that, save for (e) above, should the occurrence of any of the other above events not result in an Event of Default, and such event is capable of remedy within a further extended period of time, the Guarantor SPV, in its discretion, may agree to extend the remedy period, in relation to such event, by such further period as the Guarantor SPV reasonably deems fit, which shall not be longer than 15 days;

"Early Amortisation Period"

the period from and including the Early Amortisation Date up to and including the Actual Redemption Date of the last Note under the Programme to be redeemed in full;

"Effective Date"

the First Issue Date;

"Eligibility Criteria"

the criteria which must be fulfilled in order for an Instalment Sale Agreement (including the Instalment Sale Asset and the Underlying Documentation in respect thereof) to be included as a Participating Asset, as set out in the section entitled "*Description of Portfolio of Participating Assets*" and also set out in the Asset Sale and Servicing Agreement;

"Eligible Institution"

a bank or financial institution having the Required Rating from the Rating Agency, or such other institution in respect of which a Rating Agency Confirmation has been received;

"Encumbrance"

any mortgage bond, notarial bond, pledge, lien, hypothecation, assignment, cession *in securitatem debiti*, deposit by way of security or other agreement or arrangement (whether conditional or not and whether relating to existing or future assets) having the effect of providing a security interest or preferential treatment to any person over another person's assets, but excluding any statutory preferences;

"Enforcement Notice"

a written notice delivered by the Guarantor SPV to the Issuer in accordance with the Conditions and the Transaction Documents following the occurrence of an Event of Default;

"Event of Default"

the occurrence of any of the following events -

- (a) the Issuer failing to pay any amount due and payable in respect of the most senior Class of Notes outstanding within 5 Business Days of the due date for payment therefore; or
- (b) the Issuer failing to pay any amount due and payable in respect of any Class of Notes (other than the most

senior Class of Notes outstanding at that time) within 5 Business Days of the due date for payment therefor, to the extent that such payment is permitted and funds are available for that purpose in terms of the Priority of Payments;

- (c) the Issuer failing to duly perform or observe any material obligation binding on it under the Conditions or any of the Transaction Documents to which such failure relates (irrespective of the materiality of such failure), which failure has not been remedied within 30 days of the Issuer having received written notice from either the Guarantor SPV or the counterparty to the relevant Transaction Document requiring such failure to be remedied, and the Guarantor SPV has certified to the Issuer that such event is, in the reasonable opinion of the Guarantor SPV, materially prejudicial to the interests of Noteholders; or
- (d) the Issuer being wound-up, liquidated and/or placed under business rescue (in any case whether provisional or final), provided that any such steps or actions taken on terms and conditions approved by the Guarantor SPV or by a Special Resolution of Noteholders and in circumstances where the Issuer is solvent, shall not constitute an Event of Default; or
- (e) the Issuer having any application or other proceedings brought against it, in terms of which the Issuer is sought to be wound up or placed in liquidation or under business rescue (whether provisional or final); or
- (f) the Issuer having any judgement or similar award ("**Judgement**") awarded against it and fails to satisfy such judgement within 30 days of becoming aware thereof, provided that -

- (i) if such Judgement is appealable, an Event of Default shall only be deemed to have occurred if the Issuer fails to appeal against such Judgement within the time periods prescribed by law or fails to diligently prosecute such appeal thereafter or ultimately fails in such appeal; and/or
 - (ii) if such Judgement is a default judgement, an Event of Default shall only be deemed to have occurred if the Issuer fails to apply for the rescission of such Judgement within the time limits prescribed by law or fails to diligently prosecute such application thereafter or ultimately fails in such application; and/or
 - (iii) if such Judgement is reviewable, an Event of Default shall only be deemed to have occurred if the Issuer fails to initiate proceedings for the review thereof within the time limits prescribed by law or fails to diligently prosecute such proceedings thereafter or ultimately fails in such proceedings; or
- (g) the Issuer committing any act which is or would, subject to the proviso in (c) *mutatis mutandis*, if the Issuer were a natural person, be an act of insolvency as defined in the Insolvency Act; or
- (h) subject to the proviso in (c) *mutatis mutandis*, the Issuer being deemed to be unable to pay its debts in terms of the previous Companies Act, 61 of 1973; or
- (i) subject to the proviso set out in (c) *mutatis mutandis*, the Issuer compromising or attempting to compromise with or defer or attempt to defer payment of debts owing by it to its creditors generally

or any significant class of creditors;
or

- (j) subject to the proviso set out in (c) *mutatis mutandis*, any procedural step being taken by the Issuer with a view to effecting a compromise or arrangement with its creditors generally or any significant class of creditors; or
- (k) the security interests granted by, *inter alia*, the Issuer in favour of the Guarantor SPV becoming unenforceable for any reason whatsoever or the Guarantor SPV, in its reasonable discretion, being of the opinion that the Guarantor SPV's Security (or any part thereof) is no longer of full force and effect; or
- (l) it being or becoming unlawful for the Issuer to perform any of its obligations under the Conditions and/or any of the Transaction Documents and the Guarantor SPV has certified to the Issuer that such occurrence is, in the reasonable opinion of the Guarantor SPV, materially prejudicial to the interests of Noteholders; or
- (m) any permit or authorisation required by the Issuer for the conduct of the Issuer's Business being revoked and such situation is not remedied within 30 days after the Issuer having become aware thereof; or
- (n) save as specifically provided for in the Conditions and/or any of the Transaction Documents, the Issuer alienating or encumbering or attempting to alienate or encumber any of its assets without the prior written consent of the Guarantor SPV; or
- (o) the Issuer ceasing to carry on the Issuer's Business in a normal and regular manner or materially changing the nature of the Issuer's Business or, through an official act

of the board of directors of the Issuer threatening to cease to carry on the Issuer's Business;

"Fees and Expenses"

collectively, all fees and expenses payable by the Issuer -

- (a) to the directors of the Issuer and the Guarantor SPV from time to time, the Auditors, the Issuer Agent, the Debt Sponsor, the Account Bank under the Account Bank Agreement, the Administrator under the Administration Agreement, the Paying Agent under the Paying Agent Agreement, the Dealer(s) under the Programme Agreement and/or the Transfer Secretary under the Transfer Secretary Agreement; and
- (b) in order to maintain the corporate status of the Issuer and/or the Guarantor SPV;

"Finance Charges"

the finance charges, interest and other similar amounts payable by an Obligor in terms of an Instalment Sale Agreement concluded with that Obligor and which have accrued to the Issuer as reflected on the system as disclosed to the Issuer;

"Financial Markets Act"

Financial Markets Act, 19 of 2012;

"Financial Statements"

the accounting statements of the Issuer and/or the Guarantor SPV, as the case may be, including a statement of comprehensive income, statement of financial position and cash flow statement, together with statements, reports and notes (including directors' reports and auditors' reports) attached thereto or intended to be read therewith, all prepared in accordance with IFRS and the Companies Act;

"First Issue Date"

the date on which the first Tranche of Notes under the Programme was issued, as specified in the first Applicable Pricing Supplement;

"First Transfer Date"

the date on which the Initial Participating Assets were transferred to the Issuer, as specified in the first Sale Supplement,

	delivered in accordance with the Asset Sale and Servicing Agreement;
"Form of Proxy"	an instrument in writing signed by a Noteholder or, in the case of a Noteholder which is a company or other juristic person, signed on its behalf by a Representative of the company or other juristic person appointing a Proxy;
"GAAP"	Generally Accepted Accounting Practice consistently applied in the RSA from time to time (including IFRS), as amended or restated from time to time;
"Guarantee"	a written guarantee given by the Guarantor SPV to the Noteholders and Secured Creditors of the Issuer, in terms of which it guarantees the payment of the obligations of the Issuer to such Secured Creditors and Noteholders;
"Guarantor SPV"	SuperDrive Investments Guarantor SPV (RF) Proprietary Limited (registration number 2010/013324/07), a company duly established in accordance with the laws of the RSA;
"Guarantor SPV Owner Trust"	the SuperDrive Investments Guarantor SPV Owner Trust, a trust <i>inter vivos</i> duly established in terms of the Guarantor SPV Owner Trust Deed and registered with the Master of the High Court;
"Guarantor SPV Owner Trust Deed"	the written trust deed concluded by Standard Bank (acting in its capacity as donor) and TMF on 5 April 2011, as amended, in terms of which the Guarantor SPV Owner Trust is established;
"Guarantor SPV's Security"	<p>all security granted to the Guarantor SPV for the obligations of the Issuer to the Guarantor SPV under the Indemnity and the obligations of the Issuer Owner Trust to the Guarantor SPV under the Issuer Owner Trust Suretyship, including -</p> <ul style="list-style-type: none">(a) the Cession <i>in Securitatem Debiti</i> (Assets);(b) the Cession <i>in Securitatem Debiti</i> (Shares); and(c) the Issuer Owner Trust Suretyship;

"Hedge Counterparty"	Standard Bank, acting through its Corporate and Investment Banking division, or any other counterparty to a Hedging Agreement concluded by the Issuer from time to time;
"Hedge Counterparty Default"	a default or breach by the relevant Hedge Counterparty of its obligations under a Hedging Agreement (as defined in the relevant Hedging Agreement);
"Hedging Agreement"	a Rand denominated interest rate swap agreement concluded between the Issuer and a Hedge Counterparty from time to time, in terms of which, <i>inter alia</i> , the Issuer hedges any interest rate risk or basis risk of the Issuer from time to time;
"Hedging Termination Amounts"	all amounts payable to the Hedge Counterparty under any Hedging Agreement following the occurrence of an early termination of that Hedging Agreement;
"IFRS"	International Financial Reporting Standards and the interpretation of those standards as adopted by the International Accounting Standards Board;
"Indemnity"	the written indemnity agreement (as amended, novated and/or replaced from time to time) concluded between the Issuer and the Guarantor SPV, in terms of which the Issuer indemnifies the Guarantor SPV against all claims, losses, liabilities, damages and costs which the Guarantor SPV may suffer or incur as a result of, or in connection with, the Guarantee;
"Individual Certificate"	a Note in the definitive registered form of a single Certificate registered in the name of the relevant Noteholder and which may be exchanged for a Beneficial Interest in Uncertificated Notes;
"Initial Note"	a Note issued by the Issuer on the First Issue Date;
"Initial Participating Assets"	the pool of Participating Assets acquired by the Issuer on the First Transfer Date in accordance with the terms of the Asset Sale and Servicing Agreement;
"Insolvency Act"	the Insolvency Act, 24 of 1936;

"Instalment Sale Agreement"

a written instalment sale agreement substantially in the form attached as Annexure C to the Asset Sale and Servicing Agreement, concluded between the Originator and an Obligor in terms of which the Originator sells to the relevant Obligor, which purchases, the Instalment Sale Asset;

"Instalment Sale Asset"

in relation to each Instalment Sale Agreement, the New or Used automobile forming the subject matter of that Instalment Sale Agreement and described under the heading "*Description of Goods*";

"Interest Accrued"

as at any point in time and in relation to each Note - the amount of interest accrued but unpaid on a Note, as calculated in accordance with the Conditions;

"Interest Only Period"

in respect of any Tranche of Notes, the period from the first Issue Date up to the Interest Only Period Termination Date of such Tranche of Notes, during which period Notes are entitled to receive interest only;

"Interest Only Period Termination Date"

in respect of any Tranche of Notes, the earlier of the occurrence of the Scheduled Maturity Date of such Tranche of Notes (if any) and the Early Amortisation Date;

"Interest Period"

in relation to each Tranche of Notes - each period commencing on and including a Payment Date applicable to such Tranche of Notes and ending on but excluding the next Payment Date applicable to such Tranche of Notes thereafter, provided that the first Interest Period in respect of each Tranche of Notes shall be from and including the Issue Date thereof up to but excluding the first Payment Date in respect of such Tranche of Notes thereafter and the last Interest Period, in respect of any Tranche of Notes shall, terminate on the date on which such Tranche of Note is actually redeemed by the Issuer;

"Interest Rate"

in relation to each Interest Period and each Tranche of Notes - the floating rate (expressed as a percentage, per annum) in respect of such Tranche of Notes, determined by the Administrator on the relevant Rate Determination Date for such

Interest Period, in accordance with the Conditions which shall be the sum of -

- (a) the JIBAR Rate;
- (b) the Margin; and
- (c) the Step-Up Margin (if applicable);

"Interest Rate Market of the JSE"

the separate platform or sub-market of the JSE designated as the "*Interest Rate Market*", or such other platform or sub-market designated by the JSE from time to time, and on which Notes (and other debt securities) may be listed;

"Investor Report"

the report to Noteholders, issued by the Administrator to the Servicer and published by the Servicer, on behalf of the Issuer, on its website on each Payment Date;

"Issue Date"

in relation to each Note - the date on which such Note is actually issued;

"Issue Price"

in relation to each Note - the issue price of such Note as specified in the Applicable Pricing Supplement;

"Issuer"

SuperDrive Investments (RF) Limited (registration number 2011/000895/06), a company duly established in accordance with the laws of the RSA;

"Issuer Agent"

Standard Bank, acting through its Transactional Product Services, Investor Services division, in its capacity as issuer agent of the Issuer in terms of, *inter alia*, the Administration Agreement, or such other issuer agent as may be permitted in terms of the Transaction Documents, as indicated in the Applicable Pricing Supplement, who, following implementation of the DIS Project, also fulfils the role of, *inter alia*, paying agent and transfer secretary of the Issuer under the Programme;

"Issuer Documents"

the Applicable Pricing Supplements, the Guarantee, the Indemnity, the Cession *in Securitatem Debiti* (Assets), the Cession *in Securitatem Debiti* (Contracts), the Issuer Owner Trust Suretyship, the Cession *in Securitatem Debiti* (Shares) and the Subordinated Loan Agreement;

"Issuer's Board"

the board of directors of the Issuer from time to time;

"Issuer's Business"

the business conducted by the Issuer from time to time being, *inter alia*, the acquisition of the Participating Assets from time to time, the issue of the Notes from time to time and any other transactions directly related to such activities pursuant to the Programme as described or envisaged in this Programme Memorandum and the Transaction Documents;

"Issuer Owner Trust"

the SuperDrive Investments Issuer Owner Trust, a trust *inter vivos* duly established in terms of the Issuer Owner Trust Deed and registered with the Master of the High Court;

"Issuer Owner Trust Deed"

the written trust deed concluded by Standard Bank (acting in its capacity as donor) and TMF (acting in its capacity as trustee) on 5 April 2011, as amended, in terms of which the Issuer Owner Trust is established;

"Issuer Owner Trust Suretyship"

the written limited suretyship given by the Issuer Owner Trust in favour of the Guarantor SPV in terms of which the Issuer Owner Trust binds itself as surety for and co-principal debtor with the Issuer in respect of the Issuer's obligations to the Guarantor SPV arising out of or in connection with the Indemnity;

"JIBAR Rate"

the following rate determined by the Administrator -

- (a) the average mid-market yield rate per annum for three month ZAR deposits which appears on the Reuters Screen SAFEY page at or about 11:00 Johannesburg time on the Rate Determination Date; or
- (b) if the rate referred to in (a) does not so appear on the Reuters Screen SAFEY page or if the Reuters Screen SAFEY page is unavailable -
 - (i) the rate determined on the basis of the average of the mid-market deposit rates quoted by at least two of the

Reference Banks at or about 11:00 Johannesburg time on the Rate Determination Date by the Administrator requesting the principal Johannesburg office of each Reference Bank to provide a quotation of such rate in respect of three month ZAR deposits; or

- (ii) if on any Rate Determination Date fewer than two such quotations are provided by the Reference Banks, a rate determined by the Administrator acting in good faith and in a commercially reasonable manner, using a representative rate;

"JSE Debt Guarantee Fund Trust"

the guarantee fund established and operated by the JSE as a separate guarantee fund in terms of the rules of the JSE, as required by sections 8(1)(h) and 17(2)(w) of the Financial Markets Act, or any successor fund;

"JSE Debt Listings Requirements"

the debt listings requirements of the JSE from time to time for the Interest Rate Market of the JSE, as published by the JSE;

"Last Day to Register"

the close of business on the Business Day immediately preceding the first day of a Books Closed Period;

"Legal Final Maturity Date"

in relation to each Tranche of Notes, the legal final maturity date of such Tranche of Notes, as specified in the Applicable Pricing Supplement issued in relation to such Tranche of Notes;

"Liquidity Facility Provider"

Standard Bank, acting through its Corporate and Investment Banking division, in its capacity as such and/or any other provider of the Programme Wide Liquidity Facility as may be appointed by the Issuer from time to time;

"Long-Term Rating"

a long-term, national scale credit risk rating of at least Aa3.za or equivalent assigned by the Rating Agency from time to time or such other level as the Rating Agency may specify from time to time;

"Maitland Outsourced"

Maitland Outsourced Securitisation Services Proprietary Limited (registration number 2008/020146/07), a company duly established in accordance with the laws of the RSA;

"Manager"

Standard Bank, acting through its Corporate and Investment Banking division, in its capacity as such under the Programme Agreement;

"Margin"

in relation to each Tranche of Notes, the margin applied in determining the Interest Rate in respect of such Tranche of Notes, as specified in the Applicable Pricing Supplement;

"National Credit Act"

the National Credit Act, 34 of 2005;

"New"

in relation to an Instalment Sale Asset, the acquisition financed by the relevant Instalment Sale Agreement resulting in the first NATIS registration of an automobile, other than any registration in the name of the manufacturer;

"Non-Performing Participating Asset"

a Participating Asset -

- (a) in respect of which the System indicates that an instalment or other amount due has not been paid by the relevant Obligor for a period of 120 days or longer; or
- (b) which the Servicer has, in accordance with the Procedures Manual, classified as a Non-Performing Participating Asset for any reason whatsoever (including as a result of the occurrence of the death, sequestration, liquidation, winding-up or business rescue of the Obligor concerned, the abscondment of the Obligor concerned, the repossession of the relevant Instalment Sale Asset (as the case may be), any fraud on the part of the Obligor concerned, or any other reason that the Servicer may deem relevant),

whichever occurs earlier;

"Note"

a note issued by the Issuer from time to time in accordance with the Programme;

"Noteholder"

in relation to any Note -

- (i) holder of the Note as recorded in the Register from time to time as far as voting and the receipt of payment of principal and interest of the Notes is concerned; and
- (ii) for all other purposes, the holder of a Beneficial Interest and the holder of an Individual Certificate;

"Note Proceeds Ledger"

the ledger in the Transaction Account established to record monies received from the issue of Notes available for purposes of acquiring Subsequent Participating Assets, to redeem Notes, to repay Subordinated Loans or for such other purposes as may be specified in the Applicable Pricing Supplement;

"Obligor"

a counterparty (including all successors-in-title of such counterparty) to an Instalment Sale Agreement concluded with the Originator, which Instalment Sale Agreement comprises a Participating Asset;

"Obligor Prepayments"

Principal repayments by an Obligor under an Instalment Sale Agreement in excess of the minimum repayments required at the date thereof;

"Originator"

BMW Finance, in its capacity as originator and seller of the Participating Assets for the purposes of the Asset Sale and Servicing Agreement;

"Over-collateralisation Rate"

in relation to any Note -

$$[(A-B)/C] - 1$$

Where:

A = the outstanding Principal of all Performing Participating Assets;

B = the Principal Amount Outstanding of all Notes ranking senior to the Note in question;

C = Principal Amount Outstanding of the Note in question,

expressed as a percentage;

"Participating Asset"

in relation to the Instalment Sale Agreements which meet the Eligibility Criteria, all right, title and interest in and to an Instalment Sale Agreement, together with -

- (a) the Instalment Sale Asset (including the ownership thereof) to which such Instalment Sale Agreement relates; and
- (b) the Data and the Underlying Documentation (including the ownership thereof) in relation to such Instalment Sale Agreement; and
- (c) all right, title and interest in and to all security provided by the Security Providers in relation to such Instalment Sale Agreement,

which has been sold and assigned by the Originator to the Issuer and thereafter owned by the Issuer and serviced by the Servicer in terms of the Asset Sale and Servicing Agreement;

"Paying Agent"

Standard Bank, acting through its Transactional Product Services, Investor Services division, in its capacity as paying agent of the Issuer in terms of the Paying Agency Agreement, or such other paying agent as may be permitted in terms of the Transaction Documents, as indicated in the Applicable Pricing Supplement;

"Paying Agency Agreement"

the written paying agency agreement concluded by the Paying Agent, the Issuer and the Guarantor SPV in terms of which, *inter alia*, the Paying Agent is appointed as paying agent in relation to the Notes;

"Payment Date"

in relation to each Tranche of Notes, the date on which payments due in respect of such Tranche of Notes shall be paid by the Issuer, being 21 February, 21 May, 21 August and 21 November of each year for so long as such Tranche of Notes is in issue, provided that if any Payment Date falls on a day which is not a Business Day, such Payment Date shall be adjusted in accordance with the relevant Business Day Convention (as specified in the Applicable Pricing Supplement);

"Performance Covenant"

at any point in time, each of the performance covenants that must be complied with by the Issuer in respect of the Portfolio of Participating Assets owned by the Issuer from time to time which are the following –

- (a) a positive balance greater than ZAR100,000 is recorded in the Principal Deficiency Ledger on two consecutive Payment Dates; and
- (b) the percentage of the outstanding balance of the Portfolio of Participating Assets on a three month rolling average basis that are more than 60 but less than 90 days in arrears, is greater than 2%;

"Performing Participating Assets"

all Participating Assets owned by the Issuer which are not Non-Performing Participating Assets;

"Permitted Investments"

any –

- (a) bonds, notes or other securities issued by the central government of the RSA or any province of the RSA which has the Required Rating;
- (b) securities, deposits or loans secured or guaranteed by the central government of the RSA or

any province of the RSA which has the Required Rating;

- (c) deposits or loans secured by bonds, notes or other securities issued or guaranteed by the central government of the RSA or any province of the RSA which has the Required Rating;
- (d) certificates of deposit or any other debt security which has the Required Rating or which is issued by an entity which is an Eligible Institution;
- (e) deposits with, loans to, or purchase of bills of exchange, promissory notes, certificates of deposit or other negotiable instruments accepted, drawn or endorsed by, an Eligible Institution;
- (f) investments in money market funds regulated by the Financial Sector Conduct Authority, provided that such money market fund has been assigned a long-term, national scale credit risk rating of at least Aaa or a short-term, national scale credit risk rating of at least Mr1+, as the case may be, by the Rating Agency; and
- (g) unleveraged repurchase obligation entered into between the Issuer and an Eligible Institution with respect to an investment of the nature referred to in (a) to (f) above,

being, in all cases an investment which has a maturity date prior to the next Payment Date;

"Portfolio Covenant"

each of the covenants that must be complied with by the Portfolio of Participating Assets held by the Issuer as at any point in time as are more fully described in the section of this Programme Memorandum entitled "*Description of Portfolio of Participating Assets*";

"Portfolio of Participating Assets"

as at any point in time, the portfolio of Participating Assets sold by the Originator

"Post-Enforcement Priority of Payments"

and acquired and owned by the Issuer as at that point in time;

the priority in which Secured Creditors, are to be paid subsequent to the delivery of an Enforcement Notice, as more fully described in Condition 11.2;

"Potential Redemption Amount"

an amount determined as at a Determination Date being the sum of -

- (a) the difference between -
 - (i) the aggregate balance of all Performing Participating Assets in the Portfolio of Participating Assets on the immediately preceding Determination Date; and
 - (ii) the aggregate balance of all Performing Participating Assets on such Determination Date; and
- (b) the balance standing to the credit of the Principal Deficiency Ledger on the preceding Payment Date,

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

"Pre-Enforcement Priority of Payments"

the priority in which Secured Creditors are to be paid prior to the delivery of an Enforcement Notice, as more fully described in Condition 11.1;

"Preference Share"

a cumulative redeemable preference share in the issued share capital of the Issuer;

"Preference Shareholder"

as at the First Issue Date, BMW Finance as the holder of the Preference Share;

"Prime Rate"

the publicly quoted basic rate of interest (percent, per annum, compounded monthly in arrears and calculated on a 365 day year irrespective of whether or not the year is a leap year) from time to time published by Standard Bank, as being its prime rate, as certified by any manager of such bank, whose authority, appointment and designation need not be proved;

"Principal"	the principal payable by an Obligor in terms of an Instalment Sale Agreement concluded with that Obligor;
"Principal Amount"	in relation to any Note, the face value stated as being the "Principal Amount" of that Note as at the Issue Date of such Note;
"Principal Amount Outstanding"	in relation to any Note and at any point in time, the Principal Amount of such Note on the Issue Date thereof less the aggregate of all amounts of principal actually repaid on such Note as at such point in time;
"Principal Deficiency"	the amount, if any, by which the Potential Redemption Amount exceeds the remaining cash in the Pre-Enforcement Priority of Payments as at any Determination Date after the payment of or provision for items 11.1.1 to 11.1.7 (both inclusive) in the Pre-Enforcement Priority of Payments;
"Principal Deficiency Ledger"	the ledger in the Accounting Records established to record the Principal Deficiency as at any Determination Date. A balance shall be deemed to appear in the Principal Deficiency Ledger as at the Determination Date on which it first arises;
"Priority of Payments"	the Pre-Enforcement Priority of Payments and/or the Post-Enforcement Priority of Payments (as the case may be);
"Procedures Manual"	the Servicer's procedures manual, which procedures manual has been or shall be lodged by the Servicer with the Guarantor SPV and initialled by each of the Issuer and the Servicer for purposes of identification;
"Programme"	the ZAR10,000,000,000 asset backed domestic medium term note programme established and conducted by the Issuer as more fully described in this Programme Memorandum;
"Programme Agreement"	the written programme agreement concluded between the Issuer, the Manager and the Dealer, in terms of which, <i>inter alia</i> , the Dealer is appointed as dealer in, and manager of, the Notes;
"Programme Limit"	the maximum nominal amount of Notes that may be in issue at any point in time,

being ZAR10,000,000,000 or such other amount as the Issuer's Board approves from time to time and as indicated in an Applicable Pricing Supplement;

"Programme Memorandum"

this amended and restated programme memorandum to be issued by the Issuer in relation to the Programme, as supplemented by each Applicable Pricing Supplement issued in relation to each Tranche of Notes;

"Programme Termination Date"

the later of the date on which -

- (a) the last Note in issue is redeemed by the Issuer and there being no further Notes in issue; or
- (b) the amount reflected on the System as being the capital amount due to the Issuer on all Instalment Sale Agreements acquired and still held by the Issuer, is nil; or
- (c) the Issuer has advised the Originator that it no longer intends to acquire any further Subsequent Participating Assets, provided that there are no further Notes in issue;

"Programme Wide Liquidity Commitment"

as at any point in time, the amount specified as being the Programme Wide Liquidity Commitment in the Programme Wide Liquidity Facility Agreement or Programme Wide Liquidity Supplement, as the case may be;

"Programme Wide Liquidity Facility"

the liquidity facility provided by the Liquidity Facility Provider in terms of the Programme Wide Liquidity Facility Agreement;

"Programme Wide Liquidity Facility Agreement"

a written liquidity facility agreement concluded between the Issuer and a Liquidity Facility Provider, in terms of which, *inter alia*, such Liquidity Facility Provider provides the Programme Wide Liquidity Facility to the Issuer;

"Programme Wide Liquidity Supplement"

a schedule (in the form prescribed in the Programme Wide Liquidity Facility Agreement) delivered under the Programme Wide Liquidity Facility Agreement, signed by the Issuer and the Programme Wide Liquidity Facility Provider confirming any amendment to the Programme Wide Liquidity Commitment;

"Pro-Rata Threshold"

at any point in time after an Early Amortisation Event has occurred, in relation to a particular Class of Notes, the Over-collateralisation Rate of all Notes ranking senior to the Class of Notes in question is at least two times the level it was immediately following the last issue of Notes;

"Proxy"

a person duly appointed under a Form of Proxy to act for or on behalf of a Noteholder in connection with any meeting or proposed meeting of Noteholders;

"Purchase Price Refund"

a refund received by the Issuer from the Originator pursuant to the cancellation in whole or in part by the Issuer of a sale of Participating Assets to the Issuer under the Asset Sale and Servicing Agreement;

"Rand" or "ZAR"

Rand, being the lawful currency of the RSA;

"Rate Determination Date"

in relation to each Tranche of Notes - the first day of each Interest Period in relation to such Tranche Notes, with the first Rate Determination Date in respect of each Tranche of Notes being the Issue Date thereof and if any subsequent Rate Determination Date falls on a day which is not a Business Day, such Rate Determination Date shall be the immediately succeeding day which is a Business Day;

"Rating Agency"

Moody's Investors Service Limited or such other rating agency appointed as rating agency for the Programme from time to time;

"Rating Agency Confirmation"

a written confirmation by the Rating Agency stating that a specified action or determination will not result in a downgrading or withdrawal of the then current rating of the Notes;

"Recoveries"

all amounts received by the Servicer in respect of Non-Performing Participating Assets, whether in the form of recovery, insurance payments or pay outs, repossessions or otherwise;

"Record Date"

means the date on which the holdings, upon which the event entitlement (being payments of Interest Accrued or Actual Redemption Amounts) is based, are determined. For payments of the Interest Accrued it is the close of business on the Business Day immediately preceding the first date during which the Register is closed and for payments of the Actual Redemption Amounts it is the close of business on the Business Day immediately preceding the Payment Date;

"Reference Banks"

Standard Bank, Nedbank Limited, ABSA Bank Limited, Investec Bank Limited and FirstRand Bank Limited;

"Register"

the register maintained by the Transfer Secretary in relation to the Notes in accordance with the Conditions;

"Relevant Transfer Date"

in relation to a Participating Asset - the date on which all of the Originator's rights, title and interest in and to such Participating Asset are transferred to the Issuer in accordance with the provisions of the Asset Sale and Servicing Agreement, being the date designated as such in the Sale Supplement relating to such Participating Asset;

"Representative"

a person authorised to act as its representative in connection with any meeting or proposed meeting of Noteholders;

"Required Rating"

the Short-Term Rating (or equivalent thereof) or the Long-Term Rating (or the equivalent thereof), as applicable;

"Reserve Fund"

the reserve fund established by the Issuer in accordance with the Transaction Documents as reflected in the Reserve Fund Ledger;

"Reserve Fund Ledger"

the ledger in the Transaction Account established to record monies available in the Reserve Fund;

"Reserve Fund Required Amount"

as at any point in time, the minimum amount required to be standing to the credit of the Reserve Fund, being the lesser of -

- (a) the Principal Amount Outstanding of the Notes; and
- (b) the greater of -
 - (i) 50% of the outstanding amount of all Delinquent Participating Assets; and
 - (ii) 1% of the Principal Amount Outstanding of the Notes as at the most recent Issue Date;

"Revolving Period"

the period from and including the First Issue Date to (but excluding) the Early Amortisation Date;

"RSA"

the Republic of South Africa;

"SAFEX"

the South African Futures Exchange, a division of the JSE, or any successor to such division;

"SAFEX Call Rate"

the daily SAFEX overnight deposit rate for overnight deposits in Rands which appears on the Reuters screen SAFEX page as of approximately 11:00 RSA time;

"Sale Supplement"

a schedule (in the form attached as Annexure E to the Asset Sale and Servicing Agreement), signed by the Issuer and the Originator setting out the Initial Participating Assets or the Subsequent Participating Assets (as applicable) to be acquired by the Issuer from the Originator on the Relevant Transfer Date;

"Scheduled Maturity Date"

in relation to each Tranche of Notes - the date on which such Tranche of Notes is expected to be redeemed as specified in the Applicable Pricing Supplement;

"Secured Creditors"

individually and/or collectively as the context may require, each of the creditors (including the Noteholders) of the Issuer bound in terms of one or more of the Transaction Documents and referred to in the Priority of Payments;

"Securities Account"

a securities account opened by a Central Securities Depository Participant, as contemplated in the Financial Markets Act;

"Securitisation Notice"

Government Notice 2, Government Gazette 30628 of 1 January 2008, issued by the Registrar of Banks under the Banks Act, 94 of 1990;

"Security Provider"

any person or entity who has granted any form of security of whatever nature for the obligations of an Obligor to the Originator in terms of a Participating Asset;

"Servicer"

BMW Finance, in its capacity as Servicer in terms of the Asset Sale and Servicing Agreement or such other servicer as may be appointed in terms of the Transaction Documents;

"Servicer's Collections Account"

the collections account of and opened in the name of the Servicer with Standard Bank (or such other Eligible Institution as the Servicer may elect) into which all cash receipts by the Servicer from Obligors from time to time shall be deposited;

"Servicer Default"

the occurrence of a Servicer Default as defined in the Asset Sale and Servicing Agreement;

"Settlement Agent"

the Central Securities Depository Participant approved by the Central Securities Depository from time to time, in terms of the Applicable Procedures to perform electronic settlement of both funds and scrip on behalf of market participants;

"Short-Term Rating"

a short-term, national scale credit risk rating of at least Prime-1.za assigned by the Rating Agency from time to time or such other level as the Rating Agency may specify from time to time;

"Special Resolution"

(a) a resolution passed at a properly constituted meeting of Noteholders or Noteholders of the relevant Class of Notes, as the case may be, by a majority consisting of not less than 66.67% of the value of the specific Class of Notes or all Outstanding Notes, as the case may be, present in person or by proxy voting at such

meeting upon a show of hands or a poll; or

- (b) a resolution passed other than at a meeting of the Noteholders or Noteholders of the relevant Class of Notes, as the case may be, with the written consent of not less than 66.67% of the value of a specific Class of Notes or all outstanding Notes, as the case may be;

"Standard Bank"

The Standard Bank of South Africa Limited (registration number 1962/000738/06), a public company duly incorporated and registered as a bank in accordance with the laws of the RSA;

"Step-Up Margin"

in relation to a particular Note, the step-up margin as specified in the Applicable Pricing Supplement;

"Subordinated Fee and Expense"

all amounts (if any) not provided for in items 11.1.1 to 11.1.4 (both inclusive) of the Pre-Enforcement Priority of Payments or items 11.2.1 to 11.2.4 of the Post-Enforcement Priority of Payments, as the case may be, payable by the Issuer under the Transaction Documents (excluding the Transaction Documents comprising the Guarantor's Security) by way of claims for damages, claims under indemnities (whether in respect of costs or otherwise) as a result of a breach by the Issuer of its obligations under such Transaction Document;

"Subordinated Lender"

BMW Finance;

"Subordinated Loan"

the principal loaned and advanced by the Subordinated Lender to the Issuer in accordance with the terms of the Subordinated Loan Agreement;

"Subordinated Loan Agreement"

the written subordinated loan agreement concluded between the Issuer and the Subordinated Lender (as read with each Subordinated Loan Certificate);

"Subordinated Loan Certificate"

a loan certificate specifying, *inter alia*, the principal sum of each Subordinated Loan signed by the Issuer and the Subordinated Lender, in the form of the schedule to the Subordinated Loan Agreement, on or prior

	to the date of the borrowing of the relevant Subordinated Loan by the Issuer;
"Subsequent Participating Asset"	a Participating Asset acquired by the Issuer after the First Transfer Date;
"System"	the computerised accounts and information management system for the Participating Assets utilised by the Servicer or Back-Up Servicer, as the case may be, in relation to the services provided by the Servicer to the Issuer under the Asset Sale and Servicing Agreement;
"Tap Issue"	a tap issue in respect of a Tranche of Notes issued by the Issuer which may be listed on the Interest Rate Market of the JSE;
"Taxation"	all taxes, duties, assessments, levies and/or governmental charges (including any penalty in respect thereof and interest thereon) payable to any governmental authority or any political sub-division thereof or any authority or agency therein or thereof having power to tax, including income tax, value added tax and regional services levies;
"TMF"	TMF Corporate Services (South Africa) Proprietary Limited (formerly known as GMG Trust Company (SA) Proprietary Limited) (registration number 2006/013631/07), a company duly established in accordance with the laws of the RSA;
"Transaction Account"	the bank account of and opened in the name of the Issuer with the Account Bank in terms of the Account Bank Agreement;
"Tranche of Notes"	a tranche of Notes listed under the same stock code;
"Transaction Documents"	collectively, - <ul style="list-style-type: none"> (a) all of the Notes and the Certificates (if any) in respect thereof; (b) the Guarantee; (c) the Indemnity; (d) the Cession <i>in Securitatem Debiti</i> (Assets);

- (e) the Cession *in Securitatem Debiti* (Contracts);
- (f) the Issuer Owner Trust Suretyship;
- (g) the Cession *in Securitatem Debiti* (Shares);
- (h) the Administration Agreement;
- (i) the Programme Wide Liquidity Facility Agreement;
- (j) the Paying Agency Agreement;
- (k) the Account Bank Agreement;
- (l) the Transfer Secretary Agreement;
- (m) the Programme Agreement;
- (n) each of the Hedging Agreements in force and effect from time to time;
- (o) the Asset Sale and Servicing Agreement;
- (p) the Subordinated Loan Agreement;
- (q) each Sale Supplement;
- (r) the Common Terms Agreement; and
- (s) the Constitutive Documents;

"Transfer Form"

the written form for the transfer of any Note evidenced by a Certificate in a form approved by the Transfer Secretary and signed by the transferor and the transferee;

"Transfer Secretary"

the transfer secretary appointed pursuant to the Transfer Secretary Agreement;

"Transfer Secretary Agreement"

the written transfer secretary agreement concluded between the Issuer, the Guarantor SPV and Standard Bank, acting through its Transactional Product Services, Investor Services division, in terms of which, *inter alia*, Standard Bank is appointed as transfer secretary in relation to the Notes;

"Uncertificated Note"

a note issued in uncertificated form in accordance with section 33 of the Financial Markets Act, not evidenced by any Certificate or any other written document or instrument and held in the Central Securities Depository;

"Underlying Documentation"

in relation to each Participating Asset, collectively, all documents, records, guarantees, suretyships and/or correspondence completed or signed in relation to such Participating Asset and evidencing the Originator's right, title and interest in and to such Participating Asset, including -

- (a) the relevant Instalment Sale Agreement;
- (b) all documents and/or agreements signed by the Security Providers in relation to each Participating Asset from time to time; and
- (c) all documents ancillary to the documents referred to in (a) and (b) above;

"Used"

in relation to an Instalment Sale Agreement, an automobile which is not New;

"Usury Act"

the Usury Act, 73 of 1968; and

"VAT"

value-added tax levied in terms of the Value-Added Tax Act, 98 of 1991.

Further, in this Programme Memorandum, unless the context clearly indicates a contrary intention –

- any expression which denotes any gender includes the other genders, a natural person includes an artificial or juristic person and *vice versa* and the singular includes the plural and *vice versa*;
- any reference to any statute, regulation or other legislation will be a reference to that statute, regulation or other legislation as at the date of this Programme Memorandum and as amended or substituted from time to time;
- any reference to any agreement, deed, approval, consent or document will be a reference to that agreement, deed, approval, consent or document as amended, novated and/or replaced from time to time;
- 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 shall not be applied in the interpretation of such general wording or such specific example/s; and

- any expression not defined in this Programme Memorandum but defined in the Common Terms Agreement will bear the meaning assigned to it in the Common Terms Agreement.

INVESTMENT CONSIDERATIONS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

Prospective investors should carefully consider the following investment considerations, in addition to the matters described elsewhere in this Programme Memorandum, prior to investing in the Notes. The matters set out in this section do not purport to be exhaustive and prospective investors must form their own judgement in regard to the suitability of the investment they are making.

1 ISSUER'S ABILITY TO MEET ITS OBLIGATIONS UNDER NOTES

The ability of the Issuer to meet its payment obligations, including to pay Principal Amount Outstanding and Interest Accrued on the Notes will be entirely dependent on the receipt by it of payments on the underlying Participating Assets and the Permitted Investments and, to the extent permitted under the Programme Wide Liquidity Facility Agreement, the receipt of payments by it from the Liquidity Facility Provider.

2 LIMITED ENFORCEMENT OF NOTES

The rights of Noteholders and other Secured Creditors to enforce their claims directly against the Issuer is limited and, accordingly, such Noteholders and Secured Creditors are required, save for certain exceptions (such as the security rights afforded to the Guarantor SPV being unenforceable for any reason), to make such claims under the Guarantee granted to them. Upon receipt of a claim under the Guarantee, the Guarantor SPV shall claim under the Indemnity granted to it by the Issuer and enforce its claims under the Guarantor SPV's Security.

3 LIMITED RECOURSE OBLIGATIONS

The liability of the Issuer to make payments in respect of the Principal Amount Outstanding and the Interest Accrued on the Notes from time to time may only be satisfied out of the proceeds of the Participating Assets, monies available to the Issuer under the Programme Wide Liquidity Facility Agreement and the proceeds derived by the Issuer from the liquidation of Permitted Investments. Neither the Guarantor SPV nor the Noteholders shall have any other recourse in respect of such payments against the Issuer. If the aforesaid amounts are insufficient to make payments in accordance with the Priority of Payments, no other assets will be available for the payment of such deficiency and, following the liquidation of all Participating Assets and Permitted Investments, the obligation of the Issuer to pay such deficiencies will be extinguished.

4 GUARANTEE AND INDEMNITY STRUCTURE

The Guarantor SPV will bind itself to the Noteholders and other Secured Creditors as guarantor for the due and punctual fulfilment by the Issuer of all the payment obligations which the Issuer may incur to the Noteholders under the Notes and to such other Secured Creditors under the Transaction Documents. The liability of the Guarantor SPV pursuant to such Guarantee will, however, be limited in the aggregate to the amount recovered by the Guarantor SPV from the Issuer arising out of the

Indemnity given by the Issuer to the Guarantor SPV in respect of claims that may be made against the Guarantor SPV by Noteholders and other Secured Creditors arising out of such Guarantee. The Issuer has received a legal opinion stating, subject to certain qualifications, that the Guarantee and Indemnity structure is valid and enforceable. There is no guarantee that a court would reach the same conclusion as that in the legal opinion so obtained by the Issuer.

5 LIMITED LIQUIDITY OF NOTES

There can be no assurance that a secondary market for any of the Notes will develop, or, if a secondary, market does develop, that it will provide the Noteholders with the required liquidity or that it will continue for the life of the Notes.

Application has been made to list the Notes on the Interest Rate Market of the JSE. Such listing, the disclosure requirements imposed by the JSE and the size of the issue may serve to enhance liquidity in the Notes. Performance information in relation to the Participating Assets will also be provided to Noteholders on a quarterly basis in terms of the Investor Report.

6 CREDIT RATINGS OF NOTES

Rated Notes will be assigned credit ratings by the Rating Agency. Credit risk ratings of debt securities represent the Rating Agency's opinion regarding their credit quality and are not a guarantee of the credit quality thereof. A credit risk rating is not a recommendation to buy, sell or hold any security, nor does such credit risk rating comment as to the market price of Notes or suitability for a particular investor. A credit risk rating may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.

7 INSOLVENCY OF THE GUARANTOR SPV

It is possible for the Guarantor SPV to be wound-up and/or placed under business rescue, which would adversely affect the rights of the Secured Creditors (including Noteholders) and the enforcement of the Guarantor SPV's Security. The liabilities of the Guarantor SPV consist of the Guarantee, the liability under which cannot in aggregate exceed the amount recovered by the Guarantor SPV from the Issuer pursuant to the Indemnity. Accordingly, the Guarantor SPV itself should never be in a position where its liabilities exceed its assets (and therefore be wound-up or placed under business rescue), unless the Guarantor SPV (or any officer of the Guarantor SPV) was dishonest or negligent or there was a breach of contract on the part of the Guarantor SPV (or a breach of fiduciary duty by an officer of the Guarantor SPV), for instance by entering into an unauthorised transaction.

If the Guarantor SPV is wound-up and/or placed under business rescue, the Secured Creditors (including Noteholders) shall be entitled to take action themselves and enforce claims directly against the Issuer should an Event of Default occur.

8 INTEREST RATE RISK WITHIN THE ISSUER

The Issuer has various interest rate exposures based on the yield earned on the Participating Assets and the rates of interest paid on its funding. Interest is charged when applicable on the Participating Assets on a prime rate linked basis. The Notes will all incur interest on a JIBAR Rate linked basis. The Issuer will enter into one or more Hedging Agreements with the Hedge Counterparty on the basis that interest that is linked to any rate other than the JIBAR Rate (including interest that is linked

to the prime rate of any bank) received on the Participating Assets will in relation to those Participating Assets which are equal to the value of the Principal Amount Outstanding of the Notes in issue on such Issue Date be directly swapped out into an interest rate that is linked to the JIBAR Rate.

If a Hedge Counterparty Default occurs the Hedge Counterparty would be required to either find a replacement Hedge Counterparty or to provide security for its obligations to the Issuer in a form which will be acceptable to the Rating Agency. If no security is provided and no replacement Hedge Counterparty is appointed by the second Payment Date following such, an Early Amortisation Event will occur.

9 RATING OF COUNTERPARTIES

To the extent that the Issuer enters into or benefits from any third party credit enhancement or liquidity arrangements, for example the Hedging Agreement and/or the Programme Wide Liquidity Facility Agreement, the Rating Agency will consider the provisions of the arrangement and whether or not the provider of such facility has the Required Rating. Any downgrade in the rating of such counterparty could have adverse consequences on, *inter alia*, the liquidity of the Notes and/or their market value. In partial mitigation of this risk, the Transaction Documents provide that upon a downgrade of the credit risk rating of the Liquidity Facility Provider and/or a Hedge Counterparty, such counterparty will be required to either find an alternative counterparty or, to provide security for its obligations to the Issuer in a form which will be acceptable to the Rating Agency, which may include providing a guarantee by an Eligible Institution having the Required Rating. Any amendment to or change in the Rating assigned to a Tranche of Notes issued under the Programme will be electronically disseminated on SENS to SENS subscribers.

10 TAX CONSIDERATIONS

As at the date of this Programme Memorandum, the Issuer has carried out all steps reasonably necessary to ensure its compliance with the current provisions of the Income Tax Act, 1962, the Value-Added Tax Act, 1991, and other Taxation provisions. However, no assurance can be given that the views of the relevant Taxation authorities would not differ with the treatment adopted by the Issuer from time to time.

11 CONSUMER CREDIT LEGISLATION

The credit transactions which occur between the Originator and each Obligor comprising the Participating Assets, and each Underlying Document establishing each such Participating Asset, are and will be subject to the provisions of the National Credit Act and prior to the effective date of the National Credit Act, being 1 June 2007, may have been, at the time of the origination thereof, subject to both the Credit Agreements Act and the Usury Act. The Credit Agreements Act and the Usury Act have been repealed by the National Credit Act.

In accordance with the Asset Sale and Servicing Agreement, the Originator has warranted that each Participating Asset has been, and shall be, originated in accordance with and complies with all Applicable Laws, including the National Credit Act.

The failure by the Obligor or Originator to comply with their respective obligations in terms of the National Credit Act or the inclusion or exclusion of certain provisions may result in the relevant Instalment Sale Agreement or Underlying Documentation

in respect thereof or the relevant provisions thereof being void or voidable (as the case may be).

However, if a breach of a warranty by the Originator to the Issuer in terms of the Asset Sale and Servicing Agreement (for example, a breach of the warranty that the Participating Assets comply with all Applicable Laws) results in the Issuer failing to acquire good legal title to any Participating Asset, the Issuer will be entitled to cancel the sale of the Participating Asset and to claim repayment from the Originator of the relevant portion of the purchase price equal to the amount reflected on the System as owing to the Issuer in respect of such Participating Asset. The Consumer Protection Act came into effect on 1 April 2011 and applies to each Instalment Sale Asset. The Consumer Protection Act addresses nine fundamental consumer rights and has changed the South African consumer landscape. The Consumer Protection Act seeks to advance the social and economic welfare of consumers in South Africa by providing a range of new statutory rights and safeguards. It has impacted all aspects of promoting or selling goods or services to consumers. The National Consumer Commission is responsible for enforcing the Consumer Protection Act by monitoring the consumer market to ensure that prohibited conduct and offences are presented or detected and prosecuted. Non-compliance with the Consumer Protection Act could lead to severe sanctions being imposed.

If any of the Participating Assets do not comply with the Applicable Laws, the Servicer may be prevented from or delayed in collecting amounts due on the Participating Assets. If that happens, payments on the Notes could be delayed or reduced.

12 RELIANCE ON SERVICER AND BACK-UP SERVICER

Each of the Issuer and the Guarantor SPV will rely, to a certain extent, on the Servicer to exercise the rights and obligations described in the Asset Sale and Servicing Agreement in relation to the administration, management and collection of monies due on the Participating Assets. If the appointment of BMW Finance as Servicer is terminated under the terms of the Asset Sale and Servicing Agreement, it will be necessary for the Back-Up Servicer to take over this administration and management function. The section entitled "*Description of Servicing Arrangements*" contains a description of the circumstances in which such termination may occur and the consequences of such termination. Standard Bank has been appointed by the Issuer as the initial Back-Up Servicer. In its capacity as such, the Back-Up Servicer is required to employ reasonable endeavours to service the Participating Assets as agent of the Issuer. However, neither the Servicer nor the Back-Up Servicer is under any obligation, in its capacity as such, to fund payments owed in respect of the Programme, absorb losses incurred in respect of the Participating Assets or otherwise compensate Noteholders for losses incurred in respect of the Programme.

13 INSOLVENCY OF SERVICER

In terms of the Asset Sale and Servicing Agreement, the Servicer will, amongst its various duties, collect payments from Obligors on behalf of the Issuer. On an insolvency of the Servicer, the Issuer, as principal, will be able to vindicate all property which it can identify among the assets of the Servicer, as agent, as being vested in it as owner.

In relation to cash deposits, there is a co-mingling risk upon the insolvency of the Servicer. Amounts collected up to the date of insolvency of the Servicer would fall within the insolvent estate of the Servicer as such collections would be co-mingled with other cash deposits of the Servicer in the Servicer's Collections Account. In

respect of payments on Participating Assets collected prior to the date of insolvency, the liquidator would not be required to segregate these payments from other collections and a claim in respect of such payments would be a claim by the Issuer as a concurrent creditor in the Servicer's liquidation. Amounts collected after the date of insolvency of the Servicer would not fall within the insolvent estate of the Servicer and the liquidator would have to keep a separate record thereof and segregate those amounts from other collections it has received.

In practice however, the risk of co-mingling would be limited to amounts collected during the period of time elapsed between (a) the last sweep from the Servicer's Collection Account to the Transaction Account of such collections occurring before the date of insolvency and (b) the date of insolvency itself. Monies collected by the Servicer from the Obligors shall be swept from the Servicer's Collection Account to the Transaction Account at least every 30 days or at the end of the Business Day preceding a Payment Date.

For purposes of this section "**date of insolvency**" means the date on which the application for liquidation has been lodged with the registrar of court.

14 **CHANGES TO PROCEDURES MANUAL**

The Issuer is obliged to secure the services of an appropriate servicer to manage and collect payments on the Participating Assets. BMW Finance has been appointed by the Issuer as Servicer at the outset of the Programme and is required to manage the Participating Assets in the ordinary course of its credit management business as specified in the Procedures Manual. To the extent that any material changes (as determined by BMW Finance in its sole discretion), as same relates to the Participating Assets, are made to the conduct of BMW Finance's credit management business and/or to the Procedures Manual, BMW Finance is required to notify the Issuer of same, and prior to implementing same, to obtain the prior written consent of the Guarantor SPV in respect of such changes and a Rating Agency Confirmation in respect thereof. The Issuer is under no obligation to review the Procedures Manual (or any changes made to it) from time to time unless it has been notified by BMW Finance of a change to the Procedures Manual which BMW Finance deems to be material.

15 **TRANSFER OF THE RIGHTS TO PARTICIPATING ASSETS**

Whilst the rights and obligations under each of the Instalment Sale Agreements are capable of assignment, the Issuer has agreed that notice of the sale and transfer of the Participating Assets by the Originator to the Issuer in terms of the Asset Sale and Servicing Agreement will not be given to Obligors at the commencement of the Programme or immediately after the transfer thereof to the Issuer. The lack of notice means that, until such notice is given to the Obligors, each Obligor may discharge its obligations under the relevant Participating Asset by making payment to the Originator. Should notice be given to Obligors, this would mean that Obligors would no longer be entitled to make payment to the Originator, but should instead make payment to the Issuer, as owner of the Participating Assets. The Originator, having transferred all of its right, title and interest in and to the Participating Assets to the Issuer, is, in its capacity as Servicer, the agent of the Issuer for purposes of the collection of monies due on the Participating Assets and is accountable to the Issuer in this regard.

16 RELIANCE ON RECEIPT OF PAYMENTS ON PARTICIPATING ASSETS

The ability of the Issuer to meet its obligations under the Notes will be largely dependent on the performance of the Participating Assets and the receipt of payments thereon. The performance of the Participating Assets and the receipt by the Issuer of payments in terms thereof is affected by a number of factors, including –

- (a) macro-economic variables such as the level of interest rates, consumer income, relative inflation rates pertaining to both wage rates and price inflation, and the extent and effectiveness of Taxation relief;
- (b) the credit quality of Obligors under the Participating Assets and the extent to which they are affected by macro-economic factors or obligor specific events; and
- (c) the quality of the credit management carried out by the Servicer, including the Servicer's ability to identify trends in the changes in performance, of the Participating Assets and take appropriate corrective action timeously.

In addition, since the Participating Assets will have different annual finance charge rates, any disproportionate rate of prepayments between Participating Assets with annual finance charge rates greater than or less than the current weighted average yield, may increase or decrease the amounts available to cover arrears and defaults on the Participating Assets in the form of excess spread.

Further, should an Obligor default under a Participating Asset, the Issuer's ability to recover the full amount owing to it under such Participating Asset will be largely dependent on the ability of the Issuer (or the Servicer on behalf of the Issuer) to dispose of the relevant Instalment Sale Asset for value. The value at which the asset can be disposed of is dependent on a number of factors, including the state of the market for second hand motor vehicles.

Furthermore, the Issuer's ability to recover such amount may in part also be dependent upon the insurance (if any) maintained by the relevant Obligor in respect of the Instalment Sale Asset to which such Participating Asset relates. Even though the relevant Underlying Documentation requires of the Obligor to effect and maintain adequate insurance cover, in terms of the Servicer's current credit procedures, the Servicer only monitors that such insurance cover is in place at inception. However, in accordance with what the Servicer considers to be a market norm and an unnecessary administrative burden, the Servicer does not monitor or enforce the maintenance of the insurance policies taken out by Obligors in relation to the Instalment Sale Assets after inception and, accordingly, there is a risk that there may be no insurance in place in respect of the Instalment Sale Assets at the time of default.

In addition, even though the relevant Underlying Documentation requires the Obligor to cede such insurance cover and policies to the Originator as security, the Issuer may not be able legally to rely upon this cession in security of the insurance policy taken out by Obligors (if any) pursuant to the provisions of section 43 of the Short-Term Insurance Act, 1998, and section 44 of the Long-Term Insurance Act, 1998. This, however, shall not affect the Issuer's entitlement to enforce its other claims against Obligors in terms of the relevant Instalment Sale Agreement. Furthermore, notwithstanding the foregoing, the Rating Agency's review of the Participating Assets prior to the inclusion of same in the Programme was based on historical figures obtained based on the Servicer's current and historic credit procedures which, as

outlined above, does not and did not include or provide for the monitoring or maintenance of such insurance policies.

17 NO INDEPENDENT INVESTIGATION

Other than the due diligence work performed by the Administrator, on behalf of the Issuer, pursuant to the issuing of the Initial Programme Memorandum, none of the Administrator, the Issuer or the Guarantor SPV has undertaken or will undertake any investigations, searches or other actions to verify the details of the Participating Assets (other than, in the case of the Issuer, steps to verify the details of the Participating Assets which were presented in the Initial Programme Memorandum) or to establish the creditworthiness of any Obligor.

Accordingly, the Administrator and the Issuer have relied on the representations made by the Originator and the work performed by the Originator's external auditors in relation to such due diligence investigation.

Each of the Administrator, Issuer and the Guarantor SPV relies solely on representations and warranties given by the Originator of the Participating Assets in respect of the Obligors, the Participating Assets and the effect of the sale of such Participating Assets.

18 SUBSEQUENT ISSUES

In relation to this Programme Memorandum, the Issuer may from time to time, subject to a Rating Agency Confirmation, issue additional Notes including Notes that will mature sooner than existing Notes. Should the Issuer issue additional Notes, the total liabilities of the Issuer may increase. Should the Issuer issue Notes that will mature sooner than existing Notes, it may affect the Issuer's ability to make payment on such longer dated but prior issued Notes.

19 SUITABILITY OF INVESTMENT

This Programme Memorandum identifies some of the information that a prospective investor should consider prior to making an investment in the Notes. A prospective investor must take cognisance thereof that making an investment in the Notes does not represent deposits in a bank and that such investment is subject to investment risk. However, this Programme Memorandum 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 Notes. Therefore, a prospective investor should conduct its own thorough analysis, including its own accounting, legal and tax analysis, prior to deciding whether to invest in the Notes. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its financial investment objectives. This Programme Memorandum is not, and does not purport to be, investment advice.

20 PRIORITY OF PAYMENTS

The Conditions contain a "*Pre-Enforcement Priority of Payments*" in terms of which the Secured Creditors (including the Noteholders) will be paid prior to delivery of an Enforcement Notice and a "*Post-Enforcement Priority of Payments*" in terms of which the Secured Creditors (including the Noteholders) will be paid after delivery of an Enforcement Notice.

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

21 LIQUIDATION OF THE ISSUER

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

If, notwithstanding the ring-fenced structure, there is an external creditor not bound by the Priority of Payments, and there are any assets of the Issuer that are not properly secured by the Guarantor SPV Security, then on the liquidation of the Issuer such external creditor would rank *pari passu* with or ahead of the Guarantor SPV, depending on the statutory preference of claims in terms of the Insolvency Act, in regard to such assets of the Issuer that are not properly secured under the Guarantor SPV Security.

The security structure in the form of the Guarantee from the Guarantor SPV, backed-up by the Indemnity, provides Secured Creditors (including the Noteholders), through the Guarantor SPV, with contractual recourse to the Issuer and its security from Obligors but does not provide any direct security over the Instalment Sale Assets.

FORM OF NOTES

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The Programme has been registered on the Interest Rate Market of the JSE. However, not all Notes will necessarily be listed on the Interest Rate Market of the JSE. Unlisted Notes may also be issued under the Programme. Each Tranche of Notes will be issued subject to the Conditions set out in this Programme Memorandum and the Applicable Pricing Supplement/s and will be represented, at the election of the Issuer, either (i) in the form of Individual Certificates, or (ii) no Certificate, if issued in uncertificated form in terms of section 33 of the Financial Markets Act. Notes listed on the Interest Rate Market of the JSE may only be issued in uncertificated form.

Interest Rate Market of the JSE

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

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

Beneficial Interests

The Central Securities Depository will hold the Notes issued in uncertificated form, subject to the Financial Markets Act and the Applicable Procedures. Notes issued in uncertificated form, will be registered in the name of the registered Noteholder of Notes (as reflected in the securities account of the Central Securities Depository, or the relevant Central Securities Depository Participant) and such registered Noteholder will be named in the Register as the sole Noteholder of such Notes.

Accordingly, and except where the contrary is provided in the Conditions, all amounts to be paid and all rights to be exercised in respect of the Notes issued in uncertificated form, will be paid to the Central Securities Depository and may be exercised, in each case, in accordance with the Applicable Procedures by the Central Securities Depository or the relevant Central Securities Depository Participant, as the case may be, as holders of Beneficial Interests in such Notes.

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

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

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

Transfers of Beneficial Interests in the Central Securities Depository to and from clients of the Central Securities Depository Participants occur by electronic book entry in the central securities accounts of the clients of the Central Securities Depository Participants. Transfers among Central Securities Depository Participants of Notes held in the Central Securities Depository system occur through electronic book entry in the Central Securities Depository Participants' central security accounts with the Central Securities Depository. Beneficial Interests may be transferred only in accordance with the Conditions and the rules and operating procedures for the time being of the Central Securities Depository, Central Securities Depository Participants and the JSE.

Beneficial Interests in the Notes may be exchanged, without charge by the Issuer, for Notes in definitive registered form only in accordance with Condition 17 of the Conditions. Such Individual Certificates will not be issuable in bearer form. The Notes represented by Individual Certificates will be registered in the name of the individual Noteholders in the Register of Noteholders maintained by the Transfer Secretary. The Issuer shall regard the Register as the conclusive record of title to the Notes. The registered Noteholder of Notes issued in uncertificated form (as reflected in the securities account of the Central Securities Depository or the relevant Central Securities Depository Participant) shall be recognised by the Issuer as the owner of the Notes issued in uncertificated form and registered holders of Individual Certificates shall be recognised by the Issuer as the owners of the Notes represented by such Individual Certificates.

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

Individual Certificates

The Notes represented by Individual Certificates will be registered in the name of the individual Noteholders in the Register maintained by the Transfer Secretary and the Issuer will regard such register as conclusive record of title to such Notes represented by Individual Certificates.

Notes represented by Individual Certificates may be transferred subject to and in accordance with the Conditions of such Notes.

Payments of interest and principal in respect of Notes represented by Individual Certificates will be made in accordance with the Conditions to the person reflected as the registered holder of such Individual Certificate in the Register, and the Issuer will be discharged by proper payment to, or to the order of, the registered holder of the Individual Certificate in respect of each amount so paid. Notes represented by Individual Certificates may not be listed on the Interest Rate Market of the JSE.

Notes issued in uncertificated form

Notes issued in uncertificated form in terms of section 33 of the Financial Markets Act will not be represented by any certificate or written instrument. All transactions in uncertificated securities as contemplated in the Financial Markets Act will be cleared and settled in accordance with the Applicable Procedures. All the provisions relating to Beneficial Interests in the Notes held in the Central Securities Depository will apply to Notes issued in uncertificated form.

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

TERMS AND CONDITIONS OF NOTES

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The following are the terms and conditions of the Notes issued by the Issuer in relation to this Programme Memorandum. Each Note relates exclusively to the Participating Assets of this Programme Memorandum of the Issuer and no Noteholder shall have recourse to any other assets of the Issuer.

Notes will be issued in individual Tranches which may, together with other Tranches, form a single Class of Notes. Before the Issuer issues any new Tranche of Notes (or does a further issue under any Tranche of Notes), the Issuer shall complete and deliver an Applicable Pricing Supplement, substantially in the form attached to this Programme Memorandum as Schedule 1, setting out the details of such Notes.

The terms and conditions of the Notes are and shall be incorporated by reference into each Uncertificated Note and each Individual Certificate issued in respect of the Notes.

1 ISSUE

1.1 Issue

- 1.1.1 Subject to the fulfilment of the Conditions Precedent to Issue, Notes may be issued by the Issuer from time to time in Tranches under this Programme Memorandum. A Tranche of Notes may, together with a further Tranche or Tranches of Notes, form a Class of Notes under this Programme Memorandum.
- 1.1.2 The Issuer shall approve each Tranche of Notes by way of a resolution of the Issuer's Board and shall not require the consent of the Noteholders to issue any further Notes.
- 1.1.3 Subject to the fulfilment of the Conditions Precedent to Issue, the Issuer may make further issues under any Tranche of Notes, provided that all Notes issued pursuant to such further issue shall be the same as the existing Notes in such Tranche of Notes in all respects, but for the Issue Date and Issue Price.
- 1.1.4 Prior to the issue of any Tranche of Notes and prior to any further issue under any Tranche of Notes the Issuer shall complete and deliver an Applicable Pricing Supplement to the JSE and the Central Securities Depository. To the extent there is any inconsistency between the terms and conditions set out herein and the terms and conditions of such Applicable Pricing Supplement the terms and conditions of such Applicable Pricing Supplement shall prevail.
- 1.1.5 Notes to be issued will be freely transferable and fully paid up.

1.2 **Conditions Precedent to Issue**

The Issuer shall, during the Revolving Period, be entitled to issue Notes under this Programme Memorandum from time to time, provided that prior to 17:00 on the Business Day preceding the proposed Issue Date of any Notes, the following Conditions Precedent to Issue have been fulfilled –

- 1.2.1 the issue of the Notes not resulting in the aggregate Principal Amount Outstanding of all Notes then in issue exceeding the Programme Limit;
- 1.2.2 in respect of the Notes to be issued in order to fund the acquisition by the Issuer of Participating Assets, the Originator and the Issuer having signed a Sale Supplement pursuant to which the Issuer is to acquire such Participating Assets;
- 1.2.3 the Issuer having received a Rating Agency Confirmation in respect of the existing Notes in issue and a provisional rating by the Rating Agency in respect of the Tranche of Notes to be issued if such Tranche of Notes will comprise rated Notes;
- 1.2.4 no party being in breach or default of any of its material obligations under any of the Transaction Documents;
- 1.2.5 no Enforcement Notice having been delivered by the Guarantor SPV;
- 1.2.6 no Early Amortisation Event having occurred and be continuing;
- 1.2.7 the Hedge Counterparty has consented to the proposed issue of Notes;
- 1.2.8 the Administrator having certified to the Issuer that, on the proposed Issue Date and to the best of its knowledge and belief –
 - 1.2.8.1 in respect of the Notes to be issued, the Programme Wide Liquidity Commitment has (to the extent necessary) been increased to such a level to support the rating of the Notes;
 - 1.2.8.2 taking into account the Participating Assets (if any) to be acquired by the Issuer and the Notes to be issued by the Issuer on that date, the assets of the Issuer are or will be greater than or equal to the liabilities of the Issuer;
 - 1.2.8.3 to the extent necessary, the Issuer and the Hedge Counterparty have signed or will sign a confirmation under the Hedging Agreements in force and effect so as to ensure that the interest received on those Participating Assets which are equal to the value of the Principal Amount Outstanding of Notes in issue on such Issue Date will be swapped out into an interest rate that is linked to a JIBAR Rate; and
 - 1.2.8.4 the amount standing to the credit of the Reserve Fund is or will be greater than or equal to the Reserve Fund Required Amount applicable at the proposed Issue Date;
- 1.2.9 the Issuer, having received a legal opinion, in form and substance acceptable to the Guarantor SPV, confirming that there has been no change in law which would affect the issue of the Notes or the Participating Assets

(if any) to be acquired pursuant to the Sale Supplement referred to in Condition 1.2.2;

- 1.2.10 the Issuer's Board having passed a resolution authorising the issue of the Notes contained in such proposed issuance;
- 1.2.11 an Applicable Pricing Supplement in relation to the Notes to be issued having been completed and duly signed by two directors of the Issuer;
- 1.2.12 to the extent that the Notes may be listed, the approval of the listing of the Notes on the Interest Rate Market of the JSE has been granted; and
- 1.2.13 the Issuer being in possession of all required regulatory consents and approvals in respect of the proposed issue of Notes, including the report of the Auditors pursuant to the Securitisation Notice.

2 FORM AND DENOMINATION

- 2.1 The Notes will be issued in denominations of not less than ZAR1,000,000 or such other minimum amount as may be specified in the Applicable Pricing Supplement.
- 2.2 Each Note shall be issued subject to these Conditions as supplemented by the conditions set out in the Applicable Pricing Supplement issued in relation to such Note. An Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified, prevail over these Conditions to the extent of any inconsistency and shall, for such purposes, replace or modify these Conditions for such purposes in respect of the specific Tranche of Notes in respect of which such Applicable Pricing Supplement is issued.
- 2.3 Copies of each Applicable Pricing Supplement shall be available for inspection, in addition to the offices of the Issuer, at the office of the Transfer Secretary.
- 2.4 Notes will be issued in the form of registered Notes, represented by (i) Individual Certificates registered in the name, and for the account of, the relevant Noteholder or (ii) no Certificate, and held in uncertificated form in the Central Securities Depository in terms of section 33 of the Financial Markets Act, and registered in the name, and for the account of the registered holder of such Notes (as reflected in the securities account of the Central Securities Depository or the relevant Central Securities Depository Participant). The Central Securities Depository will hold the Notes subject to the Financial Markets Act and the Applicable Procedures.
- 2.5 Any reference in these Conditions to the Central Securities Depository shall, wherever the context permits, be deemed to include a reference to its successor in terms of the Financial Markets Act (or any successor Act thereto), and any additional or alternate depository approved by the Issuer, the Servicer, the Guarantor SPV and the JSE. Any reference in these Conditions to the JSE shall, wherever the context permits, be deemed to include any exchange which operates as a successor exchange to the JSE.

3 TITLE

- 3.1 Title to the Notes shall pass upon registration of transfer in accordance with Condition 18 in the Register. The Issuer and the Transfer Secretary shall

recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.

- 3.2 Beneficial Interests in Notes held in uncertificated form and uncertificated Notes may, in terms of existing law and practice, be transferred through the Central Securities Depository by way of book entry in the securities accounts of Central Securities Depository Participants. Such transfers will be recorded in the securities account of the Central Securities Depository or the relevant Central Securities Depository Participant, as the case may be. While the Notes are held in the Central Securities Depository in uncertificated form, each person shown in the records of the Central Securities Depository or the relevant Central Securities Depository Participant, as the case may be, as holder of a Beneficial Interest in a particular nominal amount of such Notes (in which regard any certificate or other document issued by the Central Securities Depository or the relevant Central Securities Depository Participant, as the case may be, as to the Principal Amount of such Notes standing to the account of such person shall be *prima facie* proof of such Beneficial Interest) shall be treated by the Issuer, the Transfer Secretary and the relevant Central Securities Depository Participant as the holder of such nominal amount of such Notes for all purposes, other than with respect to voting and the receipt of payment of principal or interest on the Notes, for which latter purpose the registered holder of the relevant Notes reflected in the Register shall be treated by the Issuer as the holder of such Notes in accordance with and subject to these Conditions (and the expression "Noteholder" and related expressions shall be construed accordingly).
- 3.3 Any reference in this Programme Memorandum to the relevant Central Securities Depository Participant shall, in respect of Beneficial Interests, be a reference to the Central Securities Depository Participant appointed to act as such by a holder of such Beneficial Interest.

4 STATUS AND SECURITY

- 4.1 The Notes constitute limited recourse, secured obligations of the Issuer. The rights of Noteholders against the Issuer shall be limited to the extent that no Noteholder shall be entitled to enforce its rights under a Note against the Issuer or take any action or institute or join any person taking action and instituting any proceedings for the Issuer to be wound-up, liquidated or placed under business rescue or for the appointment of a liquidator, business rescue practitioner or similar officer of the Issuer or any of the Issuer's assets or revenues, other than in accordance with Condition 16.
- 4.2 The rights of Noteholders against the Issuer to receive payments of amounts under the Notes shall be secured by the Guarantee issued by the Guarantor SPV for the due and punctual fulfilment by the Issuer of its payment obligations to, *inter alia*, the Noteholders under the Notes. The liability of the Guarantor SPV under the Guarantee shall, however, be limited to the amount recovered by the Guarantor SPV from the Issuer arising out of the Guarantor SPV's Security. Further, the Guarantee shall be issued subject to the proviso that any amount recovered by the Guarantor SPV pursuant to the Guarantor SPV's Security shall be distributed by the Guarantor SPV only in accordance with the Post-Enforcement Priority of Payments.

- 4.3 The claims of Noteholders (whether in respect of principal, Interest or otherwise) shall be ranked and subordinated in accordance with the Priority of Payments. Noteholders shall, however, be entitled to be paid any amounts due and payable by them in accordance with the Priority of Payments on any Payment Date, provided that all the creditors that rank prior to them in the Priority of Payments have been paid or provided for in full.
- 4.4 The Notes of each Class rank *pari passu* among themselves. The claims of the Noteholders of a lower-ranking Class of Notes shall, for as long as there are any higher-ranking Class of Notes outstanding, be and remain subordinated to the claims of the holders of the higher-ranking Class of Notes in accordance with the Priority of Payments.

5 PURCHASE AND DISPOSALS OF PARTICIPATING ASSETS

5.1 Purchase of Participating Assets

- 5.1.1 In accordance with the terms of the Asset Sale and Servicing Agreement, the Issuer has agreed to purchase Participating Assets meeting the Eligibility Criteria from the Originator. Beneficial ownership and risk in and title to each Participating Asset shall be acquired by the Issuer upon the relevant Transfer Date in respect thereof. The Issuer shall only purchase Participating Assets during the Revolving Period.
- 5.1.2 The Issuer acquired the Initial Participating Assets from the Originator on the First Transfer Date. The purchase price payable by the Issuer to the Originator in respect of the Initial Participating Assets was paid by the Issuer in cash on the First Transfer Date out of the net proceeds of the issue of the Initial Notes and the Subordinated Loan.
- 5.1.3 After the First Transfer Date and during the Revolving Period, the Issuer may acquire Subsequent Participating Assets from the Originator. The purchase price payable by the Issuer to the Originator in respect of such Subsequent Participating Assets on a Transfer Date shall be paid by the Issuer to the Originator by using the proceeds from prepayments and/or repayments from Obligors under the Participating Assets.
- 5.1.4 In addition, the Issuer may also, after the First Transfer Date and during the Revolving Period, acquire further Subsequent Participating Assets from the Originator by using the proceeds from a further issue of Notes and/or a Subordinated Loan(s) on the terms and conditions as further described in the Asset Sale and Servicing Agreement.

5.2 Disposal of Participating Assets

- 5.2.1 The Issuer has undertaken in accordance with Condition 6.2.3 not to dispose of or encumber any of the Participating Assets otherwise than in accordance with the Conditions and the Transaction Documents. Save if done pursuant to the Guarantor SPV's Security, the Issuer shall be entitled (but not obliged) to dispose of the Participating Assets in the following circumstances –
- (a) on any Payment Date during the Revolving Period, the Issuer shall be entitled to dispose of Participating Assets without the prior

consent of the Noteholders (but subject to the prior consent of the Guarantor SPV), provided that the purchase consideration payable in respect of such disposal shall be at least equal to the outstanding Principal plus all accrued interest in respect of such Participating Asset if such asset is not in arrears and is not otherwise a Non-Performing Participating Asset. All other Participating Assets ("**Other Assets**") shall be disposed of at the fair market value of such asset agreed to between the Issuer and the purchaser subject to the approval of the Guarantor SPV and subject further to a minimum purchase consideration of 45% of the outstanding Principal of the relevant asset at that time. Disposals of Other Assets will be subject to a maximum limit of 10% of the aggregate outstanding Principal of the Pool of Participating Assets as at the most recent Issue Date, measured on a two year rolling period immediately preceding the proposed disposal date. The proceeds of each such sale will be deposited into the Transaction Account for allocation in accordance with the Priority of Payments; and/or

- (b) should the Issuer wish to redeem all, but not only some, of the Notes, the Issuer shall be entitled to dispose all of the Participating Assets in the Portfolio of Participating Assets provided that the purchase consideration payable in respect of such disposal shall be equal to or greater than the Principal Amount Outstanding on all the Notes as at the proposed Actual Redemption Date of such Notes, plus all Interest Accrued in respect of such Notes, plus all other amounts payable by the Issuer in terms of the Priority of Payments up to and including such proposed Actual Redemption Date, which rank senior to the Issuer's obligation to pay principal and interest to the Subordinated Lender under item 11.1.14 of the Pre-Enforcement Priority of Payments.

- 5.2.2 Any sale, cession and assignment of the Participating Assets by the Issuer in accordance with the provisions of Condition 5.2.1 shall be subject to all Applicable Laws and the obtaining of all regulatory approvals (if any) required in order to implement such sale, cession and assignment.

6 ISSUER'S UNDERTAKINGS

- 6.1 The Issuer undertakes, for so long as there are any Notes in issue, save as otherwise contemplated in or provided for in the Transaction Documents, to –

- 6.1.1 **Corporate status**

- 6.1.1.1 do all such things as are necessary to maintain its corporate existence and to always hold itself out as an entity which is legally separate and independent from any other entity or group of entities and to correct any misunderstanding known to the Issuer regarding its separate identity; and
- 6.1.1.2 obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents required by all Applicable Laws to enable the Issuer to lawfully enter into and perform its obligations under the Conditions and each of the Transaction Documents to which it is a party and to conduct the Issuer's Business;

6.1.2 Maintain Accounting Records

prepare and keep proper and adequate Accounting Records in accordance with IFRS and the Companies Act and to lodge timely returns thereof as required under all Applicable Laws;

6.1.3 Taxation

at all times maintain its tax residence in the RSA and to timely pay all Taxation (other than Taxation disputed by the Issuer in good faith) as and when due;

6.1.4 Listing

use all reasonable endeavours to obtain and maintain a listing of the Notes (to the extent listed Notes are to be issued), as identified by the Issuer upon issue, on the Interest Rate Market of the JSE. If, however, it is unable to do so (having used such reasonable endeavours) or if the maintenance of such listing is agreed by the Guarantor SPV and by a Special Resolution of the Noteholders to be unduly onerous on the Issuer, the Issuer shall instead use all reasonable endeavours to promptly obtain and thereafter maintain a listing of the Notes on such other financial exchange/s as it may (with the approval of the Guarantor SPV) decide, or failing such decision, as the Guarantor SPV may reasonably determine (subject to a Special Resolution of the Noteholders);

6.1.5 Provide Financial Statements

provide to the Guarantor SPV and the Rating Agency its audited Financial Statements for each financial year of the Issuer within four months of the end of that financial year;

6.1.6 Comply with obligations

6.1.6.1 take such steps as are reasonable to enforce its rights under each of the Transaction Documents to which it is a party;

6.1.6.2 comply with, perform and observe all of its obligations under each of the Transaction Documents to which it is a party; and

6.1.6.3 subject to the Priority of Payments, pay its debts and meet its obligations as and when they fall due;

6.1.7 Cash management

6.1.7.1 promptly procure that, upon receipt thereof, all cash receipts by the Issuer are deposited into the Transaction Account or such other account as may be required in terms of the Transaction Documents;

6.1.7.2 operate the Accounts in accordance with the Transaction Documents;

6.1.7.3 enter into Hedging Agreements only with Eligible Institutions as permitted in terms of the Transaction Documents; and

6.1.7.4 at all times have and effect arrangements relating to the management of the Issuer's interest rate risk and basis risk such that the liability of the Issuer in relation to the Notes matches the amounts receivable by the Issuer under the Participating Assets;

6.1.8 **Other information**

6.1.8.1 supply such information (whether relating to its financial condition or operations or otherwise) to the Rating Agency and the Guarantor SPV as they may reasonably request from time to time;

6.1.8.2 supply such information as the Issuer is required by Applicable Laws to distribute to its members and the Noteholders from time to time to such members and/or Noteholders (as the case may be); and

6.1.8.3 advise the Guarantor SPV forthwith should the Issuer become aware of the fact that any of the Guarantor SPV's Security is jeopardised;

6.1.9 **Participating Assets**

ensure that –

6.1.9.1 no Participating Asset is acquired by the Issuer unless such Participating Asset complies with the Eligibility Criteria; and

6.1.9.2 the Portfolio of Participating Assets, subsequent to such acquisition, remains in compliance with the Portfolio Covenants; and

6.1.9.3 any security granted to the Guarantor SPV in relation to such Participating Assets is validly constructed;

6.1.10 **Issue of Notes**

ensure that no Note is issued by the Issuer unless, as at the time of such issue, the Conditions Precedent to Issue have been fulfilled.

6.1.11 **Events of Default and Early Amortisation Events**

6.1.11.1 promptly inform the Guarantor SPV in writing of the occurrence of an Event of Default or Early Amortisation Event, as the case may be; and

6.1.11.2 at the same time as supplying its Financial Statements to the Rating Agency and the Guarantor SPV furnish the Rating Agency and the Guarantor SPV with a written certificate, signed by a duly authorised representative of the Issuer, stating whether or not, to the best of the relevant signatory's knowledge and belief, an Event of Default or Early Amortisation Event, as the case may be, has occurred and continues un-remedied (and, if so, provide details thereof);

6.1.12 **Independent director**

ensure that at least three directors of the Issuer are nominated by the Issuer Owner Trust in accordance with the Constitutive Documents and not

to recognise a quorum at any meeting of directors of the Issuer unless at least one of such independent directors is present at that meeting;

6.1.13 **Companies Act**

take all such actions and steps and pass all such resolutions necessary to comply with the Companies Act, including amending its Constitutive Documents to render them compliant with the Companies Act;

6.1.14 **Hedging**

ensure that prime linked assets which are equal to the value of the Principal Amount Outstanding of the Notes in issue on such Issue Date will be hedged into JIBAR Rate linked assets;

6.1.15 **Cash Sweeps**

procure that the Servicer shall ensure that all monies received from Obligors in relation to the Participating Assets are forthwith deposited into the Servicer's Collection Account and, at least every 30 days or at the end of the Business Day preceding a Payment Date, all monies in relation to the Participating Assets are transferred into the Transaction Account; and

6.1.16 **Investor Report**

procure that the Administrator provides the Servicer with a copy of the Investor Report for purposes of publication by the Servicer of the report on the Servicer's website on each Payment Date.

6.2 The Issuer undertakes that it shall not, for so long as there are any Notes in issue, save as otherwise contemplated in or provided for in the Transaction Documents –

6.2.1 **Use of proceeds**

utilise the proceeds derived from the issue of the Notes for any purpose other than that set out in the section of this Programme Memorandum entitled "*Use of Proceeds*";

6.2.2 **Restrictions on activities**

engage in any activity which is not comprised in the Issuer's Business or which is not in terms of or directly related to any of the activities which the Transaction Documents provide for or envisage the Issuer will engage in;

6.2.3 **Negative pledge**

dispose of, create or permit to subsist any Encumbrance (unless arising by operation of law) upon the whole or any part of the assets, present or future, save for any such Encumbrance subsisting under or in connection with any Transaction Document and/or the Conditions;

6.2.4 **Indebtedness**

incur any indebtedness, save as contemplated in this Programme Memorandum and the Transaction Documents; or

6.2.5 **Other**

without the prior written consent of the Guarantor SPV –

- 6.2.5.1 have any subsidiaries, employees or premises;
- 6.2.5.2 enter into any document, agreement or arrangement other than the Constitutive Documents to which it is a party and the Transaction Documents to which it is a party or be or become a party to any document, agreement or arrangement;
- 6.2.5.3 consolidate or merge with any other person or entity or convey or transfer its properties or assets substantially as an entirety to any other person or entity;
- 6.2.5.4 alienate, dispose of, encumber, deal with or grant any options or present or future rights to acquire any of its assets or undertakings or any right, title or interest in and to such assets or undertakings and any interests, estate, right, title or benefit therein otherwise than as referred to or contemplated in this Programme Memorandum and/or any Transaction Document;
- 6.2.5.5 open, operate or have any interest in any bank account other than the Transaction Account, other than in accordance with the Transaction Documents and/or the Conditions;
- 6.2.5.6 permit the validity or effectiveness of any of the Transaction Documents or the priority of the security interests created thereby to be amended, terminated or discharged;
- 6.2.5.7 consent to any variation or waiver of the terms of any of the Conditions and/or the Transaction Documents other than in accordance with the Conditions, or permit any party to any of the Transaction Documents or any other person whose obligations form part of the security created by the Transaction Documents to be released from such obligations, other than in accordance with the Conditions and/or the Transaction Documents; or
- 6.2.5.8 declare or pay any dividend or otherwise distribute any amount or make any other distribution to its members or issue any further shares or repurchase shares other than in terms of the Priority of Payments.

In giving any consent to the foregoing, the Guarantor SPV may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Guarantor SPV may deem expedient (in its absolute discretion) in the interests of the Secured Creditors.

7 INTEREST

7.1 Interest Rate

The Interest Rate for each Interest Period in respect of each Tranche of Notes shall be a floating rate as set out in the Applicable Pricing Supplement in relation to such Tranche of Notes. The Interest Rate shall be determined by the Administrator, and following implementation of the DIS Project by the Issuer Agent, on each Rate Determination Date and shall be the sum of –

- 7.1.1 the JIBAR Rate; and
- 7.1.2 the Margin applicable to such Tranche of Notes; and
- 7.1.3 the Step-Up Margin (if applicable).

7.2 Step-Up Interest

Each Tranche of Notes which is not redeemed in full on its Scheduled Maturity Date shall bear interest at the Interest Rate including the Step-Up Margin with effect from that date up to and including the Actual Redemption Date of such Tranche of Notes. The Step-Up Margin will be specified in the Applicable Pricing Supplement in relation to that Tranche of Notes.

7.3 Publication of Interest Rate

The Administrator and, and following implementation of the DIS Project the Issuer Agent, has undertaken to cause the Interest Rate determined in relation to each Tranche of Notes in respect of each Interest Period to be notified to all Noteholders, the Issuer, the Issuer Agent (to the extent required), the Central Securities Depository and the JSE (in the event of listed Notes) as soon as practicable after the applicable Rate Determination Date, but in any event not later than the Rate Determination Date.

7.4 Calculation and payment of Interest

- 7.4.1 Subject to Condition 7.4.4, the Principal Amount Outstanding of each Note shall, in respect of each Interest Period, bear interest at the relevant Interest Rate from the Issue Date thereof to the day prior to the Actual Redemption Date thereof. The Interest payable on each Note in respect of each Interest Period shall be determined by the Administrator, and following implementation of the DIS Project by the Issuer Agent, in advance on the Rate Determination Date at the commencement of such Interest Period, by multiplying the Interest Rate applicable to such Tranche of Notes determined on such Rate Determination Date by the Principal Amount Outstanding of such Note as at the commencement of the relevant Interest Period and then multiplying such product by the actual number of days (including the first day and excluding the last day) in such Interest Period, divided by 365. The resultant product shall be rounded to the nearest cent, half a cent being rounded upwards.
- 7.4.2 The Administrator, and following implementation of the DIS Project the Issuer Agent, will, in relation to each Tranche of Notes, at least 3 Business Days before each Payment Date, cause the aggregate amount of the Interest Payable for the relevant Interest Period in respect of such Tranche

of Notes to be notified to the JSE (in the event of listed Notes), the Central Securities Depository, the Issuer Agent (to the extent required), Noteholders (in the manner set out in Condition 21), the Issuer and the Servicer.

7.4.3 The Interest payable in respect of each Interest Period in relation to each Tranche of Notes shall be payable in arrears on the first Payment Date after expiry of such Interest Period. If any Payment Date falls upon a day which is not a Business Day, the Interest payable upon such Payment Date shall then -

7.4.3.1 if a Business Day Convention is not specified in the Applicable Pricing Supplement, such date for payment shall be the following Business Day; or

7.4.3.2 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 holder thereof shall be entitled to further interest in respect of such delay.

7.4.4 Each Note shall cease to bear interest from the Actual Redemption Date in respect thereof, unless, upon due presentation thereof, payment of the Principal Amount Outstanding thereof is improperly withheld or refused, in which event such amount shall bear interest at the Prime Rate in accordance with these Conditions.

7.5 **Business Day Convention**

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

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

7.5.1.2 the "**Following Business Day Convention**", such Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

7.5.1.3 the "**Modified Following Business Day Convention**", such Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next month, in which event such Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or

- 7.5.1.4 the "**Preceding Business Day Convention**", such Payment Date (or other date) shall be brought forward to the first preceding Business Day.

8 REPAYMENT OF PRINCIPAL AND REDEMPTION

8.1 Final Redemption

Unless redeemed at a prior date, each Note in a Tranche of Notes shall, subject to the Conditions, be redeemed by the Issuer at its Principal Amount Outstanding (together with Interest Accrued) on the Legal Final Maturity Date of that Tranche of Notes.

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

8.2 Scheduled Redemption

For Notes issued with a Scheduled Maturity Date, the Issuer shall, subject to Condition 8.3 and the availability of funds in accordance with the Priority of Payments, redeem all of the Notes in that Tranche of Notes at their aggregate Principal Amount Outstanding (together with Interest Accrued) on the Scheduled Maturity Date of that Tranche of Notes, provided that a failure to redeem such Tranche of Notes on its Scheduled Maturity Date shall not constitute an Event of Default.

8.3 Mandatory Redemption in part

- 8.3.1 All Notes shall be subject to mandatory redemption in part (together with Interest Accrued) and in reducing order of rank (and *pari passu* if of equal rank) on each Payment Date, subject to –

- 8.3.1.1 there being sufficient cash available for that purpose in accordance with the Priority of Payments;

- 8.3.1.2 the Interest Only Period Termination Date (if any) in respect of such Notes having occurred; and

- 8.3.1.3 the provisions of Condition 8.3.2,

until the Principal Amount Outstanding of each such Note is reduced to zero.

- 8.3.2 At any point in time, Notes other than the then most senior Class of Notes ("**Subordinated Notes**") shall only be redeemed in accordance with the provisions of Condition 8.3.1 above, if –

- 8.3.2.1 during the Revolving Period, the redemption of such Class of Subordinated Notes on a Payment Date would not result in a decrease in the Over-collateralisation Rate for all Notes ranking senior to the said Subordinated Note in existence immediately following the last Issue Date prior to the relevant Payment Date unless the Rating Agency delivers a Rating Confirmation in respect of the Notes ranking senior to the relevant Class of Subordinated Notes; or

8.3.2.2 after the end of the Revolving Period, on any Payment Date the Pro-Rata Threshold for that Class of Subordinated Notes has been achieved, in which case the relevant Class of Subordinated Notes will be redeemed *pro rata* with Notes ranking senior to such Class of Subordinated Notes subject to the Priority of Payments; and

8.3.2.3 in either case, no Principal Deficiency exists.

8.4 **Clean-Up Call (general)**

On any Payment Date during the Early Amortisation Period on which the aggregate Principal Amount Outstanding of the Notes is equal to or less than 10% of the maximum aggregate Principal Amount Outstanding of the Notes that have been issued at any time, and upon giving not less than 20 days' notice to the Guarantor SPV and the Noteholders, the Issuer may redeem all, but not some only, of the Notes at their Principal Amount Outstanding (together with Accrued Interest) provided that, prior to giving such notice, the Issuer shall have provided to the Guarantor SPV a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, to redeem all the Notes as set out above.

8.5 **Optional redemption for tax reasons**

8.5.1 If the Issuer immediately prior to the giving of the notice referred to below satisfies the Guarantor SPV that as a result of any change in, or amendment to, the laws or regulations of South Africa or any political sub-division of, or any authority in, or of, South Africa having power to tax becoming effective after the Issue Date, the Issuer is or would be required to deduct or withhold from any payment of principal or interest on any Tranche of Notes any amounts as provided or referred to in Condition 12 and such requirements cannot be avoided by the Issuer taking reasonable measures available to it, then, on any Payment Date, the Issuer may at its option, having given not less than 20 days' notice to the Guarantor SPV and Noteholders in accordance with Condition 21 (which notice shall be irrevocable), redeem all, but not some only, of the Notes in such Tranche of Notes, at their Principal Amount Outstanding (together with all Interest Accrued) provided that no notice of redemption shall be given earlier than 90 days before the earliest date of which the Issuer would incur the obligation to make such deduction or would necessarily receive such lesser amount for interest.

8.5.2 Prior to giving such notice of redemption, the Issuer shall have provided to the Guarantor SPV –

8.5.2.1 a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, to redeem such Notes as set out above; and

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

8.6 Mandatory early redemption following delivery of an Enforcement Notice

Upon the delivery of an Enforcement Notice following the occurrence of an Event of Default and if required to do so by the Guarantor SPV or requested to do so by Noteholders by Special Resolution to that effect, the Issuer shall be obliged to redeem the Notes in accordance with Condition 15.

8.7 Procedure for redemption

8.7.1 Payments in respect of the redemption of Notes shall be made in accordance with Condition 13 and shall take place in accordance with the Applicable Procedures.

8.7.2 Prior to any redemption of Notes, Noteholders holding those Notes shall surrender their Certificates in respect of the Notes held by them to the Transfer Secretary at least 3 Business Days prior to the Actual Redemption Date in respect thereof.

8.8 Cancellation

All Notes which are redeemed by the Issuer and submitted for cancellation will forthwith be cancelled. All Notes so cancelled shall be held by the Transfer Secretary and cannot be re-issued or resold.

9 LIABILITY FOR CALCULATIONS

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purpose of these Conditions, whether by a Reference Bank (for purposes of determining the JIBAR Rate), the Administrator, the Issuer Agent, or otherwise shall (in the absence of wilful default, negligence, bad faith or manifest error) be binding on the Issuer, the Administrator, the Issuer Agent, and the Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Administrator or the Issuer Agent in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder.

10 NOTIFICATIONS

The Administrator, and following implementation of the DIS Project the Issuer Agent, shall be obliged, at least 3 Business Days prior to each Payment Date, to deliver to the Central Securities Depository, the Issuer Agent (to the extent required), the Noteholders and the JSE (in the event of listed Notes) a written notice informing them of the Interest Accrued and/or Principal Amount payable (if any) to be made by the Issuer in respect of each Tranche of Notes as at such date. This notification is disseminated on SENS by the Debt Sponsor and the Investor Report is published, by the Servicer, on the Servicer's website.

11 PRIORITY OF PAYMENTS

The Issuer shall make all payments to the Secured Creditors in the order and priority set out below. The rights of each Secured Creditor shall be subordinated and ranked in accordance with the Priority of Payments. Prior to the delivery of any Enforcement

Notice, the Pre-Enforcement Priority of Payments shall apply. Upon the delivery of an Enforcement Notice, the Post-Enforcement Priority of Payments shall apply.

11.1 Pre-Enforcement Priority of Payments

On each Payment Date, the Available Cash (save for any amounts allocated to any specific sub-ledger(s) in the Transaction Account and which may only be applied for a specific purpose not specified in the Pre-Enforcement Priority of Payments below) determined as at the immediately preceding Determination Date shall, prior to the delivery of an Enforcement Notice in respect of this Programme Memorandum, be applied in making payments or provisions in accordance with the Pre-Enforcement Priority of Payments set out below on the basis that a Secured Creditor which ranks subsequent to any other creditors in the Pre-Enforcement Priority of Payments will not be paid unless and until all the creditors which rank prior to it in the Pre-Enforcement Priority of Payments have been paid or all the amounts then due and payable to them by the Issuer have been provided for. (For the avoidance of doubt, funds standing to the credit of the Asset Purchase Ledger during the Revolving Period may be used to purchase Participating Assets and, at the end of the Revolving Period, all such funds will form part of Available Cash. Funds standing to the credit of the Reserve Fund Ledger form part of Available Cash). Each clause below being referred to as a successive "**item**" in the Pre-Enforcement Priority of Payments –

- 11.1.1 first, to pay if due and payable or provide for payment of the Issuer's liability or potential liability for Taxation;
- 11.1.2 second, to pay if due and payable or provide for payment of all fees, costs, charges, liabilities and expenses payable by the Issuer to the Rating Agency;
- 11.1.3 third, to pay if due and payable or provide for, *pari passu* and *pro rata*, all amounts due as Fees and Expenses;
- 11.1.4 fourth, to pay if due and payable or provide for amounts payable by the Issuer to the Servicer or Back-Up Servicer in terms of the Asset Sale and Servicing Agreement;
- 11.1.5 fifth, to pay if due and payable or provide for amounts due to the Hedge Counterparty as net settlement payments or payments made pursuant to any Hedging Agreement (including Hedging Termination Amounts) in accordance with the provisions of the Hedging Agreements, provided that no Hedge Counterparty Default then exists;
- 11.1.6 sixth, to pay if due and payable or provide for fees, capital and interest payable by the Issuer to the Liquidity Facility Provider in accordance with the provisions of the Programme Wide Liquidity Facility Agreement;
- 11.1.7 seventh, to pay if due and payable or provide for Interest Accrued to all Classes of Notes in reducing order of rank;
- 11.1.8 eighth, to allocate an amount equal to the Potential Redemption Amount in order to pay if due and payable or provide for –
 - 11.1.8.1 *pari passu* and *pro rata*, the payment of the Principal Amount Outstanding due on any Notes of a Class at that date in descending

sequential order provided that funds may only be paid or allocated to Subordinated Notes then outstanding if –

- 11.1.8.1.1 during the Revolving Period, the redemption of such Subordinated Notes on a Payment Date will not result in a decrease in the Over-collateralisation Rate for all Notes ranking senior to the said Subordinated Notes in existence immediately following the last Issue Date prior to the relevant Payment Date unless the Rating Agency delivers a Rating Confirmation in respect of the Notes ranking senior to the relevant Subordinated Notes; or
- 11.1.8.1.2 after the end of the Revolving Period, on any Payment Date the Pro-Rata Threshold for those Subordinated Notes has been achieved, in which case the Subordinated Notes will be redeemed *pro rata* with Notes ranking senior to such Subordinated Notes; and
- 11.1.8.1.3 in either case, no Principal Deficiency exists;
- 11.1.8.2 provided that no Early Amortisation Event has occurred and to the extent not already allocated above, to fund the purchase price of any Subsequent Participating Assets to be acquired by the Issuer from the Originator on that date or to provide for the purchase price of any Subsequent Participating Assets to be acquired by the Issuer from the Originator on the Relevant Transfer Date prior to the next Payment Date, and to credit any surplus funds to the Asset Purchase Ledger;
- 11.1.9 ninth, in or towards payment of monies to the Reserve Fund up to the Reserve Fund Required Amount;
- 11.1.10 tenth, to pay if due and payable or provide for, *pari passu* and *pro rata*, (i) fees, costs and other amounts payable to the Hedge Counterparty under the Hedging Agreement not already paid or provided for under item 11.1.5 above, (ii) any increased settlement payments and/or fees payable by the Issuer pursuant to the terms of the Hedging Agreements, (iii) Hedging Termination Amounts owing to any Hedge Counterparty in accordance with the Hedging Agreements where there is a Hedge Counterparty Default, and (iv) any other amounts due and payable by the Issuer under the Hedging Agreements;
- 11.1.11 eleventh, to pay if due and payable or provide for any Subordinated Fees and Expenses payable by the Issuer;
- 11.1.12 twelfth to pay if due and payable or provide for, any amounts (whether actual or contingent) outstanding to Secured Creditors;
- 11.1.13 thirteenth, to pay if due and payable or provide for all interest or capital amounts due and payable to the Subordinated Lender in accordance with the provisions of the Subordinated Loan Agreement;
- 11.1.14 fourteenth, to pay if due and payable or provide for the dividend owing to the Preference Shareholder in respect of the Preference Share; and

- 11.1.15 fifteenth, the surplus, if any, to be invested in Permitted Investments and, only once all obligations (whether contingent or otherwise) to Secured Creditors have been discharged in full, to pay any surplus, if any, to the ordinary shareholders of the Issuer.

11.2 **Post-Enforcement Priority of Payments**

On each Payment Date after the Guarantor SPV has delivered an Enforcement Notice to the Issuer in respect of this Programme Memorandum, the Available Cash determined as at the immediately preceding Determination Date shall be applied in making payments or provisions in accordance with the Post-Enforcement Priority of Payments set out below on the basis that a Secured Creditor which ranks subsequent to any other creditors in the Post-Enforcement Priority of Payments will not be paid unless and until all the creditors which rank prior to it in the Post-Enforcement Priority of Payments have been paid all the amounts then due and payable to them by the Issuer (each clause below being referred to as a successive "**item**" in the Post-Enforcement Priority of Payments) –

- 11.2.1 first, to pay if due and payable or provide for payment of the Issuer's liability or potential liability for Taxation;
- 11.2.2 second, to pay if due and payable or provide for all fees, costs, charges, liabilities and expenses payable by the Issuer to the Rating Agency;
- 11.2.3 third, to pay if due and payable or provide for *pari passu* and *pro rata* all amounts due as Fees and Expenses;
- 11.2.4 fourth, to pay if due and payable or provide for amounts payable by the Issuer to the Servicer or Back-Up Servicer in terms of the Asset Sale and Servicing Agreement;
- 11.2.5 fifth, to pay if due and payable or provide for amounts due to the Hedging Counterparty as net settlement payments or payments made pursuant to any Hedging Agreement (including Hedging Termination Amounts) in accordance with the provisions of the Hedging Agreements, provided that no Hedge Counterparty Default then exists;
- 11.2.6 sixth, to pay if due and payable or provide for fees, capital and interest payable by the Issuer to the Liquidity Facility Provider in accordance with the provisions of the Programme Wide Liquidity Facility Agreement;
- 11.2.7 seventh, to pay if due and payable or provide for Interest Accrued, Principal Amounts Outstanding and all other amounts owing in respect of the Class A Notes on such Payment Date;
- 11.2.8 eighth, to pay if due and payable or provide for Interest Accrued, Principal Amounts Outstanding and all other amounts owing in respect of the Class B Notes on such Payment Date;
- 11.2.9 ninth, to pay if due and payable or provide for Interest Accrued, Principal Amounts Outstanding and all other amounts owing in respect of the Class C Notes on such Payment Date;

- 11.2.10 tenth, to pay if due and payable or provide for Interest Accrued, Principal Amounts Outstanding and all other amounts owing in respect of the Class D Notes on such Payment Date;
- 11.2.11 eleventh, to pay if due and payable or provide for (i) any fees, costs and other amounts payable to the Hedging Counterparty under the Hedging Agreement not already paid or provided for under item 11.2.5 above, and (ii) any increased settlement payments and/or fees payable by the Issuer pursuant to the terms of the Hedging Agreements, and (iii) Hedging Termination Amounts owing to any Hedge Counterparty in accordance with the Hedging Agreements where there is a Hedge Counterparty Default, and (iv) any other amounts due and payable by the Issuer under the Hedging Agreements;
- 11.2.12 twelfth, to pay if due and payable any Subordinated Fees and Expenses payable by the Issuer;
- 11.2.13 thirteenth, to pay if due and payable or provide for, any amounts (whether actual or contingent) outstanding to Secured Creditors;
- 11.2.14 fourteenth, to pay if due and payable all interest or capital amounts due and payable to the Subordinated Lender in accordance with the provisions of the Subordinated Loan Agreement;
- 11.2.15 fifteenth, to pay if due and payable the dividend owing to the Preference Shareholder in respect of the Preference Share; and
- 11.2.16 sixteenth, the surplus, if any, to be invested in Permitted Investments and, only once all obligations (whether contingent or otherwise) to Secured Creditors have been discharged in full, to pay any surplus, if any, to the ordinary shareholders of the Issuer.

In respect of both the Pre-Enforcement Priority of Payments and Post-Enforcement Priority of Payments, if any amount has been previously provided for, it may be paid on any day.

12 **TAXATION**

As at the date of this Programme Memorandum, all payments of principal or interest in respect of the Notes shall be made without withholding or deduction for or on account of any present or future Taxation imposed or levied by or on behalf of the RSA or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by Applicable Law. In that event, the Issuer shall make such payments after such withholding or deduction has been made (where applicable) and shall account to the relevant authorities for the amount so required to be withheld or deducted. The Issuer shall not be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

13 **PAYMENTS**

- 13.1 The Principal Amount Outstanding and Interest Accrued in relation to the Notes shall be paid by the Issuer in Rand in accordance with the Priority of Payments.
- 13.2 All monies payable on or in respect of each Note shall be paid by electronic funds transfer to the account of the relevant Noteholder as set forth in the Register at

17:00 Johannesburg time on the Record Date preceding the relevant Payment Date or Actual Redemption Date (as the case may be) or, in the case of joint Noteholders, the account of that one of them who is first named in the Register in respect of that Note, provided that no payment in respect of the redemption of such Note shall be made by the Issuer until 10 Business Days after the date on which, if applicable, the Individual Certificate in respect of the Note to be redeemed has been surrendered to the Transfer Secretary.

- 13.3 If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with Condition 13.2 (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, government interference or control or any other cause or contingency beyond the control of the Issuer) such inability shall not constitute an Event of Default and the Issuer shall give notice to the Noteholders within 3 Business Days of such inability arising. Upon receipt of such notice, any Noteholder may request the Issuer to make payment of any such amounts by way of cheque and, if the Noteholder so requests, to make such cheque available for collection during business hours by a Noteholder or its Representative at the office of the Transfer Secretary. All monies so payable by cheque shall, unless the Noteholder requests that the cheque be made available for collection as set out above, be sent by post within 2 Business Days of the receipt by the Issuer of such request to –
- 13.3.1 the address of that Noteholder as set forth in the Register at 17:00 Johannesburg time on the relevant Record Date; or
- 13.3.2 in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note on the relevant Record Date; or
- 13.3.3 such other address as may be designated to the Transfer Secretary in writing by that Noteholder; or
- 13.3.4 if the amount in question is legally payable to anyone else, the address designated by that person for that purpose.
- 13.4 Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the Register and each such cheque shall be dated as at the Payment Date or Actual Redemption Date (as the case may be).
- 13.5 Payment of a cheque sent in terms of Condition 13.3 or 13.4 shall be a complete discharge by the Issuer of the amount of the cheque.
- 13.6 If several persons are entered into the Register as joint Noteholders then, payment to any one of them of any monies payable on or in respect of the Note shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other person to or in any Note or interest therein.
- 13.7 Subject to these Conditions, cheques may be posted by ordinary mail, provided that neither the Issuer nor its agent shall be responsible for any loss in

transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purpose of all cheques posted in terms of this Condition 13.

13.8 Payments in respect of Uncertificated Notes will be made in accordance with the Applicable Procedures. Payments in respect of Notes in uncertificated form will be made to the Central Securities Depository (or its nominee) as the registered holder of such Notes, which shall, in turn, transfer the funds *via* the relevant Central Securities Depository Participant to the holders of Beneficial Interests in the relevant Tranche of Notes. Each of the persons reflected in the records of the Central Securities Depository or the relevant Central Securities Depository Participant (as the case may be) as the holders of Beneficial Interests shall look solely to the Central Securities Depository or the relevant Central Securities Depository Participant (as applicable) for its share of each payment made by the Issuer to, or for the order of, the registered holder of the Note in uncertificated form. The Issuer shall have no responsibility and shall not incur any liability in any respect for the records relating to, or payments made on account of, Beneficial Interests, or for the maintaining, supervising or reviewing of any records relating to such Beneficial Interests.

13.9 Any monies payable by the Issuer in respect of a Note which are unclaimed by the relevant Noteholder for any reason whatsoever, including, without limiting the generality of the foregoing, by reason of a failure on the part of the relevant Noteholder to submit its bank account details to the Transfer Secretary or a failure to submit the correct bank account details to the Transfer Secretary for entry into the Register, for a period of three years after the relevant Payment Date of the monies in question shall –

13.9.1 be paid over to the Guardian's Fund for and on behalf of the relevant Noteholder; and

13.9.2 shall not bear interest,

and such payment by the Issuer to the Guardian's Fund shall be a complete discharge by the Issuer of its relevant payment obligations under the Note in question.

14 **PRESCRIPTION**

Any claim for payment of principal and/or interest in respect of the Notes will prescribe three years after the date on which such payment first becomes due and payable in accordance with the Priority of Payments.

15 **EVENTS OF DEFAULT**

15.1 If an Event of Default occurs the Administrator and/or the Issuer shall forthwith inform the Guarantor SPV, the Rating Agency, the Originator and the JSE thereof. Further, the Administrator has undertaken to advise Noteholders in accordance with the provisions of Condition 21 of the occurrence of such Event of Default of which it becomes aware.

15.2 Upon the happening of an Event of Default, the Guarantor SPV –

15.2.1 in its discretion, may; or

- 15.2.2 subject to Condition 15.4, if so instructed by a Special Resolution of the Noteholders, shall,

by the delivery of an Enforcement Notice declare the Notes to be immediately due and payable and require the Principal Amount Outstanding of the Notes as at the date thereof, together with Interest Accrued thereon, to be forthwith repaid, subject always to the provisions of the Post-Enforcement Priority of Payments. The Issuer shall forthwith make such payment, failing which the Guarantor SPV may take all necessary steps, including (without limitation) legal proceedings, to enforce its rights under the Indemnity and all security held by it in respect thereof, subject always to the Post-Enforcement Priority of Payments.

- 15.3 A Noteholder shall not be entitled to enforce its rights under the Notes directly against the Issuer but all rights of enforcement shall vest in the Guarantor SPV under the Indemnity, provided that (i) if the Guarantor SPV is entitled and obliged to enforce its claim against the Issuer under the Indemnity but fails to do so within 60 Business Days of being called upon to do so by a Noteholder; or (ii) if the Guarantor SPV is wound-up, liquidated or placed under business rescue; or (iii) should the Guarantee and/or the Indemnity be or become unenforceable for any reason, then a Noteholder shall be entitled to take action itself to enforce its claims directly against the Issuer should an Event of Default occur.

- 15.4 The Guarantor SPV shall have a discretion not to act in terms of Condition 15.3 if, after delivery to the Issuer of the Enforcement Notice, the default or breach complained of is remedied in such manner and within such period that, in the Guarantor SPV's reasonable opinion, the Secured Creditors will not be prejudiced by the non-enforcement of the Guarantor SPV's rights in terms of Condition 15.2.

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

16 ENFORCEMENT, SUBORDINATION AND NON-PETITION

- 16.1 If the Notes become immediately due and payable following an Event of Default, they shall be redeemed and paid strictly in accordance with the Post-Enforcement Priority of Payments.

- 16.2 Notwithstanding any other provision of any Transaction Document, the obligation of the Issuer to make payment in respect of each of the Secured Creditors shall be limited to the lesser of –

- 16.2.1 the amounts owing to the Secured Creditors; and

- 16.2.2 the aggregate of the actual amount recovered and available for distribution from the Participating Assets to such Secured Creditors,

and the payment of such amount that is available for distribution to the Secured Creditors in accordance with the Priority of Payments shall constitute fulfilment of the Issuer's obligations to make payment to the Secured Creditors. Once all the assets have been extinguished, each Secured Creditor shall and the

Noteholders hereby do abandon all claims it may have against the Issuer in respect of amounts still owing to it but unpaid, and the Issuer's liability to the Secured Creditors shall be completely discharged.

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

16.4 The rights of Noteholders against the Issuer shall be limited to the extent that the Noteholders shall not be entitled to take any action or proceedings against the Issuer to recover any amounts payable by the Issuer to them under the Notes (including not levying or enforcing any attachment or execution upon the assets of the Issuer), and all rights of enforcement shall be exercised by lodging a claim under the Guarantee, provided that –

16.4.1 if the Guarantor SPV is entitled and obliged to enforce its claim against the Issuer pursuant to the Indemnity but fails to do so within 60 Business Days of being called upon to do so by Noteholders holding at least 75% of the Principal Amount Outstanding of the Notes; or

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

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

16.5 The Noteholders, however, shall not institute, or join with any person in instituting, any steps or legal proceedings for the winding-up, liquidation, deregistration or business rescue of the Issuer or any compromise or scheme of arrangement with its members or any of its creditors or any related relief, or for the appointment of a liquidator, business rescue practitioner or similar officer of the Issuer or of any or all of the Issuer's assets or revenues, until two years after the Guarantor SPV informs Noteholders that the Issuer has no further assets available for payment of any sums still outstanding and owing by the Issuer under the Notes and the Guarantor SPV informs Noteholders that no further Notes are outstanding under the Programme.

16.6 Without prejudice to the foregoing provisions of this Condition 16, each Noteholder undertakes to the Issuer and the Guarantor SPV that if any payment is received by it other than in accordance with the Priority of Payments in respect of sums due to it by the Issuer and/or the Guarantor SPV, the amount so paid shall be received and held by such Noteholder as agent for the Issuer and/or the Guarantor SPV and shall be refunded to the Issuer and/or the Guarantor SPV immediately on demand.

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

- 16.8 Each Noteholder undertakes that it shall not set off or claim to set off any amounts owing by the Issuer or the Guarantor SPV against any liability owed to it by the Issuer or the Guarantor SPV.
- 16.9 Notwithstanding the preceding provisions of this Condition 16, in the event of a liquidation or a winding-up of the Issuer or of the Issuer being placed under business rescue, Secured Creditors ranking prior to others in the Post-Enforcement Priority of Payments shall be entitled to receive payment in full of amounts due and payable to them, before other Secured Creditors that rank after them in the Post-Enforcement Priority of Payments receive any payment on account of amounts owing to them.
- 16.10 In order to ensure the fulfilment of the provisions regarding Post-Enforcement Priority of Payments, each Noteholder agrees that in the event of a liquidation or winding-up of the Issuer or of the Issuer being placed under business rescue, it shall lodge a claim against the Guarantor SPV arising out of the Guarantee. The Guarantor SPV shall, in turn, make a claim in the winding-up or business rescue proceedings of the Issuer against the assets pursuant to the Indemnity and, out of any amount recovered in such proceedings, pay the Secured Creditors in accordance with the Post-Enforcement Priority of Payments.
- 16.11 In the event that the Guarantor SPV fails, for whatever reason, to make a claim in the liquidation, winding-up or business rescue proceedings of the Issuer pursuant to the Indemnity or should the liquidator or business rescue practitioner not accept a claim tendered for proof by the Guarantor SPV pursuant to the Indemnity, then, in order to ensure the fulfilment of the provisions regarding Post-Enforcement Priority of Payments, the Noteholders shall be entitled to lodge such claims themselves but –
- 16.11.1 any claim made or proved by a Noteholder in the liquidation, winding-up or business rescue proceedings in respect of amounts owing to it by the Issuer shall be subject to the condition that no amount shall be paid in respect thereof to the extent that the effect of such payment would be that the amount payable to the Secured Creditors that rank prior to it in terms of the Post-Enforcement Priority of Payments would be reduced; and
- 16.11.2 if the liquidator or business rescue practitioner refuses to accept claims proved subject to the condition contained in the preceding sub-paragraph, then each Noteholder shall be entitled to prove its claims against the Issuer in full, on the basis that any liquidation dividend payable to it is paid to the Guarantor SPV for distribution in accordance with the Post-Enforcement Priority of Payments.
- 16.12 Nothing in these Conditions limits –
- 16.12.1 the exercise of any right or power by the Guarantor SPV under the Guarantor SPV's Security and/or the Indemnity;
- 16.12.2 the entitlement of the Guarantor SPV to levy or enforce any attachment or execution upon or against the assets of the Issuer;
- 16.12.3 any Secured Creditor in obtaining or taking any proceedings to obtain an interdict, mandamus or other order to restrain any breach of any Transaction Document by any party;

- 16.12.4 any Secured Creditor in obtaining or taking any proceedings to obtain declaratory relief in relation to any provision of any Transaction Document in relation to any party; or
- 16.12.5 the exercise by any Hedge Counterparty under any Hedging Agreement of rights of netting or set-off, where such rights are explicitly provided for in accordance with the terms of the relevant Transaction Document.

17 DELIVERY, EXCHANGE AND REPLACEMENT OF CERTIFICATES

- 17.1 The Notes will initially be issued in the form of Uncertificated Notes and will be lodged and immobilised in the Central Securities Depository.
- 17.2 A person holding a Beneficial Interest in Notes or the Noteholder of Uncertificated Notes may, in terms of the Applicable Procedures, and subject to section 42 of the Financial Markets Act, and through its nominated Central Securities Depository Participant, direct a written request to the Transfer Secretary for an Individual Certificate representing the number of Notes to be delivered by the Transfer Secretary in exchange for such Beneficial Interest or Uncertificated Notes (as the case may be). The aggregate of the Principal Amounts Outstanding of the Notes represented by such Individual Certificate shall be equivalent to the amount of such Beneficial Interest or Uncertificated Notes (as the case may be). The Transfer Secretary shall deliver such Individual Certificate upon such written request no later than 10 days after receiving the written request of the holder of such Beneficial Interest or such Noteholder in accordance with the Applicable Procedures, provided that joint holders of a Beneficial Interest or joint Noteholders of Uncertificated Notes shall be entitled to receive only one Individual Certificate in respect of that joint holding and delivery to one of those joint holders shall be delivery to all of them.
- 17.3 The holder of a Beneficial Interest in Notes or any Noteholder of Uncertificated Notes, shall be obliged, if requested upon written notice of not less than 10 Business Days by the Issuer to do so, to exchange such Beneficial Interest or such Uncertificated Notes (as the case may be) for an Individual Certificate (or such number of Individual Certificates as such Noteholder may request in writing), in accordance with the Applicable Procedures if –
 - 17.3.1 the Central Securities Depository notifies the Issuer that it is unwilling or unable to continue as depository for the Notes and a successor Central Securities Depository satisfactory to the Issuer and the JSE is not available;
 - 17.3.2 the Central Securities Depository is closed for business for a continuous period of 5 days (other than by reason of holiday, statutory or otherwise) or announces its intention permanently to cease business and a successor depository satisfactory to the Issuer and the JSE is not available;
 - 17.3.3 the Central Securities Depository notifies the Issuer that it is unwilling or unable to continue as clearing system for the Notes and a successor clearing system satisfactory to the Issuer and the JSE is not available; or
 - 17.3.4 the Issuer has become or shall become subject to adverse tax consequences, which would not be suffered were such Beneficial Interests or Uncertificated Notes to be exchanged for Individual Certificates.

- 17.4 Upon the receipt of a written request for delivery of an Individual Certificate in terms of Condition 17.3, the Uncertificated Notes in respect of the relevant Tranche of Notes shall, in terms of the Applicable Procedures, be presented to the Transfer Secretary for splitting and a new Certificate for the balance of the Notes still held by the Central Securities Depository shall be delivered to the Central Securities Depository.
- 17.5 Certificates shall be provided (whether by way of issue, delivery or exchange) by the Issuer without charge, save as otherwise provided in these Conditions. Separate costs and expenses relating to the provision of Certificates and/or the transfer of Notes may be levied by other persons, such as a settlement agent, under the Applicable Procedures and such costs and expenses shall not be borne by the Issuer. The costs and expenses of delivery of Certificates by other than ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.
- 17.6 If any Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the office of the Transfer Secretary on payment by the claimant of such costs and expenses as may be incurred in connection therewith and against the furnishing of such indemnity as the Transfer Secretary may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.
- 17.7 Any person becoming entitled to Notes in consequence of the death or insolvency of the relevant Noteholder may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this paragraph or of his title, require the Issuer and the Transfer Secretary to register such person as the holder of such Notes or, subject to the requirements of this Condition 17, to transfer such Notes to such person.

18 TRANSFER OF NOTES

- 18.1 Subject to Applicable Laws, each Tranche of Notes listed on the Interest Rate Market of the JSE will be freely transferable and fully paid up in accordance with these Conditions.
- 18.2 Beneficial Interests in the Notes or Uncertificated Notes may be transferred in terms of the Applicable Procedures in the Central Securities Depository.
- 18.3 In order for any transfer of Notes evidenced by a Certificate to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Note –
- 18.3.1 must be embodied in the usual Transfer Form;
- 18.3.2 must be signed by the relevant Noteholder and the transferee, or any authorised representatives of that Noteholder and/or transferee;
- 18.3.3 must be made by way of the delivery of the Transfer Form to the Transfer Secretary together with the Certificate in question for cancellation or, if only part of the Notes represented by a Certificate is transferred, a new Certificate for the balance will be delivered to the Originator and the cancelled Certificate shall be retained by the Transfer Secretary.

- 18.4 The transferor of any Notes represented by a Certificate shall be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 18.5 Before any transfer is registered all relevant transfer taxes (if any) must have been paid and evidence of such payment must be furnished as the Transfer Secretary reasonably require as to the identity and title of the transferor and the transferee.
- 18.6 No transfer will be registered while the Register is closed.
- 18.7 If a transfer is registered then the Transfer Form (if any) and cancelled Certificate (if any) will be retained by the Transfer Secretary.
- 18.8 Beneficial Interests in Uncertificated Notes or Uncertificated Notes held with the Central Securities Depository may be transferred only in terms of the Applicable Procedures. Transfers of Beneficial Interests in Uncertificated Notes or Uncertificated Notes to and from clients of Central Securities Depository Participants occur by way of electronic book entry in the securities accounts maintained by the Central Securities Depository Participants for their clients, in accordance with the Applicable Procedures. Transfers of Beneficial Interests in Uncertificated Notes or Uncertificated Notes among Central Securities Depository Participants occur through electronic book entry in the central securities accounts maintained by the Central Securities Depository for the Central Securities Depository Participants, in accordance with the Applicable Procedures.

19 REGISTER

- 19.1 The Register shall be kept at the offices of the Transfer Secretary. The Register shall contain the name, address and bank account details of the registered Noteholders. The Register shall set out the Principal Amount of the Notes issued to any Noteholder and shall show the date of such issue and the date upon which the Noteholder became registered as such. The Register shall show the serial numbers of Certificates issued (if any). The Register shall be open for inspection during the normal business hours of the Transfer Secretary to any Noteholder or any person authorised in writing by any Noteholder. The Transfer Secretary shall not record any transfer other than on Business Days, nor while the Register is closed.
- 19.2 The Register shall be closed for a period of 5 days (calculated including the first day of such period and excluding the last day thereof) preceding each Payment Date and each Actual Redemption Date in order to determine the identity of those Noteholders entitled to receive payment. All periods referred to in this Condition 19.2 may be shortened by the Issuer from time to time, upon notice to the Noteholders, and with the consent of the Guarantor SPV.
- 19.3 The Transfer Secretary shall alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of which it is notified in accordance with these Conditions.

20 LISTING AND TRADING

Notes may be listed on the Interest Rate Market of the JSE. The stock code in respect of each Tranche of Notes and the date from which such Tranche of Notes may be traded on the Interest Rate Market of the JSE shall be set out in the Applicable Pricing Supplement issued in relation thereto. Unlisted Notes may also be issued.

21 NOTICES

- 21.1 For so long as the Notes are held in their entirety by the Central Securities Depository, there may be substituted for publication as contemplated in this Condition 21.1 the delivery of the relevant notice to the Central Securities Depository and to SENS or any other similar service established by the JSE, for communication by them to the holders of Beneficial Interests in the Notes and/or Uncertificated Notes.
- 21.2 Should the Notes cease to be held in their entirety by the Central Securities Depository as envisaged in Condition 21.1, all notices (including all demands or requests under these Conditions) to the Noteholders will only be valid if –
- 21.2.1 mailed by registered post or hand delivered to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in the RSA;
- 21.2.2 for so long as any of the Notes are listed on the Interest Rate Market of the JSE, published in a daily newspaper of general circulation in Johannesburg, which newspapers are, respectively, expected to be the Business Day and The Star (or their respective successors); and
- 21.2.3 delivered to the JSE and electronically published on SENS or any other similar service established by the JSE.

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

- 21.3 Notices (including all demands or requests under these Conditions) to be given by any Noteholder shall be in writing and given by delivering the notice, together with a certified copy of the relevant Certificate (if any), to the Issuer at its registered office. While any of the Notes are held as Uncertificated Notes, notice may be given by any holder of a Beneficial Interest to the Issuer through the holder's relevant Central Securities Depository Participant in accordance with the Applicable Procedures and in such manner as the Issuer and the relevant Central Securities Depository Participant may approve for this purpose.
- 21.4 Any notice to the Issuer shall be deemed to have been received by the Issuer, on the second Business Day after being hand delivered to the registered office of the Issuer or on the seventh day after the day on which it is mailed by registered post to the registered office of the Issuer (as the case may be).

22 AMENDMENT OF TERMS AND CONDITIONS

- 22.1 The Issuer and the Guarantor SPV may amend these Conditions and any Transaction Document by written agreement and the agreement of the relevant

party to such Transaction Document, as the case may be, subject to the provisions of this Condition 22.

- 22.2 The Issuer and the Guarantor SPV may effect, without the consent of any Noteholder, any amendment to the Conditions and/or the Priority of Payments and/or any Issuer Document which is of a technical nature or is made to correct a manifest error or to comply with mandatory provisions of the laws of the RSA. Any such amendment will be binding on Noteholders and such amendment will be notified to Noteholders and the JSE in accordance with Condition 21 as soon as practicable thereafter. The notification to Noteholders of any such amendment is to include a summary of the proposed amendments together with the details of where copies of the amendments to any Issuer Document and/or supplement to the Programme Memorandum, as the case may be, are available to Noteholders for inspection. Following any amendment in terms of this Condition 22.2, the Issuer will furnish the JSE (in the event of listed Notes) with a copy of the amendment and/or supplement to the Programme Memorandum, as the case may be.
- 22.3 Subject to 22.2, no amendment to the Conditions and/or the Priority of Payments and/or any Issuer Document, may be made unless -.
- 22.3.1 conditional formal approval of the proposed amendments is obtained from the JSE prior to sending the proposed amendments to Noteholders and obtaining the approval of Noteholders;
- 22.3.2 upon receipt of the conditional formal approval from the JSE pursuant to Condition 22.3.1, the Issuer must inform Noteholders, in accordance with the provisions of Condition 21, of the proposed amendments, and is to provide the Noteholders with copies of the proposed amendments together with the notification to the Noteholders and is required to request the approval of the Noteholders or relevant Class (or Classes) of Noteholders for the amendments pursuant to the passing of a Special Resolution;
- 22.3.3 the amendments are sanctioned by a Special Resolution of all of the Noteholders or a Special Resolution of a particular Class (or those Classes) of Noteholders, as the case may be; and
- 22.3.4 a copy of the Noteholders' approval, pursuant to the passing of a Special Resolution, together with copies of the signed amendments are submitted to the JSE.
- 22.4 For the purposes of 22.3.3, the Special Resolution may be -
- 22.4.1 sanctioned by Noteholders at a general meeting called by the Guarantor SPV and regulated by the provisions set out in Condition 23. If it is proposed that the amendments be sanctioned by Noteholders at a general meeting, together with the notification to Noteholders of the proposed amendments under Condition 22.3.2, a notice of the meeting of Noteholders must be circulated to Noteholders; or
- 22.4.2 voted on, in writing, by the Noteholders entitled to exercise voting rights in relation to the proposed written resolution within 20 Business Days after submission of the written resolution to Noteholders. If the Issuer wishes the Noteholders to vote by way of a written resolution, the Issuer must include the proposed written resolutions, together with the notice to

Noteholders under Condition 22.3.2. Any such written resolution shall be adopted if it is supported by Noteholders entitled to exercise sufficient voting rights for it to have been adopted as a Special Resolution at a meeting of Noteholders duly constituted and held.

The Issuer shall publish an announcement on SENS setting out details of the date, time and venue of the meeting of the Noteholders, pursuant to Condition 22.4.1 and/or setting out details of the written resolutions proposed pursuant to Condition 22.4.2, as the case may be, within 24 hours after the notice of the meeting of Noteholders has been distributed to Noteholders and/or the notification of the proposed written resolutions has been distributed to Noteholders, as the case may be.

- 22.5 Any amendment to these Conditions which may have a direct effect on compliance with the listing requirements of such other or further exchange(s) on which the Notes may be listed, as the case may be, will require the approval of such other or further exchange(s), as the case may be.
- 22.6 If there is any conflict between the Special Resolution(s) passed or not passed, as the case may be, by any Class of Noteholders in terms of Condition 22.3, the Special Resolution(s) passed by the Controlling Class will prevail and all other Classes of will be bound by the Special Resolution(s) passed by the Controlling Class.
- 22.7 No amendment to the Priority of Payments and/or the Transaction Documents (save for the Conditions and/or any Issuer Document) which may prejudice the rights and/or obligations of a Secured Creditor (other than a Noteholder) may be made without the prior written consent of such Secured Creditor.
- 22.8 No amendment shall be made to any of the Transaction Documents or the Constitutive Documents unless at least 10 Business Days prior written notice has been received by the Issuer, Guarantor SPV and the Rating Agency, and the Rating Agency has not notified the Issuer or the Guarantor SPV that such proposed amendment will have an adverse effect on the then current rating of the Notes.

23 MEETINGS OF NOTEHOLDERS

23.1 General

- 23.1.1 The provisions with regard to meetings of Noteholders shall be as set out in Condition 23.2 to 23.12 (both inclusive). The provisions of this Condition 23 will apply, *mutatis mutandis*, to any separate meetings of each Class of Noteholders.
- 23.1.2 Every director, the secretary of and the attorney to the Issuer, the Guarantor SPV and every other person authorised in writing by the Issuer or the Guarantor SPV, may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a Noteholder or Proxy or duly authorised representative of a Noteholder.
- 23.1.3 Subject to 23.1.5, the meeting of Noteholders shall have power, in addition to all powers specifically conferred elsewhere in these Conditions –

- 23.1.3.1 by ordinary resolution of the Controlling Class to give instructions to the Guarantor SPV or the Issuer in respect of any matter not covered by these Conditions or Transaction Documents (but without imposing obligations on the Issuer or the Guarantor SPV not imposed or contemplated by these Conditions or otherwise conflicting with or inconsistent with the provisions of the Transaction Documents);
 - 23.1.3.2 by Special Resolution –
 - 23.1.3.2.1 of the Controlling Class to bind the Noteholders to any compromise or arrangement; and
 - 23.1.3.2.2 of the particular Class of Noteholders to agree to any variation or modification of any of the rights of the relevant Class of Noteholders,
- in each case subject to the consent of the Guarantor SPV.
- 23.1.4 Unless otherwise specified, resolutions of Noteholders or Noteholders of the relevant Class will require an ordinary resolution to be passed. Subject to Condition 22, if there is any conflict between the resolutions passed by any Class of Noteholders, the resolutions passed by the Controlling Class will prevail.
 - 23.1.5 The Guarantor SPV shall be entitled, before carrying out the directions of Noteholders in terms of this Condition, to require that it be indemnified against all expenses and liability which may be incurred and that it be provided from time to time, so far as the Guarantor SPV may reasonably require, with sufficient monies to enable it to meet the expense of giving effect to such directions.
- 23.2 **Convening of meetings**
- 23.2.1 The Guarantor SPV or the Issuer may at any time convene a meeting ("**Meeting**") of Noteholders or any Class of Noteholders.
 - 23.2.2 The Issuer shall convene a Meeting upon the requisition in writing of the holders of at least 10% of the aggregate Principal Amount Outstanding of the Notes or Class of Notes, as the case may be ("**Requisition Notice**").
 - 23.2.3 Whenever the Issuer desires to convene a Meeting, it shall forthwith give notice in writing to the Guarantor SPV of the place, day and hour of the Meeting and of the nature of the business to be transacted at the Meeting and the Guarantor SPV shall give notice thereof to the Noteholders (or the applicable Class of Noteholders, as the case may be).
 - 23.2.4 Whenever the Guarantor SPV desires to convene a Meeting it shall forthwith give notice in writing to the Noteholders (or the applicable Class of Noteholders, as the case may be) and the Issuer in the manner prescribed in Condition 21, of the place, day and hour of the Meeting and of the nature of the business to be transacted at the Meeting.
 - 23.2.5 Where a meeting of Noteholders is convened by the Issuer or the Guarantor SPV in terms of this Condition 23 for the purposes of approving an amendment to these Conditions in accordance with Condition 22, the Issuer

or the Guarantor SPV (as the case may be) shall, prior to giving written notice to Noteholders convening such meeting in terms of Condition 23.2.3 or Condition 23.2.4 (as the case may be), give written notice to the JSE of the proposed amendment to these Conditions and it shall be required to obtain the JSE's conditional formal approval of the proposed amendments prior to convening any such Noteholder meeting.

23.2.6 All Meetings of Noteholders shall be held in Johannesburg.

23.3 **Requisition**

23.3.1 A Requisition Notice shall state the nature of the business for which the Meeting is to be held and shall be deposited at the office of the Issuer.

23.3.2 A Requisition Notice may consist of several documents in like form, each signed by one or more requisitionists.

23.4 **Convening of Meetings by requisitionists**

If the Issuer or the Guarantor SPV, as the case may be, does not proceed to cause a Meeting to be held within 30 Business Days of the deposit of a Requisition Notice, requisitionists who together hold Notes (or the applicable Class of Noteholders, as the case may be) representing not less than 10% of the aggregate Principal Amount Outstanding of all Notes (or the applicable Class of Notes, as the case may be) then in issue for the time being, may themselves convene the Meeting, but the Meeting so convened shall be held within 90 days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which Meetings may be convened by the Guarantor SPV. Notice of the Meeting shall be required to be given to the Issuer and the Guarantor SPV.

23.5 **Notice of Meetings**

23.5.1 Unless Noteholders (or the applicable Class of Noteholders, as the case may be) holding Notes (or the applicable Class of Notes, as the case may be) representing at least 90% of the aggregate Principal Amount Outstanding of all Notes (or the applicable Class of Notes, as the case may be) then in issue agree in writing to a shorter period, at least 15 Business Days' written notice specifying the place, day and time of the Meeting, the record date for the Meeting pursuant to which the Issuer has selected to determine which Noteholder recorded in the Register will receive notice of the Meeting, and the nature of the business for which the Meeting is to be held shall be given by the Guarantor SPV to each Noteholder (or each Noteholder holding the applicable Class of Notes, as the case may be) and to the Issuer. A copy of the proposed resolutions to be considered at the Meeting along with notice of the percentage of voting rights required for the resolutions to be adopted and details of the last date on which proxy forms may be submitted will be included in the notice.

23.5.2 An immaterial defect in the form or manner of giving notice of a Meeting and/or the accidental omission to give such notice to any Noteholder or the non-receipt of any such notice, shall not invalidate the proceedings at a Meeting.

- 23.5.3 A material defect in the giving of such notice will not prevent such Meeting from proceeding, subject to Condition 23.5.4, provided that every person who is entitled to exercise voting rights in respect of any matter to be considered at such Meeting is present at such Meeting and votes to approve the ratification of the defective notice.
- 23.5.4 In the event of a material defect in the form or manner of giving notice of a Meeting relates only to one or more particular matters on the agenda for such Meeting and such matter is capable of being severed from the agenda, such notice shall remain valid with respect to any remaining matters on the agenda and the Meeting may proceed to consider a severed matter, if the defective notice in respect of such matter has been ratified pursuant to Condition 23.5.3.
- 23.5.5 Any Noteholder who is present at a Meeting, either in person or by proxy, is considered to have received and/or waived, as the case may be, notice of such Meeting if at least the required minimum notice of the Meeting was given and has a right to allege a material defect in the form of the notice for a particular item on the agenda for such Meeting and to participate in the determination whether to waive the requirements for notice, if less than the required minimum notice was given, or to ratify a defective notice and is regarded as having waived any right based on an actual or alleged defect in the notice of the Meeting.
- 23.6 **Quorum**
- 23.6.1 A quorum at a Meeting shall –
- 23.6.1.1 for the purposes of considering a resolution other than one requiring a Special Resolution, consist of Noteholders (or the applicable Class of Noteholders, as the case may be) present in person or by Proxy and holding Notes representing in the aggregate not less than one-third of the aggregate Principal Amount Outstanding of all Notes (or the applicable Class of Notes, as the case may be) then in issue;
- 23.6.1.2 for the purposes of considering a Special Resolution, consist of Noteholders (or the applicable Class of Noteholders, as the case may be) present in person or by Proxy and holding Notes (or the applicable Class of Notes, as the case may be) representing in the aggregate not less than a clear majority of the aggregate Principal Amount Outstanding of all Notes (or the applicable Class of Notes, as the case may be) then in issue.
- 23.6.2 No business shall be transacted at a Meeting of the Noteholders (or the applicable Class of Noteholders, as the case may be) unless a quorum is present at the time when the Meeting proceeds to business.
- 23.6.3 If, within one hour from the time appointed for the Meeting, a quorum is not present, the Meeting shall stand adjourned to the same day in the following week thereafter, at the same time and place, or if that day is not a Business Day, the next succeeding Business Day. The chairperson of the Meeting may extend the one hour limit for a further reasonable period on grounds that exceptional circumstances have impeded or are generally impeding the ability of Noteholders to be present at the Meeting or one or more particular Noteholders have been delayed and have communicated

their intention to attend the Meeting and such Noteholders, together with the Noteholders in attendance would satisfy the quorum requirements. If at such adjourned Meeting a quorum is not present the Noteholders (or the applicable Class of Noteholders, as the case may be) present in person or by Proxy shall constitute a quorum for the purpose of considering any resolution, including a Special Resolution.

23.7 Chairperson

The Guarantor SPV or its duly authorised representative shall preside as chairperson at a Meeting. If the Guarantor SPV or its duly authorised representative is not present within ten minutes of the time appointed for the holding of the Meeting, the Noteholders then present shall choose one of their own number to preside as chairperson.

23.8 Adjournment

23.8.1 Subject to the provisions of this Condition 23, the chairperson may, with the consent of, and shall on the direction of, the Meeting, adjourn the Meeting from time to time and from place to place. Such adjournment will have to be supported by persons entitled to exercise, in aggregate, a majority of the voting rights, present at the Meeting and who are entitled to vote on any matter being considered.

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

23.8.3 An adjournment of a Meeting may be to either a fixed time and place or until further notice, as agreed at the Meeting and requires that further notice be given to the Noteholders only if the Meeting determined that the adjournment was "until further notice". A Meeting may not be adjourned beyond the earlier of a date that is 120 Business Days after the record date was determined or a date that is 60 Business Days after the date on which the adjournment occurred.

23.8.4 At least 14 days' written notice of the place, day and time of an adjourned Meeting shall be given by the Guarantor SPV to each Noteholder (or the applicable Class of Noteholders, as the case may be) and the Issuer. In the case of a Meeting adjourned in terms of Condition 23.6.3, the notice shall state that the Noteholders present in person or by Proxy at the adjourned Meeting shall constitute a quorum.

23.9 How questions are decided

23.9.1 At a Meeting, a resolution put to the vote shall be decided on a poll.

23.9.2 In the case of an equality of votes, the chairperson shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

23.10 Votes

On a poll every Noteholder, present in person or by Proxy, shall have one vote for each ZAR1,000,000 of the Principal Amount Outstanding in respect of the

Notes held by it. The joint holders of Notes shall have one vote on a poll for each ZAR1,000,000 of the Principal Amount Outstanding in respect of the Notes of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first in the Register in the event that more than one of such joint holders is present at the Meeting in person or by Proxy. The Noteholder in respect of Notes held in the Central Securities Depository in uncertificated form shall vote at any such Meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions to the Central Securities Depository or its nominee from the holders of Beneficial Interests conveyed through the Central Securities Depository Participant in accordance with the Applicable Procedures.

23.11 Proxies and Representatives

- 23.11.1 A Noteholder is entitled to appoint a proxy to attend a Meeting on its behalf. A person appointed to act as Proxy need not be a Noteholder.
- 23.11.2 On a poll votes may be given either in person or by Proxy. A Proxy shall be authorised in writing under a Form of Proxy.
- 23.11.3 Before any person may attend or participate in a Meeting, such person must present reasonably satisfactory identification to the chairperson of the Meeting and the chairperson must be reasonably satisfied of the right of such person to participate and vote, either as a Noteholder, or as a proxy for a Noteholder.
- 23.11.4 The Form of Proxy shall be deposited at the registered office of the Transfer Secretary not less than 24 hours before the time appointed for holding the Meeting or adjourned Meeting at which the person named in such Proxy proposes to vote, failing which, the Proxy shall be invalid.
- 23.11.5 No Form of Proxy shall be valid after the expiration of six months from the date named in it as the date of its execution. A Form of Proxy shall be valid for any adjourned Meeting, unless the contrary is stated thereon.
- 23.11.6 A vote given in accordance with the terms of a Proxy shall be valid, notwithstanding the previous death or incapacity of the principal or revocation of the Proxy or of the authority under which the Proxy was executed or the transfer of Notes in respect of which the Proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Issuer at the office of the Transfer Secretary more than, and that the transfer has been given effect to less than, 12 hours before the commencement of the Meeting or adjourned Meeting at which the Proxy is to be used.
- 23.11.7 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative in connection with any Meeting or proposed Meeting of Noteholders. Any reference in these Conditions to a Noteholder present in person includes such a duly authorised Representative of a Noteholder.

23.12 **Minutes**

- 23.12.1 The Guarantor SPV shall cause minutes of all resolutions and proceedings of Meetings to be duly entered in books to be provided by the Issuer for that purpose.
- 23.12.2 Any such minutes as aforesaid, if purporting to be signed by the chairperson of the Meeting at which such resolutions were passed or proceedings held or by the chairperson of the next succeeding Meeting, shall be admissible in evidence without any further proof, and until the contrary is proved, a Meeting of Noteholders in respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

24 **GOVERNING LAW**

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

USE OF PROCEEDS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The aggregate net proceeds derived by the Issuer from any the issue of Notes will be applied by the Issuer, *inter alia*, to fund –

- (i) the acquisition of the Initial Participating Assets;
- (ii) the acquisition of Subsequent Participating Assets from time to time;
- (iii) the refinancing and/or redemption of Notes on their Scheduled Maturity Date; and
- (iv) otherwise for the general corporate purposes of the Issuer.

DESCRIPTION OF LIQUIDITY ARRANGEMENTS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The following description of the liquidity arrangements applicable to the Issuer consists of a summary of certain provisions of the Programme Wide Liquidity Facility Agreement and does not purport to be complete and, accordingly, is qualified in its entirety by reference to the Programme Wide Liquidity Facility Agreement.

Programme Wide Liquidity

On or before the First Issue Date, the Issuer entered into the Programme Wide Liquidity Facility Agreement with the Liquidity Facility Provider, in terms of which, the Liquidity Facility Provider granted the Issuer a Programme Wide Liquidity Facility in order to assist the Issuer in meeting the funding requirements of the Programme within the parameters set out in the Programme Wide Liquidity Facility Agreement.

1 Salient features of the Programme Wide Liquidity Facility Agreement

The Programme Wide Liquidity Facility Agreement sets out the terms and conditions upon which the Programme Wide Liquidity Facility is granted to the Issuer. These terms and conditions include that –

- (a) the Liquidity Facility Provider will make available the Programme Wide Liquidity Commitment;
- (b) the commitment period during which the Issuer will be entitled to draw down amounts under the Programme Wide Liquidity Facility Agreement (up to the Programme Wide Liquidity Commitment) shall be a period of 364 days from the Effective Date and will be subject to annual renewal thereafter;
- (c) the Issuer will only be entitled to draw down or use monies available to it under the Programme Wide Liquidity Facility Agreement –
 - (i) if such draw down is utilised to cover timing differences in the receipt of Collections on the Participating Assets and the payments due by the Issuer on the Notes including, *inter alia*, in the event of a Servicer Default. Further, any amount so drawn down by the Issuer may only be used to meet the obligations of the Issuer in items 11.1.1 to 11.1.7 of the Pre-Enforcement Priority of Payments; and/or
 - (ii) if the Asset Quality Test (as defined in the Programme Wide Liquidity Facility Agreement) is met; and/or

- (iii) if a Liquidity Cancellation Event has not occurred. For purposes of the Programme Wide Liquidity Facility Agreement a "Liquidity Cancellation Event" is defined as –
 - (a) an event which results in it being or becoming illegal for the Liquidity Facility Provider to, in accordance with all Applicable Laws, either to make an advance under the Programme Wide Liquidity Facility Agreement or to maintain its commitment thereunder; and/or
 - (b) the occurrence of an Event of Default; and/or
 - (c) the Asset Quality Test (as defined in the Programme Wide Liquidity Facility Agreement) is not met;
 - (d) the Issuer is not entitled to draw down or use monies available to it under the Programme Wide Liquidity Facility if –
 - (i) such further draw down or utilisation would result in the Programme Wide Liquidity Commitment under the Programme Wide Liquidity Facility Agreement being exceeded; and/or
 - (ii) such further utilisation would result in the monies drawn down or utilised under the Programme Wide Liquidity Facility being applied to –
 - repay any capital or interest owing by the Issuer in terms of the Programme Wide Liquidity Facility Agreement; and/or
 - cover losses sustained by the Issuer in relation to the Programme; and/or
 - finance redemptions of the Principal Amount Outstanding on the Notes,
- and without limiting the generality of the foregoing, the Programme Wide Liquidity Facility may not be used by the Issuer as a permanent revolving facility in order to provide credit enhancement to the Issuer or the Programme;
- (e) all amounts drawn down by the Issuer under the Programme Wide Liquidity Facility Agreement are to be applied by the Issuer in accordance with the Priority of Payments; and
 - (f) all amounts payable by the Issuer to the Programme Wide Liquidity Facility Provider under the Programme Wide Liquidity Facility Agreement are only payable in accordance with the Priority of Payments.

2 Security granted to the Liquidity Facility Provider, Limited Recourse and Non-Petition

The amounts due by the Issuer to the Liquidity Facility Provider under the Programme Wide Liquidity Facility Agreement will be secured by the Guarantee. However, the Liquidity Facility Provider is obliged to bind itself to the Priority of Payments and has further undertaken that, in the event it is entitled to enforce any right, claim or action against the Issuer, it will do so by claiming under the Guarantee and will not proceed

directly against the Issuer unless and until two years after the Guarantor SPV has notified the Secured Creditors that it has no further assets or rights to any assets of the Issuer available for the payment of any sums outstanding or owing by the Issuer to such Secured Creditors. However, should the Guarantor SPV be liquidated, wound-up or placed under business rescue or should the Guarantee and/or the Indemnity be or become unenforceable then, as a Secured Creditor, the Liquidity Facility Provider will be entitled to enforce its rights against the Issuer or take actions or proceedings directly against the Issuer should an Event of Default occur.

3 Miscellaneous

- (a) The Issuer will have no recourse against the Liquidity Facility Provider beyond the fixed contractual obligations provided in the Programme Wide Liquidity Facility Agreement.
- (b) The obligations of the Liquidity Facility Provider under the Programme Wide Liquidity Facility Agreement do not extend significantly beyond the salient features of the Programme Wide Liquidity Facility Agreement described herein and, accordingly, the Liquidity Facility Provider (in its capacity as such) will not support the Programme beyond such obligations. It is specifically recorded that the Programme Wide Liquidity Facility made available to the Issuer may not be used as a permanent revolving facility in order to provide credit enhancement to the Programme or to fund losses sustained by the Issuer in relation to the Programme.

4 Downgrading of the Liquidity Facility Provider

In the event that the Liquidity Facility Provider under the Programme Wide Liquidity Facility Agreement is assigned a Short-Term Rating below the Required Rating, in order to mitigate any counterparty risk arising as a result of such downgrade –

- (a) the Liquidity Facility Provider shall, notify the Issuer of this fact promptly upon becoming aware of same and the Issuer shall have a period of 30 days from the date on which such downgrading is notified to the Issuer, to use its reasonable endeavours to arrange for another entity with the Required Rating, to guarantee the obligations of the Liquidity Facility Provider under the Programme Wide Liquidity Facility Agreement or to provide a facility to the Issuer on terms and conditions which are agreed by the Guarantor SPV in writing, provided that the Rating Agency is furnished with at least 5 Business Days prior written notice of the proposed new terms and further provided that the Issuer shall not be obliged to occur costs thereby;
- (b) if such guarantor or replacement liquidity facility provider is not appointed, then the Liquidity Facility Provider shall have a period of 30 days from the date on which such downgrading is notified to the Issuer to use its reasonable endeavours to arrange for another entity with the Required Rating, to guarantee the obligations of the Liquidity Facility Provider under the Programme Wide Liquidity Facility Agreement or to provide a facility to the Issuer on terms and conditions which are agreed by the Guarantor SPV;
- (c) if a guarantor or replacement liquidity facility provider is not appointed, then the Programme Wide Liquidity Commitment at that time shall, be fully drawn-down by the Issuer and shall be deposited into the Transaction Account until a replacement liquidity facility provider has been appointed, provided that the unutilised cash so drawn-down shall be invested in Permitted

Investments (and shall, for the avoidance of doubt, not form part of Available Cash, save for amounts that are allowed to be otherwise drawn down under the Programme Wide Liquidity Facility Agreement). The excess (if any) from time to time between the amount so drawn down and the Programme Wide Liquidity Commitment, shall be repaid by the Issuer to the Liquidity Facility Provider not later than the first day of the month succeeding the month in which such excess occurred. The amount so drawn down shall be repaid by the Issuer to the Liquidity Facility Provider upon the earlier of the appointment of a replacement liquidity facility provider and the last Note in issue being redeemed by the Issuer and there being no further Notes in issue.

5 Renewal of the Programme Wide Liquidity Facility

The Issuer shall be entitled to request by written notice to the Liquidity Facility Provider, not later than 120 days prior to the expiry of the Commitment Period, a renewal of the Programme Wide Liquidity Facility. If the Issuer fails to agree a renewal of the Programme Wide Liquidity Facility with the Liquidity Facility Provider, then –

- (a) the Issuer shall use its reasonable endeavours to arrange for another entity with the Required Rating to provide a facility to the Issuer on terms and conditions which are agreed by the Guarantor SPV in writing, provided that the Rating Agency is furnished with at least 5 Business Days prior written notice of the proposed new terms and further provided that the Issuer shall not be obliged to occur costs thereby;
- (b) if the Issuer is unable to arrange a replacement liquidity facility provider at least 60 days prior to the then current Commitment Period, then the Liquidity Facility Provider shall be entitled to use its reasonable endeavours to arrange for a replacement liquidity facility provider to provide a facility on terms and conditions which are agreed by the Guarantor SPV in writing, provided that the Rating Agency is furnished with at least 5 Business Days prior written notice of the proposed new terms and further provided that the Issuer shall not be obliged to occur costs thereby;
- (c) if a replacement liquidity facility provider is not appointed at least 30 days prior to the expiry of the then current Commitment Period, then the Programme Wide Liquidity Commitment at that time shall be fully drawn-down by the Issuer and shall be deposited into the Transaction Account until a replacement liquidity facility provider has been appointed, provided that the unutilised cash so drawn-down shall be invested in Permitted Investments (and shall, for the avoidance of doubt, not form part of Available Cash, save for amounts that are allowed to be otherwise drawn down under the Programme Wide Liquidity Facility Agreement). The excess (if any) from time to time between the amount so drawn down and the Programme Wide Liquidity Commitment, shall be repaid by the Issuer to the Liquidity Facility Provider not later than the first day of the month succeeding the month in which such excess occurred. The amount so drawn down shall be repaid by the Issuer to the Liquidity Facility Provider upon the earlier of the appointment of a replacement liquidity facility provider and the last Note in issue being redeemed by the Issuer and there being no further Notes in issue.

DESCRIPTION OF PORTFOLIO OF PARTICIPATING ASSETS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

1 Eligibility Criteria for Classification of Participating Assets

The Initial Participating Assets and the Subsequent Participating Assets will be identified on or before the Relevant Transfer Date in respect thereof and will be described in a Sale Supplement issued under the Asset Sale and Servicing Agreement. The Eligibility Criteria which must have been fulfilled in order for an Instalment Sale Agreement (together with the Instalment Sale Asset and the Underlying Documentation in respect thereof) to have been included as an Initial Participating Asset or a Subsequent Participating Asset are as follows –

- 1.1 each Instalment Sale Agreement must –
 - 1.1.1 have been originated in the Originator's ordinary course of business and in accordance with the Originator's stated credit procedures as set out in the Procedures Manual;
 - 1.1.2 exist and constitute legally valid, binding and enforceable obligations of the respective Obligor and must not be subject to any right of revocation, set-off, counterclaim, warranty claims of the Obligor and no other right of objection, irrespective of whether the Issuer knows thereof or could reasonably be expected to know thereof, may exist;
 - 1.1.3 have been created in compliance with all Applicable Laws;
 - 1.1.4 be segregated and separately identifiable at any time following the Issue Date, for the purposes of ownership on the System of the Servicer;
 - 1.1.5 have an original term of not more than 72 months;
 - 1.1.6 be denominated and payable in Rand;
 - 1.1.7 together with the related Instalment Sale Asset and any other security held in respect thereof, be free of any third party encumbrances;
 - 1.1.8 as at the Relevant Transfer Date, have a balance outstanding of at least ZAR25,000;
 - 1.1.9 have a repayment profile comprising monthly payments, of which at least three monthly instalments must have been paid in full by the relevant Obligor and received by the Originator;
 - 1.1.10 provide for a level of monthly payments that will amortise the full amount financed to the greater of –

- nil; or
 - the relevant balloon payment amount over the original term of the relevant Instalment Sale Agreement;
- 1.1.11 not be in arrears by more than ZAR500 as reflected on the System;
- 1.1.12 provide that the Finance Charges payable by the relevant Obligor are based on or linked to the Prime Rate;
- 1.1.13 where the maximum balloon payment (if any) due by the Obligor is equal to or less than 45% of the value of the Instalment Sale Asset at the time of origination;
- 1.1.14 be for an aggregate amount currently owing not exceeding ZAR1,250,000;
- 1.1.15 bear interest at a rate of not less than the Prime Rate minus 2%;
- 1.1.16 be entered into by an Obligor which is a natural person;
- 1.1.17 not include any provision that provides the Originator with an option to repurchase the vehicle;
- 1.1.18 at the time of origination not have a loan to value ratio of more than 105%;
- 1.1.19 in respect of which the Underlying Asset –
- (i) is either a New or Used passenger vehicle;
 - (ii) is either a BMW or Mini motor vehicle; and
 - (iii) is required in terms of the relevant Instalment Sale Agreement, as at the date of commencement of the relevant Instalment Sale Agreement, to be covered by a comprehensive motor insurance policy taken out by and at the cost of the Obligor which covers not less than the replacement costs or other value as the Originator may determine;
- 1.2 the Originator must not, to the best of its knowledge and belief, be aware of any bankruptcy, liquidation, sequestration, winding-up, business rescue or similar proceedings which have been instituted in relation to the relevant Obligor in relation to any Instalment Sale Agreement.

No amendment may be made to the Eligibility Criteria without the approval of Noteholders, pursuant to the passing of a Special Resolution.

2 Portfolio Covenants in relation to Participating Assets

- 2.1 Not only will each individual Participating Asset have to comply with the Eligibility Criteria in order to be acquired by the Issuer pursuant to the Asset Sale and Servicing Agreement, but in addition to the foregoing, the Portfolio of Participating Assets as a whole must (and the Originator will on the relevant Transfer Date thereof to the Issuer warrant that same does) comply with the following Portfolio Covenants on each Transfer Date –

- 2.1.1 the weighted average balloon payments measured by current balance under the Participating Assets is not greater than 40%;
- 2.1.2 not more than 50% of the Pool of Participating Assets measured by current balance may be Used vehicles;
- 2.1.3 no more than 10% of the Portfolio of Participating Assets measured by current balance may be originated through Direct Sales;
- 2.1.4 weighted average seasoning of the Pool of Participating Assets measured by current balance must be at least 12 months;
- 2.1.5 the weighted average margin payable by the Obligors in respect of the Pool of the Participating Assets measured by current balance shall not be less than prime minus 0.75%;
- 2.1.6 a single Obligor exposure shall not be more than ZAR2,500,000;
- 2.1.7 the geographic concentrations of the Pool of Participating Assets measured by current balance shall not exceed the following thresholds –
 - 2.1.7.1 Gauteng 85%;
 - 2.1.7.2 Western Cape 40%;
 - 2.1.7.3 Eastern Cape 25%;
 - 2.1.7.4 Free State 25%;
 - 2.1.7.5 Kwa-Zulu Natal 40%;
 - 2.1.7.6 Limpopo 25%;
 - 2.1.7.7 Mpumalanga 25%;
 - 2.1.7.8 North West 25%;
 - 2.1.7.9 Northern Cape 25%;
 - 2.1.7.10 Unclassified 2%; and
- 2.1.8 Instalment Sale Agreements with residual value guarantees under the Pool of Participating Assets –
 - 2.1.8.1 may not, when measured by current balances, be greater than 15%, provided that this amount may increase by increments of 5% per annum only for the three immediately succeeding financial years, following the anniversary of the issue of this Amended and Restated Programme Memorandum;
 - 2.1.8.2 must have a minimum remaining term of 18 months or more; and
 - 2.1.8.3 the maximum balloon payment (if any) due by an Obligor is equal to or less than 70% of the value of the relevant Instalment Sale Asset at

the time of origination, notwithstanding the provisions of 1.1.13 above.

- 2.2 To the extent that any of the Portfolio Covenants referred to above is breached, the Originator shall have a period of not more than 15 days from the date such breach comes to its notice or the date on which the Originator receives written notice from the Issuer and/or the Administrator of such breach, to remedy the said breach.
- 2.3 The Portfolio Covenants referred to above may be amended provided that a Rating Confirmation to that effect has been received by the Issuer and the Guarantor SPV.

3 Restructure of Participating Assets

The Servicer shall be entitled to restructure the obligations of an Obligor under an Instalment Sale Agreement in accordance with its credit procedures and policies. However, should an Instalment Sale Agreement as a result of such restructure fail to comply with the Eligibility Criteria, the Servicer shall forthwith be obliged to repurchase the relevant Participating Asset from the Issuer for a purchase consideration equal to the Principal plus all accrued and unpaid interest in respect of such Participating Asset.

4 Sale of Participating Assets to the Issuer

- 4.1 In accordance with the Asset Sale and Servicing Agreement, the Issuer shall purchase the Participating Assets from the Originator from time to time.
- 4.2 The Originator is entitled in terms of the Asset Sale and Servicing Agreement to deliver to the Issuer from time to time a notice setting out the details of the proposed Participating Assets that the Originator wishes to sell to the Issuer in accordance with the provisions of the Asset Sale and Servicing Agreement. Provided that –
 - 4.2.1 the Issuer has confirmed to the Originator that it is or will be in a position to raise sufficient funding in order to pay the purchase price in respect of the proposed Subsequent Participating Assets;
 - 4.2.2 the sale will not result in the Issuer breaching the Portfolio Covenants; and
 - 4.2.3 the Conditions Precedent to Issue have or will be fulfilled by the Issue Date of the Notes (if any) issued in order to fund the acquisition of the proposed Subsequent Participating Assets,

the Issuer shall acquire such Participating Assets on the terms and conditions set out in the Asset Sale and Servicing Agreement. Accordingly, the Issuer and the Originator shall conclude a Sale Supplement in respect of the proposed Subsequent Participating Assets to be acquired by the Issuer in the form annexed to the Asset Sale and Servicing Agreement.

- 4.3 Upon transfer of any Participating Assets from the Originator to the Issuer in accordance with the provisions of the Asset Sale and Servicing Agreement the Issuer shall be the owner of and shall bear all credit and other risk in relation to, such Participating Assets.

5 Purchase Price for the Participating Assets

- 5.1 The aggregate consideration payable by the Issuer to the Originator on a Relevant Transfer Date for the Initial Participating Assets, or the Subsequent Participating Assets (as the case may be) acquired in terms of the Asset Sale and Servicing Agreement shall be set out in the applicable Sale Supplement.
- 5.2 The purchase price paid by the Issuer to the Originator in respect of Participating Assets sold on any Relevant Transfer Date shall be paid by the Issuer to the Originator on that Relevant Transfer Date –
- 5.2.1 in the case of the Initial Participating Assets, in cash on the First Transfer Date out of the net proceeds of the issue of the Initial Notes and a draw down under the Subordinated Loan Agreement;
- 5.2.2 in the case of Subsequent Participating Assets, in cash on the relevant Transfer Date out of the proceeds of –
- (i) the Notes issued (if any) (subject to the fulfilment of the Conditions Precedent to Issue) in order to fund the acquisition of those Subsequent Participating Assets; and/or
 - (ii) a drawdown under the Subordinated Loan Agreement; and/or
 - (iii) from Available Cash in terms of the Priority of Payments.

6 Representations and Warranties by the Originator

- 6.1 In terms of the Asset Sale and Servicing Agreement, the Originator warrants, represents and undertakes to the Issuer that on each Relevant Transfer Date in relation to the Participating Assets transferred on such Relevant Transfer Date –
- (a) each of the Instalment Sale Agreements has been concluded substantially on the terms and conditions of the draft instalment sale agreement attached to the Asset Sale and Servicing Agreement;
 - (b) as at each Relevant Transfer Date and in relation to each Participating Asset transferred on such Relevant Transfer Date –
 - (i) the Originator is the sole legal and beneficial owner of all right, title and interest in and to each of the Participating Assets, all of which will validly be transferred to the Issuer in terms of the Asset Sale and Servicing Agreement;
 - (ii) none of the Participating Assets (or any portion or part thereof) is subject to any lien, pledge, hypothec, mortgage, notarial or other bond, servitude, cession in security or other encumbrance of whatsoever nature nor does any third party have any right whatsoever in or to any of the Participating Assets (or any portion or part thereof);
 - (iii) the Servicer's Collections Account (including the amounts standing to the credit thereof from time to time) is not subject to any lien, pledge, hypothec, mortgage, notarial or other bond, servitude, cession in security or other encumbrance of

whatsoever nature and no third party has any right whatsoever in or to the Servicer's Collections Account (or the amounts standing to the credit thereof from time to time);

- (iv) no person or entity is a party to any agreement (other than a Transaction Document) in terms of which such person or entity will or may acquire any option, preferential or other right of any kind to acquire, claim delivery, ownership or transfer or the use, occupation, possession or enjoyment of any of the Participating Assets (or any portion or part thereof) and/or the Servicer's Collections Account (and the amounts standing to the credit thereof from time to time);
- (v) each of the Participating Assets complies with the Eligibility Criteria and the Originator, having made all reasonable enquiries, is not aware of any fact or circumstance which would or is likely to result in a Participating Asset ceasing to comply with the Eligibility Criteria;
- (vi) the Originator is not in breach of any of its obligations in terms of any of the Participating Assets and, having made all reasonable enquiries, the Originator is not aware of any failure by any of the Obligors or any person or entity giving security for the obligations of Obligors to comply with their obligations in terms of any of the Participating Assets;
- (vii) whilst it is not the policy of the Originator to ensure that each Instalment Sale Asset is insured for the duration of the Instalment Sale Agreement to which it relates at the time of the conclusion of each of the Instalment Sale Agreement, the Originator obtained confirmation that the relevant Instalment Sale Asset was comprehensively insured and, as at such Relevant Transfer Date, the Originator is not aware of the cancellation or termination in any such policy; and
- (viii) each of the Instalment Sale Agreements –
 - fully and correctly reflects the terms of the agreement set out therein; was completed in full prior to the signature thereof by the parties thereto;
 - constitutes a legal valid and binding agreement between the parties thereto on the terms and conditions set out in such agreement;
 - is in compliance with all Applicable Laws;
 - has not been varied or supplemented in any way whatsoever and is and continues to be valid, enforceable and binding in accordance with its terms;
- (ix) all of the security (save for any security purportedly constituted by a cession of any insurance policy covering the Instalment Sale Assets, in respect of which the Originator warrants solely on the basis set out in (vii) above) given by any person or entity giving

security for the obligations of Obligors to the Originator in respect of each Instalment Sale Agreement is legal, valid and enforceable in accordance with its terms and have been validly transferred to the Issuer in terms of the Asset Sale and Servicing Agreement and will, subsequent to such transfer, remain legal, valid, binding and enforceable by the Issuer against the relevant person or entity (as the case may be);

- (x) full legal title in and ownership of all the Participating Assets sold, ceded and assigned to the Issuer on such Relevant Transfer Date (including the Instalment Sale Assets) will, on the Relevant Transfer Date, be transferred to the Issuer in terms of the Asset Sale and Servicing Agreement and the Issuer will become the sole legal and beneficial owner thereof, the Originator will not, after such Relevant Transfer Date, retain any title therein or ownership thereof and will not, after such Relevant Transfer Date, assert or seek or attempt to assert any right or claim in that regard;
- (a) no Obligor in terms of an Instalment Sale Agreement has or shall have any right to defer or withhold any payment or deduct any amount (whether by set-off or otherwise) from any monies due by such Obligor in terms of the Instalment Sale Agreement concluded by it; and
- (b) each of the Instalment Sale Agreements was entered into in the RSA and all amounts payable in terms of such agreements are payable in Rand.

6.2 In terms of the Asset Sale and Servicing Agreement, the Originator further warrants, represents and undertakes to the Issuer that, as at the First Issue Date –

- (a) it is a company duly incorporated and validly existing under and in accordance with the laws of the RSA and has the legal capacity and the power to own its assets and to carry on its business as it is presently being conducted;
- (b) it has –
 - (i) the legal capacity and the power to enter into and perform under; and
 - (ii) taken all necessary actions (whether corporate, internal or otherwise) to authorise its entry into and performance under,

the Asset Sale and Servicing Agreement and the Transaction Documents to which it is a party;

- (c) the obligations expressed to be assumed by it under the Asset Sale and Servicing Agreement are legal, valid and are binding on, and enforceable against, it;
- (d) the entry into of the Asset Sale and Servicing Agreement and/or the performance of its obligations under the Asset Sale and Servicing Agreement does not, and will not, –
 - (i) contravene any Applicable Laws;

- (ii) contravene any provision of its memorandum of incorporation; and/or
 - (iii) contravene, violate, cause a default and/or breach of the terms of, and/or otherwise conflict with any contract, agreement, indenture, mortgage or other instrument of any kind to which it is a party or by which it may be bound or which is binding upon its assets;
- (e) all authorisations, consents, approvals, resolutions, licences, exemptions, filings and registrations which are required, necessary or desirable under all Applicable Laws –
- (iv) to enable it to lawfully enter into, exercise its rights and comply with its obligations under the Asset Sale and Servicing Agreement; and
 - (v) to make the Asset Sale and Servicing Agreement admissible in evidence in the RSA,
- have been obtained or effected and are, and will for the duration of the Asset Sale and Servicing Agreement remain, in full force and effect;
- (f) no litigation, arbitration or administrative proceedings and/or environmental claims before any court, arbitral body or governmental agency or authority which would affect the ability of the Originator to comply with its obligations in terms of the Asset Sale and Servicing Agreement, are pending or, to the best of the Originator's knowledge and belief threatened, against the Originator or any of its assets;
 - (g) it shall promptly inform the Issuer, in writing, of any occurrence of which it may become, or may reasonably have been expected to become, aware and which might materially adversely affect its ability to perform its obligations under the Asset Sale and Servicing Agreement and/or any of the Transaction Documents to which it is a party;
 - (h) it is not (nor would it with the giving of notice or the lapse of time or the satisfaction or non-satisfaction of any other condition or any combination thereof be) in breach of, or in default under, the Asset Sale and Servicing Agreement and/or any of the Transaction Documents to which it is a party;
 - (i) it is solvent and in a position to pay its debts and meet its other obligations as and when they fall due in the normal course of business and it has not committed any act which, if the Originator was a natural person would be an act of insolvency as defined in the Insolvency Act, 24 of 1936;
 - (j) there have been no applications, steps, proceedings or orders for its deregistration, whether provisional or final and the Originator shall forthwith notify the Issuer in writing should any such applications, steps, proceedings or orders be brought or taken;

- (k) it is acting as principal and is not entering into the Asset Sale and Servicing Agreement and/or any Transaction Document to which it is a party as agent for any other party; and
- (l) it has disclosed to the Issuer, in writing, all facts and circumstances which are, or which may reasonably be regarded to be, material to the Issuer in entering into the Asset Sale and Servicing Agreement.

7 Recourse in Event of Breach of Warranties

Should the Originator breach, or be deemed to have breached, any of the warranties given by the Originator to the Issuer in terms of the Asset Sale and Servicing Agreement then, without prejudice to the Issuer's other rights or remedies under the Asset Sale and Servicing Agreement or at law, the Issuer is entitled on notice to the Originator and the Guarantor SPV to –

- 7.1 cancel the Asset Sale and Servicing Agreement insofar as same relates to the affected Participating Assets; and
- 7.2 claim repayment of the amount reflected on the System as owing to the Issuer in respect of such affected Participating Asset from the Originator as a purchase price refund, which amount the Originator is obliged to pay to the Issuer in cash, free of any set-off, withholding or deduction, forthwith on demand therefor.

DESCRIPTION OF SERVICING ARRANGEMENTS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The following description of the servicing arrangements consists of a summary of certain provisions of the Asset Sale and Servicing Agreement and does not purport to be complete and, accordingly, is qualified in its entirety by reference to the Asset Sale and Servicing Agreement.

1 General

BMW Finance has been appointed by the Issuer as Servicer in terms of the Asset Sale and Servicing Agreement. The Servicer services and administers the Participating Assets and collects payments due in respect thereof in accordance with the credit guidelines and the Procedures Manual (collectively the "**Procedures Manual**"), which documents customary and usual servicing procedures for servicing vehicle finance arrangements comparable to the Participating Assets. In terms of the Asset Sale and Servicing Agreement the Servicer is obliged to, at all times during the term of its appointment, service the Participating Assets and perform all related functions in the same manner as it would if it owned the Participating Assets itself and at least in a similar fashion and to a similar standard as that which applies in the conduct of its own business as at the Effective Date. The Servicer shall, when requested to describe its capacity in relation to the Participating Assets and such related functions, make it clear that it is acting as servicer of the Participating Assets and performing such related functions on behalf of the Issuer pursuant to the Asset Sale and Servicing Agreement and will not hold itself out as having any other capacity in relation to the Participating Assets except to the extent specifically set forth in the Asset Sale and Servicing Agreement.

During the continuance of its appointment under the Asset Sale and Servicing Agreement, the Servicer shall, subject to the terms and conditions of the Asset Sale and Servicing Agreement and any other restrictions applicable to the Issuer contained in the Transaction Documents, have the full power, authority and right to do or cause to be done any and all things necessary, convenient or incidental to the exercise of its rights, powers and duties and the performance of its other duties and obligations, provided that the Servicer shall have no right or power to bind the Issuer or to incur obligations on behalf of the Issuer other than as expressly set out in the Asset Sale and Servicing Agreement.

2 Routine Functions

The Servicer shall provide the services required of it under the Asset Sale and Servicing Agreement ("**Services**") as agent on behalf of the Issuer, including the performance of certain routine servicing functions in respect of the Participating Assets, and in particular it shall –

- (a) complete and deliver to the Issuer a monthly report in respect of the Participating Assets in the form prescribed in the Asset Sale and Servicing Agreement;

- (b) maintain relationships with Obligors, including the keeping of up to date information required to trace Obligors and/or persons or entities providing security for the obligations of Obligors from time to time;
- (c) use its best endeavours to ensure the timeous receipt or recovery of all Collections and Recoveries due by the Obligors to the Issuer in terms of the Participating Assets by timeously implementing the collections procedure set out in the Procedures Manual;
- (d) issue statements and accounts to Obligors from time to time as required in terms of Applicable Laws in accordance with the provisions of the Underlying Documentation, including sending all letters and information to Obligors and persons or entities giving security for the obligations of Obligors as may be required in terms of the National Credit Act and the Consumer Protection Act from time to time;
- (e) record in writing, or such other medium as the Issuer may approve, the outcome of all conversations and negotiations with each Obligor and/or any person or entity giving security for the obligations of an Obligor that have a bearing on the Obligor's Participating Assets and/or any security held in relation thereto and, in addition, keep and maintain all such recordings for a minimum period of one year after the repayment in full of the Participating Assets to which such recording relates;
- (f) monitor the validity, enforceability and currency of all Participating Assets and security relating thereto and inform the Issuer and the Administrator timeously of any adverse developments or potentially adverse developments, whether in law or otherwise, that may have a bearing on any of the Participating Assets or the security relating thereto;
- (g) ensure that where the Servicer becomes aware that there is any defect in the validity and/or maintenance of any insurance policy taken out by an Obligor in relation to an Instalment Sale Asset which is a Participating Asset, the Servicer implements the relevant provisions of the Procedures Manual in relation thereto;
- (h) prepare and submit (where appropriate on behalf of the Issuer) all applications, requests and filings that may be necessary or desirable for any approval, authorisation, consent or licence in connection with the Participating Assets;
- (i) perform the Services in such a way as not to prejudice the continuation of any approval, authorisation, consent or licence necessary or desirable in connection with that part of the Issuer's Business which is necessary to perform the Services or conduct the Programme;
- (j) perform pre-payment, cancellation and/or settlement calculations from time to time in accordance with the Procedures Manual; and
- (k) generally perform all such other services as may be necessary and/or desirable to ensure the efficient and effective management of the Issuer and the Issuer's Business insofar as same relates to the Participating Assets in a manner comparable to the manner in which the Servicer manages its own business.

3 Delinquencies and Arrears

The Servicer shall, in respect of defaulting Obligor and arrears relating to the Participating Assets, including Non-Performing Participating Assets –

- (a) implement the arrears procedure set out in the Procedures Manual so as to ensure the collection of all debts due by defaulting Obligor in accordance with such arrears procedures;
- (b) in the event of any Obligor or any person or entity giving security for the obligations of an Obligor failing to remedy an event of default in terms of any Participating Asset and/or security for such Participating Asset, ensure the enforcement of such security in accordance with the foreclosure procedure contained in the Procedures Manual and all Applicable Laws;
- (c) comply with the procedures set out in the Procedures Manual with respect to all administrative and operational issues following an enforcement of security;
- (d) provide the Issuer and the Administrator regularly (but at least once every month) with the Participating Assets portfolio performance data in the form prescribed in the *pro forma* monthly report to be delivered by the Servicer in terms of the Asset Sale and Servicing Agreement, including full details of all Non-Performing Participating Assets and the steps taken by the Servicer to recover such amounts as may be due as a result thereof; and
- (e) act in the best interests of the Issuer, take all steps necessary or desirable to enforce and ensure the enforceability of security held in respect of the Participating Assets, including the bringing or defending of legal actions, submitting to arbitration, negotiating, compromising or abandoning or settling any claim, provided that no claim shall be finally compromised, abandoned or settled other than in accordance with the circumstances and on the terms and conditions prescribed in the Procedures Manual.

4 Documentation and Safe Custody Duties

The Servicer shall, for the duration of the Asset Sale and Servicing Agreement –

- (a) keep and maintain copies (which shall be clearly marked as such) and backups of all Underlying Documentation relating to each Participating Asset in environmentally controlled and fire preventative conditions for a period of at least three years after the repayment in full of that particular Participating Asset;
- (b) ensure that all copies of the Underlying Documentation maintained by the Servicer are clearly marked and identified on the System as belonging to the Issuer;
- (c) keep and maintain a duplicate set of the records of the Underlying Documentation maintained by the Issuer in computer readable form under fireproof and environmentally controlled conditions at separate premises;
- (d) for so long as such documentation is in the possession or under the control of the Servicer, ensure the safekeeping of all original documentation including,

inter alia, all correspondence with Obligors and/or any person or entity giving security for the obligations of Obligors;

- (e) at all times, maintain a register of the Underlying Documentation which shall correctly reflect the physical location or whereabouts of each such document at any point in time and the fact that such Underlying Document is owned by the Issuer;
- (f) forthwith upon request therefor succeeding a Servicer Default, deliver to the Issuer (or its duly appointed agent) all originals and/or copies of all the Underlying Documentation, agreements and/or correspondence and other documents held in safe custody by or on behalf of the Servicer, as agent of the Issuer, together with all such other documents, agreements and/or correspondence as may come into possession of the Servicer pursuant to the Asset Sale and Servicing Agreement; and
- (g) only use any third party as a Data agent if that third party has agreed that the rights of the Servicer are capable of cession and such rights have been ceded in security to the Issuer for the obligations of the Servicer to the Issuer in terms of the Asset Sale and Servicing Agreement in terms of the Cession *in Securitatem Debiti* (Contracts).

5 Computer Systems, Software Licensing and Data

The Servicer shall, for the duration of the Asset Sale and Servicing Agreement, maintain the Issuer's database which shall include the obligation to –

- (a) copy the Data after processing on any Business Day and keeping a backup copy of such Data until such time as a complete backup copy of such Data has been made at the end of each calendar month;
- (b) copy all current versions of software used by the Servicer (whether proprietary or packaged) in the form in which it is set for use;
- (c) keep a record of all major changes to application software and system configurations to the System;
- (d) following the occurrence of an Originator Default and/or a Servicer Default, make backup tapes and/or extracts available to the Issuer, the Administrator, the Guarantor SPV and/or the Back-Up Servicer upon request therefor; and
- (e) ensure that all applicable licensing arrangements with all third parties are capable of cession and such rights have been ceded by the Servicer to the Issuer in terms of the Cession *in Securitatem Debiti* (Contracts).

Further, the Servicer shall be obliged to maintain and document a data and systems recovery plan in accordance with its own business practises from time to time and on the terms and conditions set out in the Asset Sale and Servicing Agreement.

6 Cash Management Duties

The Servicer shall, for the duration of the Asset Sale and Servicing Agreement, maintain and operate the Servicer's Collections Account with an Eligible Institution. Further, should the Servicer change the detail of the Servicer's Collections Account

at any time, such change may only be made on 14 Business Days prior written notice to the Issuer and the Guarantor SPV.

The Servicer is obliged to ensure that all monies received from Obligor in relation to the Participating Assets are forthwith deposited into the Servicer's Collections Account and, at least every 30 days or at the end of the Business Day preceding a Payment Date, to transfer all monies received in relation to the Participating Assets into the Transaction Account.

The Issuer's Board is entitled at any time upon the occurrence of a Servicer Default and/or any change in Applicable Laws, with prior written notice to the Servicer, to advise Obligor (or require the Servicer to advise Obligor) that it is the owner of the Participating Assets.

7 Duties in Relation to the Provision of Information

The Servicer shall, for the duration of the Asset Sale and Servicing Agreement, without derogating from the other obligations placed on it in terms of the Asset Sale and Servicing Agreement, *inter alia*, permit the Administrator and the Issuer (to the extent that the Issuer and the Administrator reasonably believe that such access is necessary) at all reasonable times with access to all books and records of the Servicer insofar as same relate to the Participating Assets as is necessary and desirable for the Issuer to evaluate the continued performance by the Servicer of its obligations under the Asset Sale and Servicing Agreement.

8 Servicing Compensation

The Servicer is entitled to a quarterly fee based on the book value of the Participating Assets at the beginning of the relevant quarter (commencing on the First Issue Date). Such servicing fee shall be calculated on a quarterly basis and paid on each Payment Date while the Servicer is in office. The Servicer shall not be entitled to any indemnity in respect of the performance of its duties under the Asset Sale and Servicing Agreement and shall bear all costs, expenses and charges incurred, whether for the benefit or on behalf of the Issuer or otherwise in the performance of the Services in accordance with the Asset Sale and Servicing Agreement.

On the appointment of the Back-Up Servicer, the Back-Up Servicer shall be entitled to a monthly back-up servicing fee similarly based on the book value of the Participating Assets at the beginning of the relevant month. Both the servicing fee and the back-up servicing fee shall only be payable by the Issuer in accordance with the Priority of Payments.

9 Servicer Defaults

The Servicer shall be deemed to be in breach of its obligations under the Asset Sale and Servicing Agreement should –

- (a) the Servicer breach any provision of the Asset Sale and Servicing Agreement (which includes a number of warranties given by the Servicer) which is capable of being remedied (irrespective of the materiality of such breach) and fail to remedy such breach within 15 Business Days after having received written notice from the Issuer or the Administrator requiring such remedy;
- (b) the Servicer breach any provision of the Asset Sale and Servicing Agreement which is not capable of being remedied;

- (c) the Servicer breach any provision of any other Transaction Document to which it is a party which is not capable of being remedied;
- (d) an application or any other proceedings be brought against or in respect of the Servicer (in terms of which it is sought to deregister, wind-up or liquidate or business rescue proceedings are instituted against the Servicer, whether provisionally or finally and whether voluntarily or compulsorily;
- (e) the Servicer be wound-up, liquidated, deregistered or placed under business rescue, whether provisionally or finally and whether voluntarily or compulsorily;
- (f) the Servicer compromise or attempt to compromise with any or all of its creditors in respect of an amount equal to or greater than ZAR10,000,000;
- (g) the Servicer commit an act which would be an act of insolvency in terms of the Insolvency Act, 1936, were the Servicer a natural person;
- (h) the members of the Servicer meet in order to pass a resolution providing for the winding-up, liquidation, deregistration or business rescue of the Servicer, or should such resolution be passed;
- (i) other than in accordance with the Servicer's ongoing funding arrangements entered into in the ordinary course of the Servicer's business, the Servicer alienate or encumber the whole or a major portion of its assets or business to any entity other than an entity controlled, directly or indirectly, by BMW Aktiengesellschaft (Listed share company) or other BMW group entity;
- (j) the Servicer have any judgement or similar award awarded against it which either affects the ability of the Servicer to comply with its obligations under the Asset Sale and Servicing Agreement or leads to the assets of the Servicer becoming susceptible to attachment and should the Servicer fail to satisfy such judgement within 30 days of becoming aware thereof, provided that a Servicer Default shall only be deemed to have occurred if –
 - (i) such a judgement is appealable and the Servicer fails to appeal such judgement within the time limits prescribed by law or fails diligently to prosecute such appeal thereafter or ultimately fails in such appeal;
 - (ii) such a judgement is a default judgement and the Servicer fails to apply for rescission within the time periods prescribed by law or fails to diligently prosecute such application thereafter or ultimately fails in such application; or
 - (iii) such a judgement is reviewable and the Servicer fails to initiate proceedings for the review thereof within the time limits prescribed by law or fails to diligently prosecute such proceedings thereafter or ultimately fails in such proceedings;
- (k) the Servicer cease to carry on its business in the normal and regular manner or materially change the nature of its business or there occurs, in the discretion of the Issuer, a material adverse change in the Servicer's business and/or the financial position or prospect of the Servicer;

- (l) the performance of the Servicer's obligations in terms of the Asset Sale and Servicing Agreement become illegal; or
- (m) the Servicer cease to be ultimately controlled by BMW Aktiengesellschaft (Listed share company) without the Issuer's and the Guarantor SPV's prior written consent.

Should a Servicer Default occur then –

- (a) the Issuer may, without prejudice to its other rights and remedies in terms of the Asset Sale and Servicing Agreement or at law, terminate the services of the Servicer in accordance with the provisions of the Asset Sale and Servicing Agreement; and/or
- (b) if such Servicer Default is of the nature referred to in 9(c), 9(d), 9(e), 9(f), 9(g) or 9(h) the Servicer shall, at the request of the Issuer immediately notify and require each Obligor to henceforth pay all amounts owing by such Obligor into the Transaction Account (or such other bank account of the Issuer as it may specify in writing) and not the Servicer's Collections Account.

10 Termination of Appointment of Servicer

The Servicer may terminate its appointment upon six months' prior written notice to the Issuer and the Guarantor SPV, provided that the Servicer shall not be released from such obligations until the Back-Up Servicer has been appointed and assumes office as such.

Upon the occurrence of a Servicer Default (including an unremedied breach by the Servicer of the Asset Sale and Servicing Agreement), the Issuer may terminate the appointment of the Servicer under the Asset Sale and Servicing Agreement.

Upon the termination of the appointment of the Servicer in terms of the Asset Sale and Servicing Agreement, the Servicer is obliged to –

- (a) cease from performing the Services under the Asset Sale and Servicing Agreement and from using or disclosing any information relating to the Asset Sale and Servicing Agreement;
- (b) return to the Issuer all documents, agreements and/or correspondence held in safe custody by or on behalf of the Servicer that came into the possession of the Servicer pursuant to the provisions of the Asset Sale and Servicing Agreement;
- (c) deliver and/or transfer to the Issuer all software, Data and documentation used by the Servicer to perform the Services under the Asset Sale and Servicing Agreement;
- (d) deliver to the Issuer all systems, pin numbers, passwords, security codes and keys acquired or used by the Servicer in terms of the Asset Sale and Servicing Agreement;
- (e) generally do all such things as may be necessary to place the Issuer in full control of the facilities and/or Services provided in terms of the Asset Sale and Servicing Agreement; and

- (f) co-operate with and assist the Issuer and the Back-Up Servicer in accordance with the provisions of the Asset Sale and Servicing Agreement insofar as same relate to the appointment of the Back-Up Servicer.

11 Back-Up Servicer

In the event that the Servicer's appointment under the Asset Sale and Servicing Agreement is terminated for any reason whatsoever or should a Servicer Default occur and not be remedied within any applicable grace period then the Back-Up Servicer will assume the responsibilities of Servicer under the Asset Sale and Servicing Agreement.

The Back-Up Servicer shall, prior to its appointment as Servicer (in which event the provisions relating to the termination of the appointment of the Servicer shall apply *mutatis mutandis* to the Back-Up Servicer), be entitled, on 20 days' prior written notice delivered to the Issuer and the Guarantor SPV to terminate its appointment as Back-Up Servicer under the Asset Sale and Servicing Agreement, provided that the Back-Up Servicer shall not be released from its obligations as Back-Up Servicer until such time as an alternative Back-Up Servicer has been appointed by the Issuer and assumes office as such.

Notwithstanding the appointment of the Back-Up Servicer, the Back-Up Servicer is not, in terms of the Asset Sale and Servicing Agreement, liable for any accrued obligations of the existing Servicer as at the date of the appointment of the Back-Up Servicer or liable for the failure or inability to perform the Services as a result of the failure or refusal of the existing Servicer to fully and timeously comply with its obligations under the Asset Sale and Servicing Agreement.

In the event that the Back-Up Servicer does assume the servicing responsibilities, the Servicer is obliged for a period of six months succeeding the appointment of the Back-Up Servicer to assist the Back-Up Servicer so as to ensure that the Services are rendered both efficiently and effectively. Accordingly, the Servicer is obliged to –

- (a) provide the Back-Up Servicer with such information, assistance and records relating to the Participating Assets and/or Services as the Back-Up Servicer may require in order to render the Services to the Issuer;
- (b) load and/or convert or procure the loading and/or conversion of the Data held by the Servicer in relation to Obligors and/or the Participating Assets onto the computer system of the Back-Up Servicer; and
- (c) provide the Issuer, the Administrator and the Back-Up Servicer with all necessary access and assistance to the intellectual property of the Servicer which is or was used in relation to the administration and the servicing of the Participating Assets and/or the Data.

Further, upon the Back-Up Servicer assuming the servicing responsibilities, the Servicer is obliged to deliver to the Back-Up Servicer all materials, documents, correspondence, agreements and other matter in its possession or under its control which is relevant to either the Participating Assets or the Services in whatever form the Back-Up Servicer may reasonably require but in any event in accordance with the standard practice of the electronic data processing industry at the time with the appointment of the Back-Up Servicer.

Lastly, in order to ensure that the Back-Up Servicer will be in a position to step in as Back-Up Servicer at any time as provided for in terms of the Asset Sale and Servicing Agreement, the Servicer is obliged to deliver to the auditors of the Servicer (on the basis that same is to be made to the Back-Up Servicer upon the termination of the Servicer's appointment for any reason whatsoever), at quarterly intervals during the currency of the Asset Sale and Servicing Agreement, the information relating to the Participating Assets and such other information as the Back-Up Servicer may reasonably require as prescribed in terms of the Asset Sale and Servicing Agreement.

The Back-Up Servicer has however, undertaken to the Issuer and the Servicer that it will not utilise any information provided to it by the Servicer pursuant to the provisions of the Asset Sale and Servicing Agreement for any purpose other than the performance of its obligations as Back-Up Servicer under the Transaction Documents.

DESCRIPTION OF SECURITY ARRANGEMENTS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

1 Guarantee

The Guarantor SPV has been established for the purposes of holding and realising the Guarantor SPV's Security for the benefit of the Secured Creditors, subject to the Priority of Payments.

The Guarantor SPV was incorporated as a ring-fenced, insolvency remote vehicle on 21 June 2010. The Guarantor SPV has not engaged in any legal, arbitration, administration or other proceedings, if any, the results of which might have or have or have had a material effect on the financial position or operations of the Guarantor SPV, nor is it aware of any such proceedings being threatened or pending. The registered office of the Guarantor SPV is 3rd Floor, 200 on Main, cnr Main and Bowwood Roads, Claremont, 7708. The director of the Guarantor SPV is Adolphina Kodisang.

Pursuant to the Guarantee, the Guarantor SPV, as a primary obligation and not only as a co-principal debtor, will irrevocably guarantee in favour of each Secured Creditor including the Noteholders, the fulfilment of all the payment obligations of the Issuer to such Secured Creditor.

The Guarantee constitutes a stipulation in favour of the Secured Creditors which stipulation has been accepted by the Issuer on behalf of such Secured Creditors. The executed original of the Guarantee, which was executed on 24 August 2011, is held by the Issuer on behalf of all Secured Creditors.

Notwithstanding anything to the contrary contained in any of the Transaction Documents, the Guarantor SPV will have no liability (whether to the Secured Creditors, (including the Noteholders) the Issuer or any other person) other than to the extent to which the liability is able to be satisfied out of money received by the Guarantor SPV from the Issuer or recovered by the Guarantor SPV from the Issuer under the Indemnity or the Guarantor SPV's Security and which the Guarantor SPV is entitled to apply to satisfy that liability. The Guarantor's SPV Security was established on 24 August 2011.

Following the occurrence of an Event of Default and upon delivery of an Enforcement Notice, the Issuer shall forthwith make payment to the Noteholders, failing which the Guarantor SPV may take all necessary steps to enforce its rights under the Indemnity and the Guarantor SPV's Security, subject to the provisions of the Post-Enforcement Priority of Payments.

The Guarantor SPV will, out of the amounts received pursuant to the Indemnity or realised by it pursuant to the Guarantor SPV's Security, pay the Secured Creditors, in accordance with the Post-Enforcement Priority of Payments, by the same methods, *mutatis mutandis*, as the Issuer would in the ordinary course have paid each Secured Creditor.

The signatories to the Guarantee are the Guarantor SPV and the Issuer.

2 Indemnity

The Issuer issued the Indemnity, on 24 August 2011, to the Guarantor SPV indemnifying and holding the Guarantor SPV harmless against any claim, loss, liability, costs and expenses of whatsoever nature, which it may suffer or incur by reason of or in consequence of having executed and furnished the Guarantee. Notwithstanding any other provision of the Guarantee issued by the Guarantor SPV to any of the Secured Creditors, the Issuer's liability under the Indemnity will be limited to the exercise by the Guarantor SPV of the rights held by it under the Guarantor SPV's Security, which was provided on 24 August 2011.

3 Independent Director

The Constitutive Documents of the Issuer -

- (a) provide that the Issuer's Board must always be composed of directors so as to be in compliance with the securitisation regulations issued in Government Gazette No. 30628 under Government Notice 2;
- (b) permit the Issuer Owner Trust (as the shareholder of the Issuer) to appoint three directors to the Issuer's Board, which directors will be independent from the Originator, the Servicer and Standard Bank; and
- (c) permit the Servicer to appoint a single director to the Issuer's Board.

In order for a quorum to be present at any meeting of directors, one independent director is required to be present.

4 Ownership of Issuer

The entire issued share capital of the Issuer is beneficially held by the Issuer Owner Trust but is ceded by the trustees for the time being of the Issuer Owner Trust to the Guarantor SPV as security for the obligations of the Issuer Owner Trust to the Guarantor SPV under the Issuer Owner Trust Suretyship.

DESCRIPTION OF ORIGINATOR

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

1 History and Description

BMW Finance is a leading niche vehicle financier in the RSA. BMW Finance is primarily engaged in the provision of consumer finance for the purchase or use of motor vehicles. In addition, BMW Finance provides dealer finance and mortgage loans and related vehicle insurance products.

BMW Finance was established in 1990 as one of the first captive finance companies in the RSA. BMW Finance first traded as a joint venture, known as BMW Finanz, formed by BMW South Africa Proprietary Limited ("**BMW SA**") and The Standard Bank of South Africa Limited's division, Stannic. In 1994, BMW SA acquired all the shares in the issued share capital of BMW Finance. The relationship with Stannic ended in 1999 when BMW Finance became a 100% owned subsidiary of BMW SA.

BMW Finance is incorporated in the RSA as a private company (registration number 1990/004670/07). Its registered office is 1 Bavaria Road, Randjespark, Extension 17, Midrand, South Africa.

2 Status and Ownership

BMW Finance is a private company, 100% of which is owned by BMW SA but is managed independently of BMW SA. The ultimate holding company of BMW SA is BMW Aktiengesellschaft, a company headquartered in Munich, Germany.

3 Operating Activities

BMW Finance's operations are run under three main brands: BMW Financial Services, Alphera Financial Services and MINI Financial Services.

3.1 BMW Financial Services

BMW Financial Services operates in the niche BMW market providing consumer vehicle financing for new and used BMW vehicles. In addition to consumer financing products, BMW Financial Services offers a range of dealer products and consumer insurance products.

3.2 Alphera Financial Services

Alphera Financial Services is BMW Finance's multi-make financing arm. Established in 2001, Alphera provides consumer finance for the purchase of new and used non-BMW branded vehicles. Alphera introduces a wider range of clients to BMW Finance and the ability to offer financing to BMW Finance's existing clients who may wish to purchase other makes of vehicles.

3.3 **MINI Financial Services**

MINI Financial Services was launched in 2002 with a finance product designed to allow consumers to rent a MINI vehicle for a specified period of time. The affordable rental plan included maintenance and insurance protection. In addition, the financing options offered by BMW Finance are also available to purchasers of MINIs.

4 **Other Business Activities**

BMW Finance offers a number of dealer finance products such as floorplan finance, property finance, equipment finance and working capital facilities. Consumer insurance products for BMW, MINI and multi-make vehicles are offered.

5 **Regulatory Environment**

BMW Finance's credit transactions are governed by the National Credit Act and interest is charged in terms of the National Credit Act.

DESCRIPTION OF ORIGINATOR'S CREDIT OPERATIONS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

1 History

BMW Finance has been providing vehicle finance since 1990 and was one of the first captive finance companies in the RSA. Initially finance products were limited to the financing and insuring of BMW vehicles. Finance products are now being offered for MINI vehicles through MINI Financial Services and non-BMW vehicles through Alphera Financial Services.

In 1996, it was decided to centralise the collection functions which resulted in a change of systems, methodology and the appointment of new management at BMW Finance. This included corrective action in terms of credit rating and evaluation of potential customers and most importantly, the centralisation of credit decision making and collection activity.

The corrective actions started in 1997 and resulted in the implementation of a new retail system improving the granting of credit and debt collection in 1998. A reduction in bad debts was recorded during that year despite the pressure of increased interest rates.

Further system changes to the credit acceptance processes have been implemented during 2010 where a new credit acceptance tool as well as a new online dealer interface has been rolled out. This is regarded as the best in class across the BMW Financial Services Group.

2 Credit Management

BMW Finance's current credit granting criteria is clearly defined in terms of the Procedures Manual. The Procedures Manual forms the basis of BMW Finance's credit granting criteria and decision making. The Procedures Manual is updated annually in order to keep abreast of local and international market trends and to ensure its continuing relevance. BMW Finance's risk committee approves periodic changes to the Procedures Manual. For purposes of the Programme, BMW Finance, as Servicer, is obliged to notify the Issuer of any material changes to the Procedures Manual and prior to implementing any such material change, must obtain the prior written consent of the Guarantor SPV, together with a Rating Agency Confirmation.

All credit acceptance decisions are made centrally by BMW Finance at its credit acceptance department in Midrand.

The credit acceptance department is under the control of the Manager New Business who reports directly to the General Manager Operations.

The Manager New Business has regular meetings with the independent General Manager and the Manager Collections on risk related issues, including the monitoring of significant trends in the consumer credit environment.

BMW Finance has Risk and Credit committees comprising the Managing Director, Financial Director, General Manager Operations, General Manager Sales and the General Manager Risk. These committees are ultimately tasked with the credit management function.

3 **Credit Systems**

BMW Finance currently market three credit products, namely –

3.1 **Instalment Sales**

An Instalment sale is an agreement in which the customer makes a series of payments to BMW Financial Services over the contract term. The payments include interest as well as capital. The term of the agreement ranges from 12 to 72 months. The instalment sale agreement can be with or without a balloon payment. Balloon refers to a large big payment (instalment) at the end of contract term. The balloon payment at the end is normally expressed as a percentage of the new list price of the vehicle. At the end of the term, the customer can apply for finance of balloon, approval of which is at BMW Finance discretion.

3.2 **Select with Guaranteed Future Value**

Select offers an instalment sale agreement to the customer with a guaranteed future value ("**GFV**"). The customer makes a series of payments, like in instalment sale product, to BMW Financial Services over the contract term. At the end of the contract term, the customer can elect to settle the GFV or the customer can return the vehicle to BMW Financial Services. The customer can also apply for finance of GFV, approval of which is at BMW Finance discretion.

3.3 **Operating leases**

BMW Financial Services, in return for a rental payment, lease vehicles to customers for a term ranging from 6 to 60 months. Ownership of the underlying vehicle remains with BMW Finance during the lease period. This product is typically used by vehicle rental companies. No operating leases have been included in the Participating Assets.

4 **Credit Procedures**

A credit application is completed by the customer, through the relevant dealership or online, with all applicants being contacted by a finance and insurance managers ("**F&I Managers**") at the dealerships and by direct sales staff in respect of direct applications. Applications are captured and submitted electronically to BMW Financial Services *via* a system called the Dealer Front End. Credit Acceptance officers assess the application and decline or approve applications in accordance with individual approval mandates (limits).

Various checks are performed prior to the final credit acceptance decision, including –

- (a) analysis of the credit risk profile of the applicant;

- (b) debt servicing ability – this includes the minimum statutory obligations; and
 - a. proof of income – payslips and bank statements;
 - b. captured expenses;
 - c. credit bureau commitments;
 - d. settlements of any existing financial obligations;
 - e. new financial obligations;
- (c) confirmation of the vehicle pricing.

Various checks are carried out as part of the credit assessment process. These include -

- a. credit bureau checks with TransUnion or Experian Credit Bureaux;
- b. South African Fraud Prevention Service ("**SAFPS**") check;
- c. driver's licence checks with the Road Traffic Management Corporation;
- d. anti-money laundering checks with COIN ("**Compliance Integrity Check**");
- e. Experian fraud solution screening check; and
- f. identity documentation check with the Department of Home Affairs.

5 Credit Scores

BMW Financial Services follows the industry standard for assessing the application risk of a customer. Credit scores are calculated using statistical scoring models. The scorecards are developed assuming that the relationships observed between past applicant characteristics and subsequent payment performance will hold true on future applicants. BMW Financial Services follows the BMW Group's minimum requirements and the scorecards are therefore reviewed on a periodic basis and re-aligned due to factors such as population shift, changes in macro-economic conditions and so forth. The scores are used as a tool in the BMW Finance credit assessment process as part of the overall acceptance criteria and as an additional input into other factors such as risk based pricing.

Credit scoring is a method of determining the likelihood that customers will meet their required payments. A credit score attempts to summarise the risk profile of borrowers based on their credit history. In addition, the scorecard has been enhanced to include the ability that the customer will be able to afford to pay the contractual obligations in the following months.

The scorecards currently used by BMW Financial Services have been developed with Experian who assisted BMW Finance in formulating their credit scoring models. Experian is an international firm operational in a number of countries. The firm has developed analytical modelling techniques to assist companies in evaluating credit risk.

BMW Finance's scorecards evaluate the predictive power for a number of demographic and behavioural characteristics relating to the credit applicant, such as -

- (a) past credit experience;
- (b) stability factors such as time at current job;
- (c) ability to repay based on income;
- (d) current credit activity; and
- (e) asset being financed.

Credit scoring is used as a tool and is an integral part of the BMW Finance application process. The scores therefore assist in decisions for granting of credit in respect of new contracts concluded. This is a tool used in support of the process, however the ultimate credit acceptance decision rests with the credit acceptance department, after taking into account both the quantitative and qualitative aspects of each credit application, there is therefore no such thing as an automatic acceptance of credit based solely on the credit score of the applicant.

BMW Financial Services is a member of the South African Risk and Reporting Association and a founder member of the SAFPS.

6 Granting of Credit

The credit granting process and procedures described above are continually being revised based on various performance factors, economic trends and changes in the regulatory environment and in keeping with international best practice.

Minimum conditions precedent to the granting of finance include the following, but are not limited to –

- (a) the applicant must be at least 21 years of age;
- (b) the applicant must be employed;
- (c) the applicant must produce the necessary valid identity document and proof of various items of information included on the application form;
- (d) the applicant must be resident in South Africa; and
- (e) the applicant must meet the minimum regulatory requirements.

Once approved, all approval letters contain the required terms and conditions stating that all required credit conditions specified have to be met to the satisfaction of BMW Financial Services before the relevant funds are paid out.

Manual overrides to the BMW Financial Credit Risk Guideline and Operations Policy regarding BMW Financial Services policies such as financing above the prescribed amounts and age of vehicle being financed etc, are allowed in certain circumstances, subject to specific approval from a member of senior management that is independent from the credit granting function. All policies, strategies and rules are tracked and monitored by the Credit Risk Department and reported at the National Credit Risk Committee meeting.

7 Billing and Payments

Unless specifically requested by the client on a more frequent (monthly) basis, account statements are issued on a three-monthly basis as well as when a Prime Rate change occurs.

The majority of BMW Finance's customers pay their accounts on a monthly basis *via* debit order. The payments are run on a daily basis throughout the month and are recorded by BMW Finance on a daily basis. Customers may also pay *via* direct debits (often using Internet banking) or EFT's.

8 Ageing

The ageing process refers to the categorisation of accounts in terms of their payment status. Accounts are classified as either current, 30 days, 60 days, 90 days and 120 or more days in arrears. Ageing takes place on a cumulative contractual ageing basis and the full balance owing, rather than just the value of missed instalments is classified as 30, 60, 90 or 120 plus days in arrears.

If an account is therefore 60 days in arrears and one payment is received, the account will move back to 30 days in arrears and not to current.

8.1 Current

Accounts are classified as such when all interest and principal repayments have currently been met in full on a timely basis.

8.2 30 days

Accounts classified as 30 days in arrears represent accounts on which the client has failed to meet one full repayment on time or has paid an amount less than the required payment. The client may therefore only be one day beyond the due date for payment as reflected on his statement and this category therefore reflects all accounts that are between one and 30 days beyond the due date for payment. Strategic partnerships have been established with external collection organisations that have expertise and industry tools to maximise recovery options on accounts classified as early stage delinquency.

Telephonic attempts are made to contact clients in order for them to rectify the missed repayment, with debit order rejections given priority. If not rectified and no contact is made, an ITC trace is performed. If unsuccessful, a tracer is appointed to locate the client, upon which arrangement for payment is made and diarised. If all attempts for contact prove unsuccessful, BMW Finance issues a letter in terms of Section 129 of the National Credit Act (NCA) and proceeds with legal action if warranted.

8.3 60 days

Accounts on which a payment is overdue by between 31 and 60 days are classified as 60 days in arrears. 60 days accounts fall within the classification of early stage delinquency and are assigned to the outsourced collection organisation.

These accounts are managed by attempting to bring the account up to date through advising the client that the Section 129 Letter has been sent to them and what the consequences will be if payment is not received in due course. Following a review of the engagement, decisions are made as to whether to proceed with legal action or alternatively enter into sustainable arrangements with a client.

8.4 90 days

Accounts on which a payment is overdue by between 61 and 90 days are classified as 90 days in arrears and are considered late stage delinquency. In most cases, by this stage, a tracer would have been appointed to establish contact with the client should the client not be forthcoming with either a meaningful arrangement or the voluntary return of the asset. Based on the tracers and collections officer's findings, documentation will be prepared to formalise the repossession of the asset. The client is offered the option of signing a Section 127 or voluntary surrender form. Should the client manage to pay the full arrears (with costs), the vehicle could be released and BMW Finance will continue with the agreement. Where we believe the account can be rehabilitated arrangements can be made to keep the vehicle for up to 30 days after repossession to give the customer the opportunity to bring the account up to date (including all fees). The vehicle is then sold to recover the amount outstanding under the contract and a shortfall letter is sent (if applicable) to the client informing the clients of their obligation to make payment of the outstanding amount.

8.5 120 plus days

Accounts on which a payment is overdue by more than 91 days are classified as 120 plus days in arrears.

At this stage, tracers would be in the process of either uplifting the vehicle or collecting the full payment due. If unsuccessful, court orders and warrants of delivery are issued. The use of tracers and attorneys are monitored with all authorities for repossessions and court orders signed off by BMW Finance management.

BMW Finance's legal department consists of 3 qualified attorneys and 2 administrators all with legal experience or qualification. The legal department is tasked with matters in which all collection department attempts to obtain repayments due from clients have been unsuccessful. This department manages the legal process, in-house as well as outsourced to ensure proper turnaround of all legal matters.

9 Collections

The Collection process on all active accounts in all age categories is managed by the Manager Collections, 2 supervisors and 30 administrators. Through a dedicated Collection System, i.e. Collect Smart, decision trees trigger the required workflows that are used to prioritize and queue accounts to ensure that the entire portfolio receives attention. The goal is to rework the entire portfolio as many times as possible every month. The Collections Department is also centrally based at BMW Finance's offices in Midrand.

10 Charge-Offs and Recoveries

Charge-offs represent the classification of accounts as irrecoverable and it is at this stage that the accounts, from BMW Finance's perspective are defined as being in "Legal status".

Accounts are charged off to legal when the normal collection processes failed and we have a better chance of recovering the balance through legal process or repossession of the asset. Through our strategy we attempt to reach this decision by the time when the arrears are classified as 120 days or in accordance with the credit Procedures Manual and its operating policy have classified an account as being in Legal as a result of specific circumstances. These circumstances may include, but are not limited to –

- death of the Obligor;
- abscondment of the Obligor;
- repossession of the relevant vehicle;
- liquidation or sequestration of the Obligor;
- fraud on the part of the Obligor, or
- for any other reason that BMW Finance may, from time to time, deem an account to be classified as requiring action by the legal department.

In all cases BMW Finance will attempt to make a recovery on the sale of the relevant vehicle through public auction. The net irrecoverable amount after repossession, sale, and shortfall collection, and after all legal alternatives have been followed is deemed to be a write-off and it is at this stage that a non-performing account will be deemed to be a bad debt and BMW Finance will incur a net loss in respect thereof.

DESCRIPTION OF ISSUER

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

Introduction

The Issuer was incorporated and registered in the RSA under registration number 2011/000895/07 as a company with limited liability on 11 January 2011. The Issuer was converted to a public company on 5 September 2013 and the registration number was amended to 2011/000895/06. The issued share capital of the Issuer comprises (i) 995 ordinary par value shares of ZAR1,00 each, and (ii) 500 cumulative redeemable preference shares of ZAR0.01 each. All the ordinary shares in the Issuer's share capital are held by the Issuer Owner Trust. The Issuer has no subsidiaries.

Directors

In terms of the Issuer's memorandum of incorporation, the Issuer is required at all times to have not less than four directors in office. Of the aforementioned four directors, three shall be independent, one of whom is to be appointed by the Trustee for the time being of the Issuer Owner Trust, such trustee initially being TMF. The fourth director is to be appointed by the Servicer and, in order for a quorum at any meeting of the Issuer's Board to be constituted, one independent director is required to be present. The directors of the Issuer are –

- (a) Mr Andreas Koser;
- (b) Ms Adolphina Kodisang;
- (c) Mr Richard Angus; and
- (d) Ms Rishendrie Thanthony.

Other appointments

The company secretary of the Issuer is TMF and its public officer is Ms Louette Nel.

Registered office

The registered office of the Issuer is situated at 3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, 7708.

Activities

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

The Issuer is subject to Applicable Laws which may change at any time, such as the Companies Act. The Issuer shall do all things required to comply with all such Applicable Laws from time to time. The activities of the Issuer shall be confined to those contemplated in this Programme Memorandum.

The Issuer shall have regard to the objects of the Financial Markets Act, which includes, but is not limited to, ensuring fairness, efficiency and transparency.

The directors of the Issuer support the Code of Governance Principles set out in the King IV Report (the "**Code**") and recognise the need to conduct the affairs of the Issuer with integrity and accountability.

The Issuer is an insolvency remote entity operating in accordance with the requirements of the securitisation regulations and the Transaction Documents, with no employees and no administrative infrastructure of its own. The Issuer's affairs are managed respectively, by the Servicer in terms of the Asset Sale and Servicing Agreement and by the Administrator in terms of the Administration Agreement. The Issuer is fully committed to the principles of the Code and in supporting the Code the directors of the Issuer recognise the need to govern with integrity and in accordance with generally accepted corporate practices. The Code has been applied by the Issuer and compliance is disclosed in the financial statements of the Issuer. A detailed application register of the Issuer's application of the Code is available on the Servicer's website: <http://www.bmwfinance.co.za> .

The Servicer manages the affairs of the Issuer in accordance with the 16 core principles of the Code. Furthermore, the directors of the Issuer have considered all 16 core principles of the Code and are satisfied that the Servicer (in line with its own application of the Code) will manage the Issuer's affairs in adherence with the 16 core principles of the Code.

Auditors

The independent Auditors of the Issuer at the First Issue Date were and currently are KPMG.

REPORT OF INDEPENDENT AUDITORS OF ISSUER

The following is the text of the report of the independent auditors of the Issuer in relation to compliance of the securitisation scheme set out in this Programme Memorandum with the relevant provisions of Government Notice No. 2 (Government Gazette No. 30628, 1 January 2008 published under the Banks Act, 1990 (the "Securitisation Notice").

Such report is provided in accordance with paragraph 15(1)(a)(i) and 15(1)(a)(ii) of the Securitisation Exemption.

The Directors
SuperDrive Investments (RF) Limited
3rd Floor, 200 on Main
Cnr Main and Bowwood Roads
Claremont, 7708

The Directors
BMW Financial Services (South Africa) Proprietary Limited
PO Box 2955
Pretoria
0001

[Date]

Limited assurance report of the independent auditors of SuperDrive Investments (RF) Limited (the "Issuer") to the Registrar of Banks, regarding compliance by the Issuer relating to the issue of R[•] asset backed securities dated 24 August 2011, with the relevant provisions of the Securitisation Scheme Regulations issued by the Registrar of Banks, as required by paragraphs 15(1)(a)(ii) and 16(2)(a)(vii) of the Securitisation Scheme Regulations (Government Notice 2, Government Gazette 30628 of 1 January 2008)

Introduction

We have completed our limited assurance engagement to report in terms of paragraphs 15(1)(a)(ii) and 16(2)(a)(vii) of the Securitisation Scheme Regulations (Government Gazette 30628 of 1 January 2008), on whether the disclosures by SuperDrive Investments (RF) Limited (the "**Issuer**"), in respect of the proposed securitisation transaction, comply in all material respects, with the provisions of the relevant Securitisation Scheme Regulations.

Responsibility of the Issuer

The Issuer is responsible for the preparation of, and disclosures in the programme memorandum dated 24 August 2011 (the "**Programme Memorandum**") and the Applicable Pricing Supplement dated [•] 2011 (the "**Applicable Pricing Supplement**") and applicable other agreements and documentation, and for making available to the assurance provider, all relevant documentation pursuant to the transaction and as required by the relevant Securitisation Scheme Regulations, including that described in the Programme Memorandum.

Responsibility of the assurance provider

Our responsibility is to report on whether the disclosures in the Programme Memorandum and the Applicable Pricing Supplement comply in all respects, with the provisions of the relevant Securitisation Scheme Regulations. Our assurance engagement was performed in accordance with the International Standard on Assurance Engagements, ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information*. This standard requires us to comply with ethical requirements and to plan and perform our assurance engagement to obtain limited assurance, expressed below, regarding the subject matter of the engagement.

Restriction on use and distribution and limitation of liability

This report is for the sole use of the addressees and for the purposes set out above. It is not to be used, circulated, quoted, or otherwise referred to for any other purpose. This report may not be referred to in any other document (except that reference may be made to its existence in any contract or other communication between the Issuer and/or the Arranger and Dealer(s), and/or ourselves), nor made available to any other party (except that a copy may be included in the collection of transaction documents memorialising the Programme prepared for the Issuer and the Arranger and Dealer(s)). Notwithstanding the foregoing, we will not accept any duty, responsibility or liability to any party, other than the addressees of this letter, to whom this letter or copies or extracts thereof may be shown or into whose hands they may come.

Summary of work performed

Our assurance engagement was limited, to an examination of the Programme Memorandum and the Applicable Pricing Supplement made available to us by the Issuer, for evidence of compliance with the relevant provisions of the Securitisation Scheme Regulations affecting the transaction. In addition, we made such inquiries of management of the Issuer, as we considered necessary for the purposes of our engagement.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement.

We believe our evidence is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our work performed nothing has come to our attention which causes us to believe that the disclosures in the Programme Memorandum and the Applicable Pricing Supplement, are not in compliance with all the relevant provisions of the Securitisation Scheme Regulations.

Yours faithfully
KPMG Inc.

[•]
Chartered Accountant (SA) Registered Auditor Director

DESCRIPTION OF ADMINISTRATOR

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The following incorporates a summary of certain provisions of the Administration Agreement, does not purport to be complete and is taken from, and is qualified by, the Administration Agreement.

1 Role of Administrator

The Issuer has, in terms of the Administration Agreement, appointed the Administrator as manager of the Issuer in respect of the day to day management of the Issuer upon the terms and conditions of the Administration Agreement. Any rights or obligations of the Issuer under the Transaction Documents may be exercised or satisfied (as the case may be) by the Administrator on behalf of the Issuer and the Guarantor SPV is not obliged to enquire as to the authority of the Administrator to take such action on behalf of the Issuer.

2 Duties of Administrator

The duties of the Administrator include, *inter alia*, ensuring that all management, reporting, general, administrative, accounting, company secretarial and legal functions which the Issuer may require to have carried out in the ordinary course of the Issuer's Business and the conduct of the Programme are carried out either by itself or by the agents, auditors, secretaries or attorneys of the Issuer from time to time.

The Administrator shall have specific duties in respect of the hedging of certain interest rate exposures of the Issuer. The Administrator will execute interest rate swaps with suitable counterparties on a continuing basis on behalf of the Issuer.

The Administrator as regards its capacity in relation to the Programme, remains subject to the ultimate control and directions of the Issuer's Board.

3 Remuneration of Administrator

As compensation for the role performed by the Administrator in managing the Issuer's Business, the Administrator is entitled to a fee as set out in the terms and conditions of the Administration Agreement, payable by the Issuer to the Administrator as described in the Administration Agreement.

4 Duration of Appointment of Administrator

The appointment of the Administrator commenced on the date of signature of the Administration Agreement and will endure until the later of the Programme Termination Date or the date on which all of the obligations of the Issuer to the Secured Creditors have been fully and finally discharged and extinguished. The Issuer is also entitled to terminate the appointment of the Administrator and replace it with another administrator in the event of a breach of by the Administrator of its

obligations under the Administration Agreement as well as in the case of certain other events as more specifically set out in the Administration Agreement.

DESCRIPTION OF MANAGER

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The following incorporates a summary of certain provisions of the Programme Agreement, and does not purport to be complete and is taken from, and is qualified by, the Programme Agreement.

Standard Bank, acting through its Corporate and Investment Banking division, has been appointed as Manager of the Programme in accordance with the Programme Agreement to manage the issuance of the Notes under the Programme from time to time.

The Manager will, upon being requested to do so by the Administrator (the Administrator having been duly authorised thereto by the Issuer's Board) procure and manage the issuance of Notes under the Programme.

Unless otherwise agreed by the Manager in writing, the Manager does not assume any risk that any Notes will be issued nor does the Manager underwrite the issue of any Notes pursuant to the Programme. In particular, the Manager does not assume the risk that any Notes will be refinanced during a Refinancing Period, such risk being the sole risk of the Issuer.

The Manager will, in respect of any issue of Notes, be entitled to appoint additional managers and underwriters or, to the extent that the Manager is also an underwriter, co-underwriters in respect of any issue of Notes under the Programme.

SETTLEMENT, CLEARING AND TRANSFERS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

Notes held in the Central Securities Depository

Clearing systems

Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and issued in uncertificated form, will be cleared through the Central Securities Depository which, as the operator of an electronic clearing system, has been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. Each such Tranche of Notes will be issued, cleared and transferred in accordance with the Applicable Procedures and the Conditions. Each such Tranche of Notes will be settled through Central Securities Depository Participants who will comply with the electronic settlement procedures prescribed by the JSE and the Central Securities Depository. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE, the Issuer and the Dealer(s).

Central Securities Depository Participants

As at the date of this Programme Memorandum, the Central Securities Depository Participants which are approved by the Central Securities Depository, in terms of the Applicable Procedures, as settlement agents to perform electronic settlement of funds and scrip are the South African Reserve Bank, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Citibank N.A., South Africa branch, Standard Chartered Bank, Johannesburg branch and Société Générale, Johannesburg branch. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking société anonyme will settle offshore transfers through their South African Central Securities Depository Participant.

Notes issued in uncertificated form

Notes that are to be listed on the Interest Rate Market of the JSE will, subject to Applicable Law, be issued in uncertificated form. The Issuer may also issue unlisted Notes under the Programme. Unlisted Notes are not regulated by the JSE. Notes issued in uncertificated form will not be represented by any certificate or written instrument.

With respect to Notes not listed on the Interest Rate Market of the JSE, the placement of such unlisted Notes may be reported through the JSE reporting system in order for the settlement of trades to take place in accordance with the electronic settlement procedures of the JSE and the Central Securities Depository. In such event, the Applicable Pricing Supplement will be delivered to the JSE and the Central Securities Depository. With respect to Notes not listed on the Interest Rate Market of the JSE, and not to be settled through the electronic settlement procedures of the JSE and the Central Securities Depository, no Applicable Pricing Supplement will be delivered to the JSE.

All transactions in uncertificated securities as contemplated in the Financial Markets Act will be cleared and settled in accordance with the Applicable Procedures. All the provisions

relating to Beneficial Interests in the Notes held in the Central Securities Depository will apply to Notes issued in uncertificated form.

Beneficial Interests

The Central Securities Depository will hold each Tranche of Notes issued in uncertificated form, subject to the Financial Markets Act and the Applicable Procedures. Each Tranche of Notes issued in uncertificated form, will be registered in the name of the registered holder of such Notes (as reflected in the securities accounts of the Central Securities Depository or the relevant Central Securities Depository Participant), and such registered holder will be named in the Register as the sole Noteholder of such Tranche of Notes.

Accordingly, and except where the contrary is provided in the Conditions, all amounts to be paid and all rights to be exercised in respect of the Notes held in uncertificated form, will be paid to the Central Securities Depository and may be exercised only by the Central Securities Depository or the relevant Central Securities Depository Participant as the holders of Beneficial Interests in such Notes.

The Central Securities Depository maintains central securities accounts only for Central Securities Depository Participants.

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

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

Payments of interest and principal in respect of Notes held in uncertificated form, and registered in the name of the registered holder of such Notes (as reflected in the securities accounts of the Central Securities Depository or the relevant Central Securities Depository Participant), will be made in accordance with Condition 13.8 to the Central Securities Depository, or such other registered holder of the uncertificated Notes as shown in the Register, and the Issuer will be discharged by proper payment to or to the order of the registered holder of the Certificate in respect of each amount so paid. The registered holder of such uncertificated Notes will in turn transfer such funds, *via* the Central Securities Depository Participants, to the holders of Beneficial Interests in such Notes in accordance with Applicable Procedures.

Each of the persons shown in the records of the Central Securities Depository and the relevant Central Securities Depository Participant, as the case may be, as the holders of Beneficial Interests will look solely to the Central Securities Depository or the relevant Central Securities Depository Participant, as the case may be, for such person's share of such payment so made by the Issuer to, or to the order of, the registered holder of such Notes.

The Issuer will not 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 such Beneficial Interests.

Transfers and exchanges

Transfers of Beneficial Interests in the Central Securities Depository to and from clients of the Central Securities Depository Participants occur by electronic book entry in the central securities accounts of the clients of the Central Securities Depository Participants. Transfers among Central Securities Depository Participants of Notes held in the Central Securities Depository system occur through electronic book entry in the Central Securities Depository Participants' central security accounts with the Central Securities Depository. Beneficial Interests may be transferred only in accordance with the Conditions and the rules and operating procedures for the time being of the Central Securities Depository, Central Securities Depository Participants and the JSE.

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

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 17.

Individual Certificates

The Notes represented by Individual Certificates will be registered in the name of the individual Noteholder in the Register.

Title to unlisted Notes issued in definitive form will pass upon registration of transfer in the Register. The Issuer shall regard the Register as a conclusive record of title to the Notes.

Payments of interest and principal in respect of Individual Certificates will be made to Noteholders in accordance with Condition 13.

The JSE Debt Guarantee Fund Trust

Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the JSE Debt Guarantee Fund Trust.

SOUTH AFRICAN TAXATION

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

1 VALUE-ADDED TAX

No value-added tax ("**VAT**") is payable on the issue or transfer of the Notes as the Notes constitute "debt securities" as defined in section 2(2)(iii) of the Value Added Tax Act, 89 of 1991 (the "**VAT Act**"). The issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security is deemed to be a financial service in terms of section 2(1)(c) of the VAT Act, which financial service is exempt from VAT in terms of section 12(a) of the VAT Act.

Commissions, fees or similar charges raised for the facilitation of these services will be subject to VAT at the standard rate (currently 15%), except where the recipient is a non-resident for tax purposes, in which case a zero rate may apply.

2 INCOME TAX

- 2.1 Under current taxation law effective in South Africa as at the date of this Programme Memorandum, persons who or which are tax residents will, subject to any available exemptions, be taxed in South Africa on their world-wide income. A tax resident is a person who or which is a "resident" as defined in section 1 of the South African Income Tax Act, 1962 (the "**Income Tax Act**"). Any income received by or accrued to a resident in respect of the Notes will accordingly be subject to income taxes imposed or assessed under the Income Tax Act.
- 2.2 Any original issue at a discount to the nominal amount of the Notes will, in terms of Section 24J of the Income Tax Act, be treated by the revenue authorities as interest for tax purposes, and the discount amount will be deemed to accrue to the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until maturity. If the Notes are disposed of prior to maturity or are subject to early redemption, then the yield to maturity is re-calculated at that time.
- 2.3 Any original issue premium or redemption premium will be added to the Principal Amount of the Notes to determine the initial amount which will be used to determine the interest which is deemed, under Section 24J of the Income Tax Act, to have been incurred or to have accrued in respect of the Notes. Interest is taxed on the basis of the yield to maturity unless an election has been made by the Noteholder (if the Noteholder is entitled to make such election) to treat the Notes as trading stock on a mark-to-market basis.
- 2.4 A non-resident is taxed in South Africa under the Income Tax Act only on income from a source within or deemed to be within South Africa. A non-resident is a person who or which is not a "resident" as defined in the Income Tax Act. Interest which is received or accrued in respect of the Notes during any year of assessment to any non-resident will be exempt from taxation under the Income Tax Act, unless that non-resident is a natural person who was physically present

in South Africa for a period exceeding 183 calendar days in aggregate in that year or, if that non-resident (whether or not a natural person), carried on business in South Africa at any time during that year through a permanent establishment located in South Africa.

- 2.5 If a non-resident Noteholder does not qualify for the exemption, exemption from, or reduction of any South African income tax liability may be available under an applicable double taxation treaty. Note the change in South African tax law in respect of the income tax implications for non-resident Noteholders that will take effect on 1 January 2013, as discussed in more detail under the Withholding Tax section below.
- 2.6 Section 24J provides for certain amounts to be treated as interest for South African tax purposes and regulates the accrual and incurrance of interest. Under section 24J any discount or premium to the face value of the Notes is treated as interest and deemed to accrue to the Noteholder on a day-to-day basis until maturity or until such time as such Noteholder disposes of its beneficial interest in the Note. The day-to-day accrual for purposes of section 24J is determined by calculating the "yield to maturity" in accordance with the provisions of section 24J.
- 2.7 Section 10(1)(i) provides for certain amounts of interest accruing to South African residents who are natural persons to be exempt from South African tax.
- 2.8 A Noteholder falling within the definition of a "covered person" in section 24JB will be subject to tax on the Notes in accordance with the provisions of section 24JB and not on the aforementioned yield-to-maturity basis and Noteholders are advised to seek advice as to whether these provisions apply to them.
- 2.9 Section 8FA provides for the reclassification of interest paid in relation to, amongst others, subordinated debt. Interest payable under the Notes are excluded from the ambit of section 8FA by virtue of the provisions of section 8FA(3)(c)(ii).
- 2.10 To the extent that any subsequent disposal of the Notes by a Noteholder gives rise to a gain or loss, the normal principles should be applied to determine whether such gain or loss should be treated as an income or capital gain or loss for purposes of the Income Tax Act. Capital gains or losses on the disposal of Notes by Noteholders who are South African residents will be subject to the capital gains tax provisions in the Eighth Schedule to the Income Tax Act. Noteholders are advised to consult their professional advisors as to whether a disposal of Notes will give rise to a capital gains tax liability.

3 CAPITAL GAINS TAX

- 3.1 Capital gains tax applies to any capital gain earned on the disposal or deemed disposal of an asset by residents, as well as to any capital gain resulting from the disposal of immovable property and any assets attributable to a permanent establishment of a non-resident located in South Africa.
- 3.2 Noteholders who are not tax resident in South Africa will generally not be subject to capital gains tax on the disposal of Notes unless the Notes are capital assets attributable to a permanent establishment of such Non-resident located in South Africa.

- 3.3 A gain made on the disposal (other than by way of redemption) of the Notes by a resident Noteholder may be subject to capital gains tax.
- 3.4 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 will not be taken into account when determining any capital gain or loss. In terms of section 24J(4A) of the Income Tax Act a loss on disposal will, to the extent that it has previously been included in taxable income (as interest) be allowed as a deduction from the taxable income of the holder when it is incurred and accordingly will not give rise to a capital loss.
- 3.5 Capital Gains Tax in terms of the Eighth Schedule to the Income Tax Act does not apply to assets such as Notes disposed of by a person who is not a resident unless the Note disposed of is attributable to a permanent establishment of that person through which a trade is carried on in South Africa during the relevant year of assessment.

4 **SECURITIES TRANSFER TAX**

The issue, subsequent transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 ("**STT Act**"), on the basis that the Notes do not constitute "security" as defined in section 1 of the STT Act.

5 **WITHHOLDING TAX ON INTEREST**

From 1 March 2015, a withholding tax on interest, calculated at a rate of 15% on the amount of any interest paid to Non-resident Noteholders on or after that date will apply, subject to any available double taxation agreement relief and provided the interest is not subject to normal tax in terms of the rules explained above. Interest on Notes that are listed on the Interest Rate Market of the JSE will, however, be exempt from the withholding tax on interest. Any interest paid to a controlled foreign company and which interest was subject to the withholding tax on interest will not be taken into account in determining the "net income" of such controlled foreign company.

SUBSCRIPTION AND SALE OF NOTES

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

The Notes will be distributed by Standard Bank or any other person appointed as a Dealer in terms of the Programme Agreement.

Republic of South Africa

The Issuer and the Dealer have represented and agreed that they will not solicit any offers for subscription for the Notes in contravention of the Companies Act or the Banks Act. Notes will not be offered for subscription to any single addressee for an amount of less than ZAR1,000,000.

United States of America

Terms used in these paragraphs have the meanings given to them by Regulation S under the United States Securities Act of 1933 (the "**Securities Act**") and by the U.S. Internal Revenue Code of 1986 and the Regulations thereunder.

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States of America or to, or for the account or benefit of U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States of America or its possessions to a U.S. person, except in certain transactions permitted by U.S. tax regulations.

The Issuer and the Dealer have represented and agreed that it will not offer, sell or deliver Notes either as part of their distribution at any time or otherwise until 40 days after completion of the distribution, as determined and certified by the Dealer, within the United States of America or to, or for the account or benefit of, U.S. persons. The Dealer has further agreed that it will send to each dealer to which it sells any of such Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States of America or to, or for the account or benefit of, U.S. persons.

Within 40 days after the commencement of the offering of any Notes, an offer or sale of such Notes within the United States of America by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Dealer has further agreed that it, its affiliates and any other person acting on its or any of its affiliates' behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Notes of that Tranche and it, its affiliates and any persons acting on its or any of its affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

United Kingdom

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

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

European Economic Area

Prior to the issue of any Tranche of Notes under the Programme, the Dealer will be required to represent and agree that, in relation to each member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made, and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State –

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "*offer of Notes to the public*" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be

offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

Prior to the issue of any Tranche of Notes under the Programme, the Dealer will be required to represent and agree that it will (to the best of its knowledge and belief) comply with all Applicable Laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures subscriptions for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscriptions, offers or sales.

Neither of the Issuer, the Guarantor SPV, nor the Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such sale.

SOUTH AFRICAN EXCHANGE CONTROL CONSIDERATIONS

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

Non-South African Resident Noteholders and Emigrants from The Common Monetary Area

Blocked Rands may be used for the purchase of, or subscription for Notes. Any amounts payable by the Issuer in respect of the Notes purchased, or subscribed for, with Blocked Rands may not, in terms of the Exchange Control Regulations, 1961, (the "**Exchange Control Regulations**") be remitted out of the RSA or paid into any non-South African bank account.

Emigrants from the Common Monetary Area

All Certificates issued to Noteholders who are emigrants of the Common Monetary Area in respect of Notes will be restrictively endorsed "non-resident". Such restrictively endorsed Certificates will be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

In the event that any Beneficial Interest in Notes is held by emigrant non-resident from the Common Monetary Area, through the Central Securities Depository and its relevant Central Securities Depository Participants, the Securities Account of such emigrant will be designated as an "non-resident" account.

Any payments of interest or principal due to an emigrant Noteholder in respect of Notes will be deposited into such emigrant's Blocked Rand account with the authorised foreign exchange dealer controlling such blocked assets. These amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

In terms of the Exchange Control Regulations, non-residents of the Common Monetary Area may not invest in the Notes unless general approval is sought and obtained from the relevant authorities.

All Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the event that any Beneficial Interest in Notes is held by a non-resident of the Common Monetary Area, through the Central Securities Depository and its relevant Central Securities Depository Participants the Securities Account of such Noteholder will be designated as an "non-resident" account.

It will be incumbent on any such non-resident to instruct the non-resident's nominated authorised foreign exchange dealer as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into the RSA and provided that the relevant Certificates, is designated "non-resident".

For the purposes of these paragraphs –

"Common Monetary Area" means the RSA, Lesotho, Namibia and Eswatini.

"Blocked Rands" means funds which may not be remitted out of the RSA or paid into a non-South African resident's bank account.

Exchange Control Approval

Approval in terms of the Exchange Control Regulations is not required for the subscription or purchase of Notes.

GENERAL INFORMATION

Words used in this section shall have the same meanings assigned to them in the section of this Programme Memorandum headed "Interpretation", except to the extent they are separately defined in this section or the use thereof is clearly inappropriate from the context.

Authorisation

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the RSA have been given for the establishment of the Programme, the initial issue of Notes and for the Issuer to undertake and perform its respective obligations under the Programme Memorandum and the Notes. As at the date of this Programme Memorandum, the Issuer has received approval from the South African Reserve Bank under the provisions of the Securitisation Notice to issue commercial paper with an aggregate value of up to ZAR6,000,000,000. The Issuer may, at any time, request this limit to be increased. As at the date of this Programme Memorandum, no approval of the Exchange Control Department of the South African Reserve Bank is required by the Issuer for the issue of this Programme Memorandum.

Listing

The Programme has been registered with the Interest Rate Market of the JSE. Notes to be issued under the Programme may be listed on the Interest Rate Market of the JSE or any successor exchange and/or any further exchange as may be agreed between the Issuer and the Dealer subject to the relevant ruling law. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE.

Settlement agents

As at the date of this Programme Memorandum, the Central Securities Depository recognised Settlement Agents are the South African Reserve Bank, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Citibank N.A., South Africa branch, Standard Chartered Bank, Johannesburg branch and Société Générale, Johannesburg branch. Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking Société Anonyme, will settle offshore transfers through South African Settlement Agents.

Conflicts of interest

Standard Bank and its affiliates have a lending relationship with the Issuer and from time to time have performed, and in the future will perform, banking, investment banking, advisory, consulting and other financial services for the Issuer and its affiliates, for which it may receive customary advisory and transaction fees and expenses reimbursement.

In addition, in the ordinary course of their business activities, Standard Bank and its affiliates may make loans or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such loans, investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates (including the Notes). Standard Bank or its affiliates may hedge their credit exposure to the Issuer consistent with their customary risk management policies.

Litigation

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings, the results of which might have or have had, over the past 12 months, a material significant effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

Material change

As at the date of this Programme Memorandum, and after due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of its latest audited financial statements to the date of this Programme Memorandum. This statement has not been verified or confirmed by the auditors of the Issuer.

Auditors

KPMG Inc. are the present auditors of the Issuer and have acted as the auditors of the financial statements of the Issuer for each financial year ending 31 December 2016, 31 December 2017, and 31 December 2018 and in respect of these years have issued unqualified audit reports in respect of the Issuer.

Documents incorporated by reference

So long as the Programme is registered, a copy of this Programme Memorandum, the Investor Report and each of the documents referred to in the section of this Programme Memorandum headed "*Documents Incorporated by Reference*" will be available for inspection during normal office hours after the date of this Programme Memorandum, at the offices of the Servicer, situated at 1 Bavaria Avenue, Randjespark, Extension 17, Midrand.

A copy of this Programme Memorandum, any other supplement to this Programme Memorandum and each Applicable Pricing Supplement are available on the JSE's website, www.jse.co.za, as well as the Servicer's website, <https://www.bmw.co.za/en/topics/offers-and-services/bmw-financial-services/investor-relations.html>. Copies of the Issuer's audited financial statements, Issuer Report and the Issuer Documents are also available on the Servicer's website, <https://www.bmw.co.za/en/topics/offers-and-services/bmw-financial-services/investor-relations.html>.

Signed on behalf of SuperDrive Investments (RF) Limited by two directors:

Name:
Capacity: Director
Date: 5 August 2019

Name:
Capacity: Director
Date: 5 August 2019

Litigation

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings, the results of which might have or have had, over the past 12 months, a material significant effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

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Signed on behalf of SuperDrive Investments (RF) Limited by two directors:

Name:
Capacity: Director
Date: 5 August 2019



Name: Kdolphina Kodisang
Capacity: Director
Date: 5 August 2019

Litigation

The Issuer (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings, the results of which might have or have had, over the past 12 months, a material significant effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

Material change

As at the date of this Programme Memorandum, and after due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of its latest audited financial statements to the date of this Programme Memorandum. This statement has not been verified or confirmed by the auditors of the Issuer.

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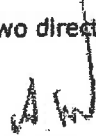
Documents incorporated by reference

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A copy of this Programme Memorandum, any other supplement to this Programme Memorandum and each Applicable Pricing Supplement are available on the JSE's website, www.jse.co.za, as well as the Servicer's website, <https://www.bmw.co.za/en/topics/offers-and-services/bmw-financial-services/investor-relations.html>. Copies of the Issuer's audited financial statements, Issuer Report and the Issuer Documents are also available on the Servicer's website, <https://www.bmw.co.za/en/topics/offers-and-services/bmw-financial-services/investor-relations.html>.

Signed on behalf of SuperDrive Investments (RF) Limited by two directors:

Name: _____
Capacity: Director
Date: 5 August 2019


Name: ANDREAS KUSER
Capacity: Director
Date: 5 August 2019

CORPORATE INFORMATION

ISSUER

SuperDrive Investments (RF) Limited

(Registration number 2011/000895/06)

Registered Office:

3rd Floor

200 on Main

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South Africa

Contact: The Managing Director

Tel: +27 (0) 11 666 0760

Facsimile: +27 (0) 86 673 3490

GUARANTOR SPV

SuperDrive Investments Guarantor SPV (RF) Proprietary Limited

(Registration number 2010/013324/07)

Registered Office:

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Cnr Main and Bowwood Roads

Claremont, 7708

South Africa

Contact: The Managing Director

Tel: +27 (0) 11 666 0760

Facsimile: +27 (0) 86 673 3490

ARRANGER AND MANAGER

The Standard Bank of South Africa Limited

(acting through its Corporate and Investment Banking division)

(Registration number 1962/000738/06)

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East Wing

30 Baker Street

Rosebank

Johannesburg, 2001

South Africa

Contact: Head – Debt Capital Markets, SA

Tel: +27 (0) 11 721 6032

Email: SecuritisationTransactionManagement@standardbank.co.za

ORIGINATOR AND SERVICER
BMW Financial Services (South Africa) Proprietary Limited

(Registration number: 1990/022751/06)

1 Bavaria Avenue
Randjespark Extension 17
Midrand
South Africa
1685

Contact: Manager: Controlling
Tel: +27 (0) 11 541 7520
Email: nelis.za.zeelie@bmwfinance.co.za

LEGAL ADVISERS TO THE ARRANGER, ISSUER AND GUARANTOR SPV
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(Registration number 1990/007215/21)

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(acting through its Transactional Product Services, Investor Services division)

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and
TPSISNewIssuesServices@standardbank.co.za

DEBT SPONSOR
Merchantec Proprietary Limited

(Registration number 2008/027362/07)

13th Floor, Illovo Point, 68 Melville Road
Illovo
Sandton, 2196
South Africa

Contact: Ms M Martinez
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Email: debtsporsorteam@merchantec.co.za

**INDEPENDENT AUDITORS TO THE ISSUER AND
GUARANTOR SPV**

KPMG Inc.

(Registration number 1999/021543/21)

KPMG Crescent
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South Africa

Contact: Willem Pretorius
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Email: willem.pretorius@kpmg.co.za

**TRUSTEES FOR THE ISSUER OWNER TRUST AND THE
GUARANTOR SPV OWNER TRUST**

**TMF Corporate Services (South Africa) Proprietary Limited
(formerly known as GMG Trust Company (SA) Proprietary Limited)**

(Registration number 2006/013631/07)

3rd Floor
200 on Main
Cnr Main and Bowwood Roads
Claremont, 7708
South Africa

Contact: The Trustee
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SCHEDULE 1 – PRO FORMA APPLICABLE PRICING SUPPLEMENT

SUPERDRIVE INVESTMENTS (RF) LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 2011/000895/06)

Issue of ZAR[•] [Title of Notes]

Under its Asset Backed Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions (the "**Conditions**") set forth in the amended and restated Programme Memorandum dated on or about 5 August 2019 (the "**Programme Memorandum**"). This Applicable Pricing Supplement must be read in conjunction with such Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

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

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

The Issuer confirms that the issue of Notes described in this Applicable Pricing Supplement together with the aggregate Principal Amount Outstanding of the Notes in issue on the Issue Date will not exceed the Programme Limit as specified in item 42 below.

The JSE takes no responsibility for the contents of this Applicable Pricing Supplement, the Issuer's annual financial statements or the annual financial reports and any amendments or supplements to the aforementioned documents, and the JSE makes no representation as to the accuracy or completeness of this Applicable Pricing Supplement, the Issuer's annual financial statements or annual financial reports and any amendments or supplements to the aforementioned documents. To the extent permitted by Applicable Law, the JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Applicable Pricing Supplement, the Issuer's annual financial statements or the annual financial reports and any amendments or supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's

approval of the registration of the Programme Memorandum and the listing of the Notes described in this Applicable Pricing Supplement is not to be taken in any way as an indication of the merits of the Issuer or of the Notes and, to the extent permitted by Applicable Law, the JSE will not be liable for any claim whatsoever.

DESCRIPTION OF THE NOTES

1	Issuer	[•]
2	the Guarantor SPV	[•]
3	Status of Notes	Secured
4	Class of Notes	[•]
5	Tranche Number	[•]
6	Aggregate Principal Amount of Tranche of Notes	ZAR[•]
7	Interest/Payment Basis	[Fixed Rate/Floating Rate/Zero Coupon/Indexed Interest/Indexed Redemption Amount/Mixed Rate/Partly Paid/Instalment/Exchangeable/Other]
8	Amount of this Tap Issue	ZAR[•]
9	Issue Date	[•]
10	Issue Price	[•]
11	Scheduled Maturity Date	[•]
12	Legal Final Maturity Date	[•]
13	Use of Proceeds	The net proceeds of this issue of Notes referred to in this Applicable Pricing Supplement will be used to [purchase the Participating Assets specified in Annexure "A"] / [redeem the Notes with an Aggregate Principal Amount of ZAR[•], having a Scheduled Maturity Date of [•] with Stock Code [•].]
14	Applicable Business Day Convention	[Floating Rate Business Day/Following Business Day/Modified following Business Day/Preceding Business Day/other convention – insert details]
15	Dealer	[•]
16	Paying Agent	[•]
17	Specified office of the Paying Agent	[•]
18	Transfer Agent	[•]
19	Specified office of the Transfer Agent	[•]
20	Calculation Agent	[•]
21	Specified office of the Calculation Agent	[•]

AUTHORISED AMOUNT

- 22 The aggregate nominal amount of Notes authorised by the Issuer as at the Issue Date under this Programme (including the Notes issues pursuant to this Applicable Pricing Supplement) **[•]**

FLOATING RATE

- 23 Interest Payment Date(s) means the 21st day of February, May, August and November of each calendar year or, if such day is not a Business Day, the Business Day on which the interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in this Applicable Pricing Supplement). The first Interest Payment Date shall be **[•]**
- 24 Interest Period(s) means each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the Issue Date and end on (but exclude) the following Interest Payment Date (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention). The last Interest Period shall be from **[•]** until **[•]**
- 25 Margin **[•]**%
- 26 Step-Up Margin **[•]**%

GENERAL

- 27 Description of the amortisation of Notes Notes are redeemed in accordance with the Priority of Payments
- 28 Additional selling restrictions (if any) **[•]**
- (a) International Securities Identification Number (ISIN) **[•]**
- (b) Stock Code **[•]**
- 29 Financial Exchange **[•]**
- 30 Method of sale of Notes Auction
- 31 Expected Long-Term Rating to be assigned to Notes as at the Issue Date **[•]**
- 32 Rating Agency/ies **[•]**
- 33 Date of issue of current Rating **[•]**
- 34 Date of next expected Rating review **[•]**
- 35 Description of aggregate of Subsequent Participating Assets acquired pursuant to this issue **[see Annexure "A"]**

- | | | |
|----|---|--|
| 36 | Governing law (if the laws of South Africa are not applicable) | 【●】 |
| 37 | Last Day to Register | the close of business on the Business Day immediately preceding the first day of a Books Closed Period |
| 38 | Books Closed Period | 【●】 |
| 39 | Description of aggregate of all Participating Assets as at Issue Date | 【see Annexure "B"】 |
| 40 | Total Principal Amount of Notes in issue as at the Issue Date | ZAR【●】 |
| 41 | Increase in Programme Wide Liquidity Facility: if yes: | 【Yes/No】 |
| 42 | Programme Limit | 【●】 |
| 43 | The amount with which the Programme Wide Liquidity Facility is increased by | ZAR【●】 |
| 44 | Programme Wide Liquidity Facility Provider | 【●】 in an amount of ZAR【●】 |
| 45 | Number of Participating Assets acquired | 【●】 |
| 46 | Value of Participating Assets acquired | 【●】 |
| 47 | Seasoning of Participating Assets acquired | 【●】 |
| 48 | 【Level of collateralisation | The level of collateralisation will be set out in the Investor Report】 |
| 49 | 【Concentration of Obligors that account for 10% or more of the asset value | Information on the concentration of Obligors that account for 10% or more of the asset value will be set out in the Investor Report】 |
| 50 | Other provisions | 【●】 |

PARTICIPATING ASSET DATA – SEE ANNEXURE A.

Please refer to the Investor Report issued by the Administrator and to the Servicer's website <https://www.bmw.co.za/en/topics/offers-and-services/bmw-financial-services/investor-relations.html> for further information on the Originator.

The Investor Report is available at <https://www.bmw.co.za/en/topics/offers-and-services/bmw-financial-services/investor-relations.html>.

Application is hereby made to list this issue of Notes on *【insert date】*.

Name: 【●】
Capacity: Director
Date: 【●】

Name: 【●】
Capacity: Director
Date: 【●】

ANNEXURE "A"

DETAILS OF PARTICIPATING ASSETS

SuperDrive Investments (RF) Limited		
Main objective/purpose of the transaction or programme		
Transaction / Programme Information		
Transaction type		e.g. Traditional securitisation / ABCP conduit/etc.
Single issue transaction or Programme		
Revolving or static securitisation / Conduit / ABS type		
Inception date		
Originator (if applicable)		
Servicer (if applicable)		
Administrator (if applicable)		
Back-up or standby servicer (if applicable)		
Maximum programme / issue size (if applicable)		
Reporting period		
Rating Agency (if applicable)		
Credit rating of programme (if applicable)		
Contact person details		Name, Telephone number and email
Asset Data		
Type of underlying assets		As at current reporting period
Initial number of assets		As at end of previous reporting period
Initial value of assets		As at end of previous reporting period
Number of assets outstanding		As at current reporting period
Total value of assets outstanding		As at current reporting period
Weighted average time to maturity		As at current reporting period
Average time to maturity		As at current reporting period
Maximum maturity		As at current reporting period
Weighted average interest/coupon rate		As at current reporting period
Maturity analysis of asset pool		Include a graph depicting the maturity analysis of the asset pool

For each underlying asset that accounts for 10% or more of the total value of the underlying assets, the following must be disclosed

<i>Name of the obligor</i>		
<i>Nominal amount</i>	R	% of asset pool value
<i>Expected maturity date</i>		
<i>Credit rating (if applicable)</i>		
<i>Rating type (if applicable)</i>		Short term or long term, national or global scale
<i>Asset type</i>		E.g. Corporate loan / bond
<i>Listed / Unlisted and if listed, the bond code</i>		
<i>Industry of the obligor</i>		
<i>Country of origin</i>		Only insert if not all of the assets originated in South Africa

For all ABS (including Securitisations)

Largest asset value		As at current reporting period
Average asset value		As at current reporting period
Weighted average committed loan to value (if applicable)		As at current reporting period
Weighted average current loan to value (if applicable)		As at current reporting period
Asset analysis		Please provide a table and data for an analysis of the assets relevant to the asset type (e.g. vehicle loan securitisations should show instalment payment date analysis, fixed or floating rates, new or used, vehicle make and model analysis, geographical distribution, etc.)

Liability Data

Initial nominal amount		Only include if once-off issuance
Total principal repaid to reporting date		Only include if once-off issuance
Notes outstanding		As at reporting date
Maturity analysis of the notes		Include a graph depicting the maturity analysis of the notes

For Conduits / non-securitisation ABS

Longest maturity date		
Shortest maturity date		
Maximum tenor allowed (if applicable)		
Average tenor		
Largest outstanding amount and date of maturity		
Credit rating of notes (if applicable)		Include separate columns if various rated notes
Issue price		Include separate columns if various rated notes
Accreted value (if applicable)		Include separate columns if various rated notes

Face value (if applicable)		Include separate columns if various rated notes		
For securitisations	Per class of notes			
JSE bond code				
ISIN code				
Currency				
Type of notes				
Rating Agency (if applicable)				
Long term credit rating (if applicable)				
Short term credit rating (if applicable)				
Initial nominal amount (if a once-off issuance)				
Nominal amount at reporting date				
Coupon / Interest rate (including margin if applicable)				
Interest payment				
Interest not paid (if applicable)				
Scheduled maturity				
Final legal maturity (if applicable)				
Step-up margin (if applicable)				
Step-up call date (if applicable)				
Credit enhancement (%) (if applicable)				
Liquidity Facility				
Liquidity facilities available (Yes / No)				
Purpose of liquidity facilities (if Yes to the above)				
Total size of liquidity facilities (if Yes to the above)				
Breakdown of liquidity facilities	Provider	Credit rating of provider	Maximum limits	Amount drawn
Super senior liquidity facility, if applicable (i.e. capital and interest payments ranks senior to most senior class of notes)				
Senior liquidity facility, if applicable (i.e. capital and interest payments ranks <i>pari passu</i> with most senior class of notes)				
Mezzanine / Junior liquidity facility, if applicable				

Credit Enhancement

Credit enhancement available (Yes / No)		
Available to each noteholder (Yes / No)		
Provider (if applicable)		
Credit rating of provider (if applicable)		
Details of credit enhancement (if applicable)		
Credit enhancement limit (if applicable)	R	% of notes outstanding
Current value of credit enhancement (if applicable)	R	% of notes outstanding
Credit enhancement committed and not drawn (if applicable)	R	% of notes outstanding

Hedge Counterparty

Hedge counterparty (if applicable)	
Credit rating of hedge counterparty (if applicable)	
Type of hedge provided (if applicable)	
Exposure to SPV / Conduit (if applicable)	

Other Facilities

Provider (if applicable)	
Credit rating of provider (if applicable)	
Type and purpose of facility (if applicable)	

Allocation of funds

Please include a detailed table showing the flow of funds for the reporting period, in accordance with the priority of payments / as stated in the placing document.

Transaction / Programme Events

If applicable, please include a list of all trigger events, the trigger event test, test amount, current level and if a breach has occurred. Please also include any portfolio covenants, early amortisation events, payment suspension events, programme wind down events, etc.

Other information

If information on the following is available and applicable, please include this in the report: cash reserves, loss analysis, default analysis, arrears breakdown, changes in the asset pool and any other information that would be considered relevant to an investor.