



LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

(Established in the Republic of South Africa in terms of the Land Bank Act, 18 of 1912, which continued to exist in terms of section 3 of the Land Bank Act, 13 of 1944, and continues to exist under the name of the Land and Agricultural Development Bank of South Africa in terms of the Land and Agricultural Development Bank Act, 15 of 2002 despite the repeal of both the 1912 and the 1944 Acts)

ZAR10 000 000 000

Domestic Medium Term Note Programme

Under this Domestic Medium Term Note Programme (the “**Programme**”), the Land and Agricultural Development Bank of South Africa (the “**Issuer**” or “**Land Bank**”) may from time to time issue notes (the “**Notes**”) denominated in South African Rand subject to the terms and conditions (the “**Terms and Conditions**”) described in this Programme Memorandum. Any other terms and conditions not contained in the Terms and Conditions which are applicable to any Notes will be set forth in a pricing supplement (the “**Applicable Pricing Supplement**”) issued in relation to such Notes. Details of Notes to be issued, including the aggregate nominal amount of such Notes, interest (if any) payable in respect of such Notes and the issue price of such Notes will also be set forth in the Applicable Pricing Supplement. The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed ZAR10 000 000 000 or such other limit as may apply to the Programme from time to time.

The Programme has been approved by the JSE Limited, a licensed financial exchange in terms of the Securities Services Act, 2004 (“**the JSE**”). Notes may be listed on the Interest Rate Market of the JSE, or any successor exchange or on such other or further exchange as may be determined by the Issuer and subject to any applicable law. Unlisted Notes may also be issued under this Programme. With respect to Notes to be listed on the Interest Rate Market of the JSE, the Applicable Pricing Supplement will be delivered to the JSE and the Central Securities Depository (defined under the section entitled “*Terms and Conditions of the Notes*”) before the date of issue of such Notes and the Notes may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement.

The Notes may be issued on a continuing basis and be placed by one or more of the dealers specified under the section entitled “*Summary of the Programme*” and any additional dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “**Dealer**” and together the “**Dealers**”).

The Issuer has, at the date of this Programme Memorandum, been rated by Fitch Ratings Southern Africa (Proprietary) Limited (“**Fitch Ratings**”). The rating assigned to the Issuer by Fitch Ratings is AA(zaf).

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions, in which case the Applicable Pricing Supplement issued in relation to such Notes will describe the form of such Notes.

The holders of Notes that are listed on the Interest Rate Market of the JSE may claim against the BESA Guarantee Fund (in accordance with the rules of the BESA Guarantee Fund) only if such Notes are traded by or through members of the JSE in accordance with the rules and operating procedures for the time being of the JSE and the Central Securities Depository. The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or BESA Guarantee Fund even if such Notes are settled through the electronic settlement procedures of the JSE and the Central Securities Depository. Unlisted Notes are not regulated by the JSE.

The Issuer's obligations in respect of the Notes to be issued under the Programme are unsecured obligations of the Issuer and are not guaranteed.

Co-Lead Arrangers

Absa Capital, a division of Absa Bank Limited

Vunani Capital (Proprietary) Limited

FirstRand Bank Limited, acting through its Rand Merchant Bank division

Industrial Development Group Financial Services Investment (Proprietary) Limited

Dealers

Absa Capital, a division of Absa Bank Limited

FirstRand Bank Limited, acting through its Rand Merchant Bank Division

Vunani Capital (Proprietary) Limited

Industrial Development Group Financial Services Investment (Proprietary) Limited

Programme Memorandum dated 18 October 2010

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

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

This Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see section entitled "Documents Incorporated by Reference"). This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

The Co-Lead Arrangers, the Dealers, the JSE and other professional advisers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Co-Lead Arrangers, the Dealers, the JSE or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Co-Lead Arrangers, the Dealers, the JSE and professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Co-Lead Arrangers or any of the Dealers or the JSE.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme, should purchase any Notes.

Each investor contemplating the purchase of any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Co-Lead Arrangers or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Programme Memorandum nor any Applicable Pricing Supplement at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct as at any time subsequent to the date indicated in the document containing the same. Investors should review, among others, the most recent financial statements of the Issuer when deciding whether or not to purchase any Notes.

Neither this Programme Memorandum nor any Applicable Pricing Supplement constitutes an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Programme Memorandum, any Applicable Pricing Supplement and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum, the Applicable Pricing Supplement or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Programme Memorandum and the offer or sale of Notes in the United States of America, the United Kingdom, the European Economic Area and the Republic of South Africa. None of the Issuer, the Co-Lead Arrangers, the Dealers, the JSE or the other professional advisers represent that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption

available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Co-Lead Arrangers, the Dealers or the professional advisors which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement 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. The Dealers have represented that all the offers and sales by them will be made in compliance with this prohibition.

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

All references in this document to "Rand", "ZAR", "South African Rand", "R" and "cent" refer to the currency of the Republic of South Africa.

Where any term is defined within the context of any particular clause or section in this Programme Memorandum, the term so defined, unless it is clear from the clause or section in question that the term so defined has limited application to the relevant clause or section, shall bear the meaning ascribed to it for all purposes in this Programme Memorandum, unless qualified by the terms and conditions of any particular Tranche of Notes (as defined in the Terms and Conditions) as set out in the Applicable Pricing Supplement or unless the context otherwise requires. Expressions defined in this Programme Memorandum shall bear the same meanings in supplements to this Programme Memorandum which do not themselves contain their own definitions.

The price/yield, the amount, and allocation of Notes to be issued under this Programme Memorandum will be determined by the Issuer and each relevant Dealer and/or Co-Lead Arranger(s) at the time of issue of such Notes in accordance with prevailing market conditions.

In connection with the issue and distribution of any Tranche of Notes, the Dealer disclosed as the approved stabilisation manager (if any) or any person acting for it ("Stabilisation Manager") in the Applicable Pricing Supplement may, subject to the terms and conditions for stabilisation contained in the Applicable Pricing Supplement and only if such stabilisation is permitted by the rules of the exchange and subject to approval by the exchange on which such Tranche of Notes will be listed, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilisation shall be carried out in accordance with all the applicable laws and regulations.

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DOCUMENTS INCORPORATED BY REFERENCE

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

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

- (a) any supplements to this Programme Memorandum circulated by the Issuer from time to time in accordance with the Programme Agreement;
- (b) the Agency Agreement;
- (c) the audited annual financial statements, and the notes thereto, of the Issuer for the three financial years ended 31 March 2008, 31 March 2009 and 31 March 2010 as well as the published audited annual financial statements, and notes thereto of the Issuer in respect of further financial years, as and when such become available; and
- (d) each Applicable Pricing Supplement,

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

The Issuer will, in connection with the listing of Notes on the Interest Rate Market of the JSE, or on such other exchange or further exchange(s) as may be selected by the Issuer, and for so long as any Note remains Outstanding and listed on such exchange, 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:

- (a) a material adverse change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- (b) any modification of the terms of the Programme which would then make the Programme Memorandum materially inaccurate or misleading.

Any such new Programme Memorandum or Programme Memorandum as supplemented 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 its issue.

The Issuer will provide, free of charge, to each person to whom a copy of the Programme Memorandum has been delivered, upon request of such person, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents should be directed to the Issuer at its registered office as set out herein.

This Programme Memorandum together with the documents deemed to be incorporated herein by reference are available for inspection at the offices of the Issuer during office hours and on the Issuer's website at www.landbank.co.za

GENERAL DESCRIPTION OF THE PROGRAMME

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

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

This Programme Memorandum will only apply to Notes issued under the Programme in an aggregate Principal Amount which does not exceed ZAR10 000 000 000, unless such amount is increased as set out below. For the purpose of calculating the aggregate Principal Amount of Notes Outstanding under the Programme from time to time:

- (a) the amount of Indexed Notes and Partly Paid Notes (each as defined in the Terms and Conditions) shall be calculated by reference to the original Principal Amount of such Notes (and, in the case of Partly Paid Notes, regardless of the subscription price paid); and
- (b) the amount of Zero Coupon Notes (as defined in the Terms and Conditions) and other Notes issued at a discount or premium shall be calculated by reference to the net subscription proceeds received by the Issuer for the relevant issue.

In the event that the Issuer issues unlisted Notes, or Notes listed on any other exchange on which the Notes may be listed, the Issuer shall, no later than the last day of the month of such issue, inform the JSE in writing of the Principal Amount and scheduled maturity date in respect of such Notes.

From time to time the Issuer may wish to increase the aggregate Principal Amount of the Notes that may be Outstanding under the Programme. Subject to the requirements of the JSE and/or any such other financial exchange or exchanges on which the Notes may be listed or in terms of any law, the Issuer may, without the consent of Noteholders, increase the aggregate Principal Amount of the Notes that may be Outstanding under the Programme by delivering a notice thereof to the Arranger, the Dealer, the Sponsor, the Noteholders and the relevant financial exchange in accordance with Condition 17 of the Terms and Conditions. Upon such notice being given, all references in the Programme Memorandum or any other agreement, deed or document in relation to the Programme, to the aggregate Principal Amount of the Notes, shall be and shall be deemed to be references to the increased aggregate Principal Amount.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Programme Memorandum and, in relation to the Terms and Conditions of any particular Tranche of Notes, the Applicable Pricing Supplement issued in relation to such Notes. Capitalised terms not separately defined herein shall bear the meaning given to them in the Terms and Conditions.

Issuer	Land and Agricultural Development Bank of South Africa.
Description of the Programme	Land and Agricultural Development Bank of South Africa Domestic Medium Term Note Programme established by the Issuer as more fully described in the Programme Memorandum.
Size of Programme	Notes with an aggregate Principal Amount of up to ZAR10 000 000 000 may be Outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the Programme Agreement.
Co-Lead Arrangers	Absa Capital, a division of Absa Bank Limited (Registration Number 1986/004794/06) (“ Absa Capital ”), Vunani Capital (Proprietary) Limited (Registration number 1998/001469/07) (“ Vunani Capital ”), FirstRand Bank Limited, acting through its Rand Merchant Bank division (Registration Number 1929/001225/06) (“ RMB ”) and Industrial Development Group Financial Services Investment (Proprietary) Limited (Registration Number 2007/024980/07) (“ IDG ”).
Dealers	Absa Capital, RMB, Vunani Capital, IDG and any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Dealer.
Calculation Agent	RMB, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent, in which event that other entity, shall act in such capacity in respect of that Tranche or Series of Notes.
Paying Agent	RMB, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity, shall act in such capacity in respect of that Tranche or Series of Notes.
Transfer Agent	RMB, unless the Issuer elects to appoint, in relation to a particular Series of Notes, another entity as Transfer Agent, in which event that other entity, shall act in such capacity in respect of that Series of Notes.
Rating	The Issuer has been rated by Fitch Ratings. The rating assigned to the Issuer by Fitch Ratings at the date of this Programme Memorandum is AA(zaf) on a national scale, and any change to this rating will be reflected in the Applicable Pricing Supplement.

Rating Agency	Fitch Ratings and/or Moody's Investors Services South Africa (Proprietary) Limited and/or Standard & Poor's Rating Services and/or Global Credit Ratings..
Listing	The Programme has been approved by the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE (or on a successor exchange to the JSE or such other or further exchange or exchanges as may be selected by the Issuer in relation to such issue). Unlisted Notes may also be issued under the Programme. The Applicable Pricing Supplement in respect of a Tranche will specify whether or not such Notes will be listed and, if so, on which exchange. The JSE does not regulate Unlisted Notes.
Currency	South African Rand.
Denomination of Notes	Notes will be issued with a minimum denomination of ZAR1 000 000 each.
Form of Notes	Notes may be issued in the form of Registered Notes, Unlisted Registered Notes, Uncertificated Notes , Bearer Notes or Order Notes as described in the section entitled " <i>Form of the Notes</i> " below.
Interest Period(s) or Interest Payment Date(s)	Such period(s) or date(s) as may be indicated in the Applicable Pricing Supplement.
Issue Price	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at their nominal amount or at a discount to, or premium over, their nominal amount as indicated in the Applicable Pricing Supplement;
Maturities	Such maturity as may be indicated in the Applicable Pricing Supplement, (subject to a maturity as may be required by the JSE and/or any such exchange or exchanges on which the Notes may be listed or in terms of any law). The Notes are not subject to any minimum or maximum maturity.
Cross-Default	The terms of the Senior Notes will contain a cross-default provision relating to Material Indebtedness for money borrowed, or any guarantee of or indemnity in respect of any such Material Indebtedness as further described in Condition 12.
Negative Pledge	Condition 6 of the Terms and Conditions provides for a negative pledge in favour of the Noteholders.
Noteholder(s)	The holders of the Registered Notes, Unlisted Registered Notes (as recorded in the Register), Uncertificated Notes , Bearer Notes and/or the Payees of Order Notes.
Notes	Notes may comprise bonds, notes, debentures, commercial paper or any other debt instruments including, but not limited to: Fixed Rate Notes: Fixed Rate Notes will bear interest at a fixed interest rate, as indicated in the Applicable Pricing Supplement, and more fully described in Condition 7.1 of the Terms and Conditions. Floating Rate Notes: Floating Rate Notes will bear interest at a

floating rate, as indicated in the Applicable Pricing Supplement, and more fully described in Condition 7.2 of the Terms and Conditions.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount or at par and will not bear interest other than in the case of late payment.

Indexed Notes: Payments in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes will be calculated by reference to such index and/or formula as may be indicated in the Applicable Pricing Supplement.

Mixed Rate Notes: Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, each as specified in the Applicable Pricing Supplement.

Instalment Notes: The Applicable Pricing Supplement in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.

Partly Paid Notes: The Issue Price of Partly Paid Notes will be payable in two or more instalments as set out in the Applicable Pricing Supplement.

Exchangeable Notes: Notes which may be redeemed by the Issuer in cash or by the delivery of securities as specified in the Applicable Pricing Supplement.

Extendible Notes: Notes issued with a maturity of not more than 18 months, which entitles the Issuer to extend the Redemption Date to a pre-determined future date, as may be indicated in the Applicable Pricing Supplement.

Senior Notes: Notes bearing the characteristics described under “*Status of Senior Notes*” below.

Subordinated Notes: Notes bearing the characteristics described under “*Status of Subordinated Notes*” below.

Other Notes

Terms applicable to Notes other than those specifically contemplated under this Programme Memorandum and approved by the JSE or such other or further exchange or exchanges on which such Notes may be listed and as agreed between the Issuer and the Dealer(s), will be set out in the Applicable Pricing Supplement.

Status of Senior Notes

Unless otherwise specified in the Applicable Pricing Supplement, Senior Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

Status of Subordinated Notes

Subordinated Notes will constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank *pari passu* among themselves and will rank at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those that have been recorded preferential rights by law. Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is wound-up, then and in any such event, the

claims of the person entitled to the paid amounts due in respect of Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness (as defined in Condition 5.3) of the Terms and Conditions). Accordingly, no amount due on the Subordinated Notes shall be eligible for set-off or shall be payable to any person entitled to be paid such amount until all other indebtedness of the Issuer which is admissible in any such dissolution or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

Redemption

The Applicable Pricing Supplement relating to each Tranche of Notes will indicate either:

- (a) that the Notes may only be redeemed prior to their stated maturity (other than in specified instalments, if applicable) for taxation reasons or following an Event of Default; or
- (b) that such Notes will also be redeemable at the option of the Issuer upon giving such notice as is indicated in the Applicable Pricing Supplement to the Noteholders at a price or prices and on such terms as are indicated in the Applicable Pricing Supplement.

The Applicable Pricing Supplement may provide that Notes may be repayable in two or more instalments and on such dates as indicated in the Applicable Pricing Supplement.

Register

The Register maintained by the Transfer Agent in terms of the Terms and Conditions.

Distribution

Notes may be distributed by way of private placement or any other means permitted under South African law, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and the relevant Dealer(s) and reflected in the Applicable Pricing Supplement.

Selling Restriction

There are selling restrictions in relation to the United States, the United Kingdom, the European Economic Area and the Republic of South Africa and such other restrictions as may be required to be met in relation to an offering or sale of a particular Tranche of Notes which may be included in the Applicable Pricing Supplement.

Blocked Rand

Blocked Rand may be used for the purchase of Notes, subject to South African Exchange Control Regulations.

Stamp Duty, other taxes

In terms of prevailing South African legislation, the original issue of and the registration of transfer of Notes, marketable securities or securities qualifying as "instruments" as contemplated in section 24J of the Income Tax Act, 1962 are exempt from stamp duty and uncertificated securities tax. No securities transfer tax will be payable in terms of the Securities Transfer Tax Act, 2007 in respect of the transfer, issue, cancellation or redemption of the Notes.

Taxation

As at the date of this Programme Memorandum all payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa. In the event that certain withholding tax or such other deduction is required by law, then the Issuer will, subject to certain exceptions as provided in Condition 10 of the Terms and Conditions, pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction.

Governing Law

The Notes will be governed by, and construed in accordance with the laws of the Republic of South Africa.

Terms and Conditions

The terms and conditions of the Notes set out below.

FORM OF THE NOTES

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

Notes may be issued as listed Registered Notes, Unlisted Registered Notes, Uncertificated Notes, Bearer Notes or Order Notes, as specified in the Applicable Pricing Supplement.

The Notes may be listed on the Interest Rate Market of the JSE and/or a successor exchange to the JSE or such other or further exchange or exchanges as the Issuer may select in relation to an issue. Each Tranche of Notes listed on the Interest Rate Market of the JSE will be issued in accordance with the Terms and Conditions set out below in this Programme Memorandum in the form of a single certificate, without interest coupons as a Global Certificate, which will be lodged and immobilised in the Central Securities Depository, which forms part of the settlement system of the JSE. This will entail that the Notes, represented by the Global Certificate, will be deposited with and registered in the name of, and for the account of the Central Securities Depository's Nominee.

All Notes not represented by a Global Certificate, including Unlisted Registered Notes and Bearer Notes (defined below) shall be issued in definitive form as Individual Certificates or as Uncertificated Notes.

Registered Notes

Beneficial Interests in Notes which are lodged in the form of a Global Certificate in the Central Securities Depository 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 the Central Securities Depository Participants in the Central Securities Depository, who are also approved by the JSE to act as settlement agents and therefore perform electronic settlement of both funds and scrip on behalf of market participants. A certificate or other document issued by a Central Securities Depository Participant as to the nominal amount of such Beneficial Interest in Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest. A Global Certificate may be replaced by the issue of Uncertificated Notes in terms of Section 37 of the Securities Services Act.

Beneficial Interests in Notes represented by a Global Certificate may be exchanged, without charge by the Issuer, for Individual Certificates in accordance with the provisions of Condition 13 of the Terms and Conditions. The Notes represented by the Global Certificate and Individual Certificates will be registered in the names of the Noteholders in the Register of Noteholders maintained by the Transfer Agent. The Issuer shall regard the Register as the conclusive record of title to the Notes. With regard to Notes listed on the Interest Rate Market of the JSE, the Central Securities Depository shall be recognised by the Issuer as the owner of the Notes represented by the Global Certificate and the registered holders of Individual Certificates shall be recognised by the Issuer as the owners of the Notes represented by such Individual Certificates.

Notes represented by Individual Certificates may only be transferred in accordance with the provisions of Condition 14.

Unlisted Registered Notes

Unlisted Registered Notes issued in definitive registered form shall be represented by Individual Certificates. The title to Unlisted Registered Notes represented by the Individual Certificates will pass upon registration of transfer in the Register. The Issuer shall regard the Register as a conclusive record of title to the Unlisted Registered Notes.

Uncertificated Notes

Notes may be issued in uncertificated form in terms of section 37 of the Securities Services Act. Uncertificated Notes will not be represented by any certificate or written instrument. Uncertificated Notes will be held in the Central Securities Depository and be registered in the name of, and for the account of the Central Securities

Depository's Nominee. In respect of any Tranche of Notes issued in uncertificated form, the Central Securities Depository's Nominee will be named in the Register or as the registered Noteholder of that Tranche of Notes.

Beneficial Interests in Notes issued in uncertificated form 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 the Central Securities Depository Participants in the Central Securities Depository. A certificate or other document issued by a Central Securities Participant as to the nominal amount of such Beneficial Interest in Uncertificated Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interests.

Title to Uncertificated Notes will pass in accordance with the provisions of Condition 14.

Bearer and Order Notes

Bearer Notes may only be issued in definitive form and only with the prior approval of the Minister of Finance or any person authorised by the Minister of Finance in accordance with Regulation 15(6)(a) of the Exchange Control Regulations, 1961. Bearer and Order Notes shall be represented by Individual Certificates.

The title to Bearer Notes will pass by delivery of such Individual Certificates. Title to Order Notes will pass by way of Endorsement and delivery of such Individual Certificates.

PRO FORMA PRICING SUPPLEMENT

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



LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

(Established in the Republic of South Africa in terms of the Land Bank Act, 18 of 1912, which continued to exist in terms of section 3 of the Land Bank Act, 13 of 1944, and continues to exist under the name of the Land and Agricultural Development Bank of South Africa in terms of the Land and Agricultural Development Bank Act, 15 of 2002 despite the repeal of both the 1912 and the 1944 Acts)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes] Under its ZAR10 000 000 000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Programme Memorandum dated • 2010. 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 such Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail. To the extent that certain provisions of the *pro forma* Pricing Supplement do not apply to the Notes described herein, they may be deleted in this Applicable Pricing Supplement or indicated to be not applicable.

DESCRIPTION OF THE NOTES

- | | |
|---|---|
| 1. Issuer | Land and Agricultural Development Bank of South Africa |
| 2. Status of Notes | [Secured/Unsecured]
[Senior/Subordinated] |
| 3. (a) Tranche Number | [] |
| (b) Series Number | [] |
| 4. Aggregate Principal Amount | [] |
| 5. Interest/Payment Basis | [Fixed Rate/Floating Rate/Zero Coupon/Indexed Interest /Indexed Redemption Amount/Mixed Rate/Partly Paid/
Instalment/Exchangeable/other] |
| 6. Form of Notes | [Registered Notes/Unlisted Registered Notes/Uncertificated Notes/Bearer Notes (only with the prior approval of the Minister of Finance in accordance with Regulation 15(6)(a) of the Exchange Control Regulations, 1961)/Order Notes] |
| 7. Automatic/Optional Conversion from one | [insert details including date for conversion] |

Interest/Payment Basis to another

- | | | |
|-----|--------------------------------------|--|
| 8. | Issue Date | [] |
| 9. | Business Centre | [] |
| 10. | Additional Business Centre | [] |
| 11. | Principal Amount per Note | [] |
| 12. | Specified Denomination | [] |
| 13. | Issue Price | [] |
| 14. | Interest Commencement Date | [] |
| 15. | Maturity Date | [] |
| 16. | Specified Currency | [] |
| 17. | Applicable Business Day Convention | [Floating Rate Business Day/Following Business Day/Modified Following Business Day/Preceding Business Day/other convention – insert details] |
| 18. | Calculation Agent | [] |
| 19. | Paying Agent | [] |
| 20. | Specified office of the Paying Agent | [] |
| 21. | Transfer Agent | [] |
| 22. | Final Redemption Amount | [] |

FIXED RATE NOTES

- | | | | |
|-----|-----|---|---|
| 23. | (a) | Fixed Interest Rate(s) | [] percent per annum [payable annually/semi-annually/ quarterly] in arrear |
| | (b) | Interest Payment Date(s) | [Dates/Periods] |
| | (c) | Initial Broken Amount | [] |
| | (d) | Final Broken Amount | [] |
| | (e) | Any other terms relating to the particular method of calculating interest | [] |

FLOATING RATE NOTES

- | | | | |
|-----|-----|---|-----------------|
| 24. | (a) | Interest Payment Date(s) | [Dates/Periods] |
| | (b) | Interest Period(s) | [] |
| | (c) | Definitions of Business Day (if different from that set out in Condition 1) | [] |
| | (d) | Interest Rate(s) | [] percent |
| | (e) | Minimum Interest Rate | [] percent |
| | (f) | Maximum Interest Rate | [] percent |
| | (g) | Other terms relating to the method of calculating interest (e.g., Day Count Fraction, rounding up provision, if different from Condition 7.2) | [] |

25. Manner in which the Interest Rate is to be determined [ISDA Determination/Screen Rate Determination/other (insert details)]
26. Margin [(+/-) • percent to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)]
27. If ISDA Determination
- (a) Floating Rate []
 - (b) Floating Rate Option []
 - (b) Designated Maturity []
 - (c) Reset Date(s) []
28. If Screen Determination
- (a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated) [e.g. ZAR-JIBAR-SAFEX]
 - (b) Interest Determination Date(s) []
 - (c) Relevant Screen Page and Reference Code []
29. If Interest Rate to be calculated otherwise than by reference to 27 or 28 above, insert basis for determining Interest Rate/Margin/Fall back provisions
30. If different from the Calculation Agent, agent responsible for calculating amount of principal and interest []

PARTLY PAID NOTES

31. Amount of each payment comprising the Issue Price []
32. Date upon which each payment is to be made by Noteholder []
33. Consequences (if any) of failure to make any such payment by Noteholder []
34. Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments [] percent

INSTALMENT NOTES

35. Instalment Dates []
36. Instalment Amounts (expressed as a percentage of the aggregate Principal Amount of the Notes) []

MIXED RATE NOTES

37. Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for:
- (a) Fixed Rate Notes []

- (b) Floating Rate Notes []
- (c) Indexed Notes []
- (d) Other Notes []

ZERO COUPON NOTES

- 38. (a) Implied Yield [] percent [naca] [nacs]
[nacm] [nacq] [other method of compounding]
- (b) Reference Price []
- (c) Any other formula or basis for determining amount(s) payable []

INDEXED NOTES

- 39. (a) Type of Indexed Notes [Indexed Interest Notes/Indexed Redemption Amount Notes]
- (b) Index/Formula by reference to which Interest Rate/Interest Amount (delete as applicable) is to be determined []
- (c) Manner in which the Interest Rate/Interest Amount (delete as applicable) is to be determined []
- (d) Interest Payment Date(s) []
- (e) Calculation Agent (if different from []) []
- (f) Provisions where calculation by reference to Index and/or Formula is impossible or impractical []

EXCHANGEABLE NOTES

- 40. Mandatory Exchange applicable? [Yes/No]
- 41. Noteholders' Exchange Right applicable? [Yes/No]
- 42. Exchange Securities []
- 43. Manner of determining Exchange Price []
- 44. Exchange Period []
- 45. Other []

EXTENDIBLE NOTES

- 46. Last date to which Maturity Date may be extended []
- 47. Step-up Margin []

48. Requisite Notice []
49. Other []

OTHER NOTES

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

**PROVISIONS REGARDING REDEMPTION/
MATURITY**

51. Issuer's Optional Redemption: [Yes/No]
if yes:
- (a) Optional Redemption Date(s) []
 - (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []
 - (c) Minimum Period of Notice (if different to Condition 9.3) []
 - (d) If redeemable in part:
 - Minimum Redemption Amount(s) []
 - Higher Redemption Amount(s) []
 - (e) Other terms applicable on Redemption []
52. Redemption at the option of the Noteholders: [Yes/No]
if yes:
- (a) Optional Redemption Date(s) []
 - (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []
 - (c) Minimum period of notice (if different to Condition 9.4) []
 - (d) If redeemable in part:
 - Minimum Redemption Amount(s) []
 - Higher Redemption Amount(s) []
 - (e) Other terms applicable on Redemption []
 - (f) Attach *pro forma* put notice(s)

53. Early Redemption Amount(s) payable on []
redemption for taxation reasons or on Event of
Default

GENERAL

54. Redemption at the option of the Noteholders as a [Yes/No]
result of a Rating Event
55. Additional selling restrictions []
56. (a) International Securities Numbering (ISIN) []
(b) Stock Code []
57. Financial Exchange []
58. If syndicated, names of managers []
59. Credit Rating assigned to Notes or the Issuer as at []
the Issue Date (if any)
60. Governing law (if the laws of South Africa are []
not applicable)
61. Use of proceeds []
62. Last Day to Register [] or [] which shall mean that the
Register will be closed from each Last Day to
Register to the next applicable Payment Day or
[10] days prior to the actual redemption date
63. Books Closed Period []
64. Stabilisation Manager (if any) []
65. Other provisions []

[Application is hereby made to list this issue of Notes on [insert date]].

SIGNED at _____ this _____ day of _____ 2010.

For and on behalf of
LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

Name : _____

Name : _____

Capacity : _____
who warrants his/her authority hereto

Capacity : _____
who warrants his/her authority hereto

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer on or after the date of this Programme Memorandum. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. Before the Issuer issues any Tranche of Notes, the Issuer shall complete and sign the Applicable Pricing Supplement, based on the pro forma Pricing Supplement included in the Programme Memorandum, setting out details of such Notes. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The Applicable Pricing Supplement will be attached to each Certificate. All references in this Programme Memorandum to any statute, regulation or other legislation will be a reference to that statute, regulation or other legislation as amended, re-enacted or replaced and substituted from time to time.

1. INTERPRETATION

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

“Actual Redemption Date”	in respect of Extendible Notes, the actual date of redemption in full by way of payment of the aggregate Principal Amount Outstanding of such Notes;
“Agency Agreement”	the agency agreement dated 18 October 2010 and entered into between the Issuer, the Transfer Agent, the Calculation Agent and the Paying Agent;
“Applicable Pricing Supplement”	the pricing supplement relating to each Tranche of Notes;
“Applicable Procedures”	the rules and operating procedures for the time being of the Central Securities Depository, the JSE and/or any other applicable financial exchange, as the case may be;
“Banks Act”	the Banks Act, 1990;
“Bearer”	the bearer of a Certificate evidencing a Bearer Note;
“Bearer Note”	a Note payable to the Bearer thereof, transferable by way of delivery in accordance with Condition 14.3;
“BESA Guarantee Fund”	the Guarantee Fund established and operated by the Bond Exchange of South Africa Limited, prior to the merger with the JSE on 1 July 2009 and as at the date of this Programme Memorandum, operated by the JSE as a separate guarantee fund, in terms of the rules of the JSE as required by section 9(1)(e) and 18(2)(x) of the Securities Services Act or any successor fund;
“Beneficial Interest”	(a) in respect of Registered Notes: the undivided share of a co-owner of Registered Notes represented by a Global Certificate as provided in section 41 of the Securities Services Act; and

	(b) in respect of Uncertificated Notes: the undivided share of a co-owner of Uncertificated Notes held in the Central Securities Depository as provided in section 41 of the Securities Services Act;
“Books Closed Period”	the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfer of Notes will not be registered, or such shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive interest;
“Business Day”	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) which is a day on which commercial banks settle ZAR payments in Johannesburg or any Additional Business Centre specified in the Applicable Pricing Supplement;
“Calculation Agent”	RMB, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent, in which event that other entity shall act as a Calculation Agent in respect of that Tranche or Series of Notes;
“Central Securities Depository”	STRATE Limited (Registration Number 1998/022242/06), or its nominee or any successor thereto, operating in terms of the Securities Services Act, or any additional or alternate depository approved by the Issuer;
“Central Securities Depository's Nominee”	Central Depository Nominees (Proprietary) Limited (Registration Number 1990/00665/07), a wholly owned subsidiary of the Central Securities Depository;
“Central Securities Depository Participant”	a person(s) that holds in custody and administers securities or an interest in securities and that has been accepted by the Central Securities Depository as a participant in terms of Section 34 of the Securities Services Act as a participant in that Central Securities Depository;
“Central Securities Depository System”	the computer system or systems and associated network or networks appointed or used by the Central Securities Depository for the purpose of clearing and settlement of trades in Notes or any other purpose in terms of the Securities Services Act;
“Certificate”	a Global Certificate or Individual Certificate, as the case may be;
“Class of Noteholders”	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
“Companies Act”	the Companies Act, 1973 (as amended);
“Court Day”	during the term of a court, any day other than a Saturday, Sunday or public holiday;

“Dealers”	Absa Capital, a division of Absa Bank Limited, FirstRand Bank Limited, acting through its Rand Merchant Bank Division, Vunani Capital (Proprietary) Limited, Industrial Development Group Financial Services Investment (Proprietary) Limited and any other additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Dealer;
“Early Redemption Amount”	the amount at which the Notes will be redeemed by the Issuer pursuant to the provisions of Condition 9.2 and/or Condition 12, as set out in Condition 9.5;
“Encumbrance”	means any lien, pledge, cession in securitatem debiti, mortgage, charge, encumbrance or other security interest or any agreement or arrangement having the effect of providing a right of security, provided that Encumbrance shall not include any statutory preference and any security interest arising by operation of law;
“Endorsement”	an “indorsement”, <i>mutatis mutandis</i> , within the meaning of the Bills of Exchange Act, 1964;
“Event of Default”	an event of default by the Issuer, as set out in Condition 12;
“Exchange Control Regulations”	the Exchange Control Regulations, 1961 promulgated in terms of section 9 of the Currency and Exchanges Act, 1933;
“Exchangeable Notes”	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
“Exchange Period”	in respect of Exchangeable Notes to which the Noteholders’ Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
“Exchange Price”	the value indicated in the Applicable Pricing Supplement according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
“Exchange Securities”	the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price;

“Extendible Note”	any Note with a maturity of not more than 18 months, which entitles the Issuer to extend the Redemption Date to a pre-determined future date, as indicated in the Applicable Pricing Supplement;
“Extraordinary Resolution”	a resolution passed at a meeting of the Noteholders (duly convened) and held in accordance with the provisions of Condition 18 by a majority consisting of not less than 66.6% of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 66.6% of the votes cast on such poll;
“Final Redemption Amount”	the amount of principal specified in the Applicable Pricing Supplement payable in respect of each Note upon the Redemption Date;
“Fixed Interest Rate”	the rate or rates of interest applicable to Fixed Rate Notes, as specified in the Applicable Pricing Supplement;
“Fixed Rate Notes”	Notes which will bear interest at the Fixed Interest Rate, as indicated in the Applicable Pricing Supplement;
“Floating Rate”	has the meaning given to the expression in the ISDA Definitions, as indicated in the Applicable Pricing Supplement;
“Floating Rate Notes”	Notes which will bear interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 7.2;
“Global Certificate”	the single certificate, without interest coupons, registered in the name of the Central Securities Depository's Nominee and representing those Notes issued under the Terms and Conditions which are lodged and immobilised in the Central Securities Depository other than those Notes represented by Individual Certificates and Uncertificated Notes. A Global Certificate may be replaced by the issue of Uncertificated Notes in terms of section 37 of the Securities Services Act;
“Government”	the government of the Republic of South Africa;
“Implied Yield”	the yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;
“Indebtedness”	in respect of the Issuer, any indebtedness in respect of monies borrowed from any person, debenture holder or lender and (without double counting) guarantees, suretyships and indemnities (other than those in the ordinary course of business) given, whether present or future, actual or contingent;

“Indexed Interest Notes”	Notes in respect of which the Interest Amount is calculated by reference to such index and/or formula as indicated in the Applicable Pricing Supplement;
“Indexed Note”	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable;
“Indexed Redemption Amount Notes”	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as indicated in the Applicable Pricing Supplement;
“Individual Certificate”	<p>(a) in respect of Registered Notes: a Note in the definitive registered form of a single Certificate and, in respect of Registered Notes which are listed, being a Certificate exchanged for a Beneficial Interest in the Notes represented by the Global Certificate in accordance with Condition 13 and any further Certificate issued in consequence of a transfer thereof;</p> <p>(b) in respect of Bearer Notes: a Note in the definitive bearer form of a bearer Note represented by a single Certificate;</p>
“Instalment Amount”	the amount expressed as a percentage of the Principal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
“Instalment Notes”	Notes redeemable in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as indicated in the Applicable Pricing Supplement;
“Interest Amount”	the amount of interest payable in respect of each Principal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Notes, as determined in accordance with Condition 7.1, 7.2.6 and 7.4 respectively;
“Interest Commencement Date”	the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
“Interest Payment Date”	the Interest Payment Date(s) specified in the Applicable Pricing Supplement or if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, each date which occurs after a certain period following the preceding Interest Payment Date (such period as specified in the Applicable Pricing Supplement) or, in the case of the first Interest Payment Date, after the Interest Commencement Date;
“Interest Period”	the period(s) in respect of which interest accrues on Notes other than Zero Coupon Notes and falls due for payment on the applicable Interest Payment Date;

“Interest Rate”	the rate(s) of interest applicable to Notes other than Zero Coupon Notes and Fixed Rate Notes, as indicated in the Applicable Pricing Supplement;
“ISDA”	International Swaps and Derivatives Association, Inc.;
“ISDA Definitions”	the 2000 ISDA Definitions as published by ISDA (as amended, supplemented, revised or republished from time to time);
“Issuer” or “Land Bank”	Land and Agricultural Development Bank of South Africa, established in accordance with section 3 of the Land Bank Act, 18 of 1912, which continued to exist in terms of section 3 of the Land Bank Act, 13 of 1944, and continues to exist under the name of the Land and Agricultural Development Bank of South Africa in terms of the Land and Agricultural Development Bank Act 15, of 2002 despite the repeal of the 1912 and 1944 Acts;
“JSE”	the JSE Limited (Registration number 2005/022939/06) a licensed financial exchange in terms of the Securities Services Act or any exchange which operates as a successor exchange to the JSE;
“Land Bank Act”	Land and Agricultural Development Act, 15 of 2002;
“Last Day to Register”	with respect to a particular Series of Notes (as reflected in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Series of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;
“Material Adverse Effect”	any fact or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected to have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Notes;
“Material Indebtedness”	any Indebtedness amounting to the greater of (i) ZAR150 000 000 or (ii) 1% (one percent) of the total assets of the Issuer (or its equivalent in other currencies) as published in the latest audited financial statements of the Issuer at the time of the occurrence of an Event of Default;
“Mandatory Exchange”	if indicated in the Applicable Pricing Supplement, the obligation of the Issuer to redeem Exchangeable Notes on the Maturity Date by delivery of Exchange Securities to the relevant Noteholders of Exchangeable Notes;
“Mixed Rate Notes”	Notes which will bear interest over respective periods at differing interest rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, each as indicated in the

	Applicable Pricing Supplement and as more fully described in Condition 7.3;
“naca”	nominal annual compounded annually;
“nacm”	nominal annual compounded monthly;
“nacq”	nominal annual compounded quarterly;
“nacs”	nominal annual compounded semi-annually;
“Noteholders”	the holders of the Registered Notes (as recorded in the Register) and/or the Bearers of Bearer Notes and/or the Payees of Order Notes;
“Noteholders’ Exchange Right”	if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
“Notes”	the notes issued or to be issued by the Issuer under the Programme and represented by a Certificate or issued in the form of Uncertificated Notes. Notes will be issued in registered, bearer or order form and will be either Senior Notes or Subordinated Notes;
“Order Notes”	a Note payable to the Payee thereof, transferable by way of Endorsement and delivery in accordance with Condition 14.5;
“Outstanding”	in relation to the Notes, all the Notes issued other than: <ul style="list-style-type: none">(a) those which have been redeemed in full;(b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Certificates or otherwise;(c) those which have been purchased and cancelled as provided in Condition 9;(d) those which have become void under Condition 11;(e) Notes represented by those mutilated or defaced Certificates which have been surrendered in exchange for replacement Certificates pursuant to Condition 13;(f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Certificates alleged to have been lost, stolen or

destroyed and in respect of which replacement Certificates have been issued pursuant to Condition 13,

provided that for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Noteholders; and
- (ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 18 and 19,

all Notes (if any) which are for the time being held by the Issuer (subject to any applicable law) or by any person for the benefit of the Issuer and not cancelled (unless and until ceasing to be so held) shall be deemed not to be Outstanding;

“Partial Redemption Amount”

the portion of the Principal Amount Outstanding of any Extendible Note redeemed by the Issuer, as notified to Noteholders in accordance with Condition 17;

“Partly Paid Notes”

Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as indicated in the Applicable Pricing Supplement);

“Payee”

a person reflected (either as the subscriber or by way of Endorsement) as the payee on a Certificate evidencing an Order Note and to whom such Certificate has been delivered;

“Paying Agent”

RMB unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that Tranche or Series of Notes;

“Payment Day”

any day which is a Business Day and upon which a payment is due by the Issuer in respect of any Notes;

“PFMA”

the Public Finance Management Act, 1999;

“Permitted Encumbrance”

- (a) any Encumbrance existing as at the date of the Applicable Pricing Supplement; or
- (b) any Encumbrance with regard to receivables or which is created pursuant to any securitisation or like arrangement in accordance with normal market practice; or
- (c) any Encumbrance with respect to inter-company indebtedness incurred between the Issuer and any subsidiary; or
- (d) any Encumbrance created over any asset owned,

acquired, developed or constructed, provided that at the time of its creation, the indebtedness so secured shall not exceed the bona fide market value of such asset or the cost of that acquisition, development or construction (including all interest and other finance charges, adjustments, due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) and where market value or cost both apply, the higher of the two; or

- (e) any Encumbrance created in the ordinary course of business over deposit accounts securing a loan equal to the amounts standing to the credit of such deposit accounts, including any cash management system; or
- (f) any Encumbrance created in the ordinary course of business over stock-in-trade, inventories, accounts receivable or deposit accounts; or
- (g) any Encumbrance subsisting over any asset of any Subsidiary of the Issuer prior to the date of such entity becoming a Subsidiary of the Issuer and any substitute Encumbrance created over that asset (but in any such case the amount of the indebtedness secured by such Encumbrance may not be increased, save in the ordinary course of business as set out in sub-clauses (a) to (f) above and (h) below; or
- (h) in addition to any Encumbrance referred to in (a) to (g) above, any Encumbrance securing in aggregate not more than the greater of (i) ZAR150 000 000 (or its equivalent in other currencies) or (ii) 1% of the total assets of the Issuer as published in the Issuer's latest audited financial statements, at the time the Encumbrance is established;

“Principal Amount”

the nominal amount of each Note;

“Programme”

the ZAR10 000 000 000 Land and Agricultural Development Bank of South Africa Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;

“Programme Agreement”

The programme agreement dated 18 October 2010 and entered into between the Issuer, the Co-Lead Arrangers and the Dealers;

“Programme Memorandum”

the programme memorandum contained in this document dated 18 October 2010;

“Rating Agency”

Fitch Ratings Southern Africa (Proprietary) Limited and/or Moody's Investors Services South Africa (Proprietary)

	Limited and/or Standard & Poor's Rating Services and/or Global Credit Ratings;;
“Redemption Date”	the date upon which the Notes are redeemed by the Issuer, whether by way of redemption on maturity in terms of Condition 9.1 or redemption for tax reasons in terms of Condition 9.2, as the case may be;
“Register”	the register maintained by the Transfer Agent in terms of Condition 15;
“Registered Note”	a note issued in registered form and transferable in accordance with Condition 14.1;
“Relevant Date”	in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the Central Securities Depository in accordance with these Terms and Conditions, it means the first date on which: (i) the full amount of such monies have been received by the Central Securities Depository, (ii) such monies are available for payment to the holders of Beneficial Interests, and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
“Representative”	a person duly authorised to act on behalf of a Noteholder, who may be regarded by the Issuer, the Transfer Agent and the Paying Agent (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder;
“RMB”	FirstRand Bank Limited, acting through its Rand Merchant Bank division (registration number 1929/001225/06), a public company duly established in accordance with the laws of South Africa and registered as a bank under the Banks Act, 1990;
“Securities Services Act”	the Securities Services Act, 2004 (as amended);
“Series”	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and “holders of Notes of the relevant Series” and related expressions shall be construed accordingly;
“Settlement Agent”	a Central Securities Depository Participant, approved by the JSE or any other relevant financial exchange to perform electronic settlement of both funds and scrip on behalf of market participants;
“Step-up Margin”	the margin to be added to the Interest Rate applicable to an Extendible Note and specified in the Applicable

	Pricing Supplement or in the case of Zero Coupon Notes, the agreed rate specified in the Applicable Pricing Supplement;
“Terms and Conditions”	the terms and conditions incorporated in this section entitled <i>“Terms and Conditions of the Notes”</i> and in accordance with which the Notes will be issued;
“Tranche”	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
“Transfer Agent”	RMB unless the Issuer elects to appoint, in relation to a particular Series of Notes, another entity as Transfer Agent in which event that other entity shall act as Transfer Agent in respect of that Series of Notes;
“Transfer Form”	the written form for the transfer of a Registered Note or Unlisted Registered Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
“Uncertificated Notes”	a Note issued in uncertificated form in accordance with section 37 of the Securities Services Act, not evidenced by any written document or instrument and held in the Central Securities Depository;
“Unlisted Registered Note”	a note issued in registered form and not listed on the Interest Rate Market of the JSE and transferable in accordance with Condition 14.2;
“ZAR”	the lawful currency of the Republic of South Africa, being South African Rand, or any successor currency;
“ZAR-JIBAR-SAFEX”	the mid-market rate for deposits in ZAR for a period of the Designated Maturity which appears on the Reuters Screen SAFEX Page as at 11h00, Johannesburg time on the relevant date, or any successor rate; and
“Zero Coupon Notes”	Notes which will be offered and sold at a discount to their Principal Amount or at par and will not bear interest other than in the case of late payment.

2. ISSUE

- 2.1 Notes may at any time and from time to time be issued by the Issuer without the consent of the then existing Noteholders, subject to the PFMA, in Tranches pursuant to the Programme. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued under the Programme.
- 2.2 The Noteholders are by virtue of their subscription for or purchase of the Notes, deemed to have notice of, and are entitled to the benefit of, and are subject to, all the provisions of the Applicable Pricing Supplement and the Agency Agreement.
- 2.3 The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Terms and Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions,

replace or modify these Terms and Conditions for the purposes of those Notes.

- 2.4 Capitalised expressions used in these Terms and Conditions and not herein defined shall bear the meaning assigned to them in the Applicable Pricing Supplement.

3. FORM AND DENOMINATION

3.1 General

Notes will be issued in such denominations as may be determined by the Issuer and as indicated in the Applicable Pricing Supplement provided that the minimum denomination shall be ZAR1 000 000.

All payments in relation to the Notes will be made in South African Rand.

Each Note shall be a Senior Note or a Subordinated Note, as specified in the Applicable Pricing Supplement. Any Note may be a Partly Paid Note, Instalment Note, Exchangeable Note or an Extendible Note. Each Note, whether a Senior Note or a Subordinated Note, may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Interest Note, an Indexed Redemption Amount Note, a Mixed Rate Note or a combination of any of the foregoing or such other types of Notes as may be determined by the Issuer, as specified in the Applicable Pricing Supplement.

The Redemption Date of all or part of any Extendible Notes may be extended at the option of the Issuer, after the Issuer has given the relevant Noteholders the Requisite Notice indicated in the Applicable Pricing Supplement in accordance with Condition 17. Such Redemption Date may be extended by the Issuer one or more times by such days or multiple of days specified in the Applicable Pricing Supplement.

Listed and/or unlisted Notes may be issued under the Programme.

Noteholders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the Bond Exchange Guarantee Fund established under Part D, section 8 of the Market Association Rules of the Bond Traders Association.

3.2 Registered Notes

Each Tranche of Registered Notes will be issued in the form of a Global Certificate, which will be deposited with and registered in the name of, and for the account of the Central Securities Depository's Nominee. An owner of a Beneficial Interest in the Notes represented by a Global Certificate shall be entitled to exchange such Beneficial Interest for an Individual Certificate in accordance with Condition 13. A Global Certificate may be replaced by the issue of uncertificated securities in terms of section 37 of the Securities Services Act.

3.3 Uncertificated Notes

Uncertificated Notes will be issued in uncertificated form in terms of section 37 of the Securities Services Act and will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be held in the Central Securities Depository, and the Central Securities Depository's Nominee will be named in the Register as the registered Noteholder of that Tranche of Notes. An owner of a Beneficial Interest in Uncertificated Notes held in the Central Securities Depository shall be entitled to exchange such Beneficial Interest for an Individual Certificate in accordance with Condition 13.

3.4 Unlisted Registered Notes

Unlisted Registered Notes will be issued in definitive registered form and will be represented by Individual Certificates.

3.5 Bearer Notes and Order Notes

Bearer Notes and Order Notes will be issued in definitive form and will be represented by Individual Certificates. Bearer Notes may only be issued in accordance with Regulation 15(6)(a) of the Exchange Control Regulations.

4. TITLE

4.1 Registered Notes

Subject as set out below, title to Registered Notes will pass upon registration of transfer in the Register in accordance with Condition 14.1. The Issuer and the Transfer Agent may deem and treat the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.

4.2 Unlisted Registered Note

Title to Unlisted Registered Notes will pass upon registration of transfer in the Register in accordance with Condition 14.2. The Issuer and the Transfer Agent may deem and treat the registered holder of any Unlisted Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.

4.3 Uncertificated Notes

Title to Uncertificated Notes will pass in accordance with Condition 14.3. The Issuer and the Transfer Agent may deem and treat the registered holder thereof as the absolute owner thereof (whether or not overdue and notwithstanding any notice of any previous loss or theft thereof) for all purposes and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.

4.4 Bearer Notes

Title to Bearer Notes will pass by delivery of the Certificate evidencing such Note in accordance with Condition 14.3. The Issuer and the Transfer Agent may deem and treat the holder of any such Certificate as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

4.5 Order Notes

Title to Order Notes will initially pass by Endorsement and delivery of the Certificate evidencing such Note in accordance with Condition 14.5. Any Certificate evidencing an Order Note upon which the last Endorsement is an Endorsement in blank shall be treated as a Bearer Note, for so long as that Certificate is not subject to further Endorsement.

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

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

5. STATUS OF NOTES

5.1 Status of Senior Notes

5.2 Unless otherwise specified in the Applicable Pricing Supplement, Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and, subject to Condition 6 and save for certain debts required to be preferred by law, rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time owing.

5.3 Status of Subordinated Notes

Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those that have been provided preferential rights by law.

Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is wound-up, the claims of the persons entitled to be paid amounts due in respect of Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness (as defined below). Accordingly, no amount due on the Subordinated Notes shall be eligible for set-off or shall be payable to any person entitled to be paid such amount in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

“**Subordinated Indebtedness**” means for the purposes of this Condition 5.3, any indebtedness of the Issuer, including any guarantee given by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all un-subordinated creditors of the Issuer in the event of the dissolution or winding-up of the Issuer.

6. NEGATIVE PLEDGE

6.1 So long as any of the Senior Notes remain outstanding, the Issuer will not create any Encumbrance (as defined below) other than a Permitted Encumbrance upon the whole or any part of its present or future assets or revenues to secure any of its present or future Indebtedness without making effective provision whereby all Senior Notes shall be directly secured equally and rateably with such Indebtedness and any such instrument creating such Encumbrance shall expressly provide therefor, unless such other security as may be approved by Extraordinary Resolution of the holders of Senior Notes is provided or, the provision of any such security is waived by an Extraordinary Resolution of the holders of those Senior Notes.

6.2 The Issuer shall be entitled but not obliged, to form, or procure the formation of, a trust or trusts or appoint, or procure the appointment of, an agent or agents to hold any such rights of security for the benefit or on behalf of such Noteholders.

7. INTEREST

7.1 Interest on Fixed Rate Notes

Except if otherwise specified in the Applicable Pricing Supplement, interest on Fixed Rate Notes will be paid on a six-monthly basis, on the Interest Payment Dates.

Each Fixed Rate Note bears interest on its Principal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date to (but excluding) the Redemption Date at the rate(s) per annum equal to the Fixed Interest Rate(s). Such interest shall fall due for payment in arrear on the Interest Payment Date(s) in each year and on the date

of early redemption in accordance with Condition 9 or the Redemption Date, as the case may be, if either such date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date.

Unless otherwise specified, the interest in respect of any six-monthly period shall be calculated by dividing the Fixed Interest Rate by two and multiplying the product by the Principal Amount (or, if it is a Partly Paid Note, the amount paid up), provided that:

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

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

7.2 Interest on Floating Rate Notes

7.2.1 *Interest Payment Dates*

Each Floating Rate Note bears interest on its Principal Amount (or, if it is a Partly Paid Note, on the amount paid up) from (and including) the Interest Commencement Date to (but excluding the Maturity Date) at the rate equal to the Interest Rate. Such interest shall fall due for payment in arrears on the Interest Payment Date(s) in each year and on the date of early redemption in accordance with Condition 9 or the Redemption Date, as the case may be, if either such date does not fall on an Interest Payment Date. The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date.

7.2.2 *Interest Rate*

The Interest Rate payable from time to time in respect of the Floating Rate Notes will be determined:

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

7.2.3 *ISDA Determination*

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

For the purposes of this Condition 7.2.3:

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

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

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

“Floating Rate”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those expressions in the ISDA Definitions.

When this Condition 7.2.3 applies, in respect of each Interest Period such agent as is specified in the Applicable Pricing Supplement will be deemed to have discharged its obligations under Condition 7.2.6 in respect of the determination of the Interest Rate if it has determined the Interest Rate in respect of such Interest Period in the manner provided in this Condition 7.2.3.

7.2.4

Screen Rate Determination

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

- (a) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (b) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

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

If the Relevant Screen Page is not available or if, in the case of (a) above in this Condition 7.2.4, no such offered quotation appears or, in the case of (b) above in this Condition 7.2.4, fewer than three such offered quotations appear, in each case at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 (Johannesburg time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Interest Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.

If the Interest Rate cannot be determined by applying the provisions of the preceding paragraphs of this Condition 7.2.4, the Interest Rate for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 11h00 (Johannesburg time) on the relevant Interest Determination Date, in respect of deposits in an amount approximately equal to the Principal Amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, to Reference Banks in the Johannesburg inter-bank market plus or

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

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

“Reference Banks” means for the purposes of this Condition 7.2.4 four leading banks in the South African inter-bank market selected by the Calculation Agent and approved by the Issuer.

7.2.5 *Minimum and/or Maximum Interest Rate*

If the Applicable Pricing Supplement specifies a Minimum Interest Rate for any Interest Period, then the Interest Rate for such Interest Period shall in no event be less than such Minimum Interest Rate and/or if it specifies a Maximum Interest Rate for any Interest Period, then the Interest Rate for such Interest Period shall in no event be greater than such Maximum Interest Rate.

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

The Calculation Agent will, in the case of Floating Rate Notes, at or as soon as practical after each time at which the Interest Rate is to be determined, determine the Interest Rate and calculate the Interest Amount for the relevant Interest Period. Unless stated otherwise in the Applicable Pricing Supplement, each Interest Amount shall be calculated by multiplying the Interest Rate by the Principal Amount, then multiplying the product by the applicable Day Count Fraction and rounding the resultant product to the nearest smallest denomination of the Specified Currency, half of any such denomination being rounded upwards.

“Day Count Fraction” means in respect of the calculation of the Interest Amount for any Interest Period:

- (a) if **“Actual/365”**, **“Act/365”**, **“Actual/Actual”** or **“Act/Act”** is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 365 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365); or
- (b) if **“Actual/365 (Fixed)”**, **“Act/365 (Fixed)”**, **“A/365 (Fixed)”** or **“A/365F”** is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; or
- (c) if **“Actual/360”**, **“Act/360”** or **“A/360”** is specified in the Applicable Pricing

Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 360; or

- (d) if “30/360”, “360/360” or “Bond Basis” is specified in the Applicable Pricing Supplement, the number of days in the Interest Period in respect of which payment is being made divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month or (ii) that last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); or
- (e) such other calculation method as is specified in the Applicable Pricing Supplement.

7.2.7

Notification of Interest Rate and Interest Amount

The Calculation Agent (or such other agent as is specified in the Applicable Pricing Supplement) will cause the Interest Rate and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Paying Agent, the Transfer Agent, the Noteholders, any financial exchange on which the relevant Floating Rate Notes are for the time being listed (if applicable) and any central securities depository in which Certificates in respect of the Notes are immobilised (if applicable), as soon as possible after their determination but not later than the 4th (fourth) Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the Issuer, the Transfer Agent, the Paying Agent, the Noteholders, each financial exchange on which the relevant Floating Rate Notes are for the time being listed (if applicable) and any central securities depository in which Certificates in respect of the Notes are immobilised (if applicable).

7.2.8

Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.2 by the Calculation Agent shall, in the absence of wilful deceit, bad faith, manifest error or dispute as set out hereunder, be binding on the Issuer, the Transfer Agent, the Paying Agent, and all Noteholders, and no liability to the Issuer or the Noteholders shall attach to the Transfer Agent, the Calculation Agent or the Paying Agent (as the case may be) in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions. Where the Issuer acts as the Calculation Agent and in the event that Noteholders holding not less than 25% in aggregate Principal Amount of the Notes for the time being Outstanding, deliver to the Issuer a written notice of objection to any determination made by the Issuer within 5 (five) Business Days of notification of the Interest Rate and Interest Amount in accordance with Condition 7.2.7, such determination shall not be regarded as final and upon such notification, the Issuer shall request the chief executive officer for the time being of the JSE to appoint an independent third party to make such determination. Such independent third party shall make such determination promptly as an expert and not as an arbitrator and their determination, in the absence of wilful deceit, bad faith or manifest error, shall be binding on the Issuer and all Noteholders, and no liability to the Issuer or the Noteholders shall attach to such third party in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions. The costs of procuring and effecting such determination shall be borne by the Issuer in the event that the determination of such third party differs from that of the Issuer as

Calculation Agent and shall be borne by the Noteholders disputing such determination by the Issuer in the event that the determination of such third party confirms that of the Issuer as Calculation Agent.

7.3 Interest on Mixed Rate Notes

The interest rate payable from time to time on Mixed Rate Notes shall be the interest rate payable on any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes for respective periods, each as specified in the Applicable Pricing Supplement. During each such applicable period, the interest rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, as the case may be.

7.4 Interest on Indexed Notes

In the case of Indexed Notes, if the Interest Rate or Final Redemption Amount falls to be determined by reference to an index and/or a formula, such rate or amount payable shall be determined in the manner specified in the Applicable Pricing Supplement. Any interest payable shall fall due for payment on the Interest Payment Date(s).

7.5 Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue on the paid-up Principal Amount of such Notes and otherwise as specified in the Applicable Pricing Supplement.

7.6 Interest on Instalment Notes

In the case of Instalment Notes, interest will accrue on the amount outstanding on the relevant Note from time to time and otherwise as specified in the Applicable Pricing Supplement.

7.7 Interest on Extendible Notes

If the Redemption Date of Extendible Notes is extended by the Issuer, the Interest Rate in respect of the Principal Amount Outstanding will be increased by the Step-up Margin, from and including the Redemption Date to but excluding the Actual Redemption Date.

7.8 Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will accrue at the SAFEX Overnight Deposit Rate (to be found on the Reuters Screen SAFEX page as at 11h00 (Johannesburg time) on the presentation date, or any successor rate) until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) the date on which the full amount of the moneys payable has been received by the Paying Agent and notice to that effect has been given to Noteholders in accordance with Condition 17.

In the event that the SAFEX Overnight Deposit Rate is not ascertainable from the relevant screen page at the time contemplated above, the Calculation Agent shall follow the procedure contemplated in Condition 7.2.4 to ascertain a rate.

7.9 Business Day Convention

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

- (a) the "Floating Rate Business Day Convention", such Interest Payment Date (or other

date) shall in any case where Interest Periods are specified in accordance with Condition 7.2.5, be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day; and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months or other period specified as the Interest Period in the Applicable Pricing Supplement after the preceding applicable Interest Payment Date (or other date) has occurred; or

- (b) the “**Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or
- (c) the “**Modified Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or
- (d) the “**Preceding Business Day Convention**”, such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

8. PAYMENTS

8.1 General

Payments of principal and/or interest in respect of Registered Notes and Uncertificated Notes will be made to the Central Securities Depository and/or the Central Securities Depository Participant, as shown in the Register on the Last Day to Register, and the Issuer will be discharged by proper payment to the Central Securities Depository and/or the Central Securities Depository Participant, in respect of each amount so paid. Each of the persons shown in the records of the Central Securities Depository and the Central Securities Depository Participant, as the case may be, shall look solely to the Central Securities Depository or the Central Securities Depository Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of Registered Notes and Uncertificated Notes.

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

8.2 Registered Notes

Only Noteholders of Registered Notes reflected in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register shall be entitled to payments of interest and/or principal in respect of such Notes.

8.3 Unlisted Registered Notes

Only Noteholders of Unlisted Registered Notes reflected in the Register at 17h00 (Johannesburg time) on the relevant Last Day to Register shall be entitled to payments of interest and/or principal in respect such Notes.

Payments of Instalment Amounts in respect of Unlisted Registered Notes will be made to the holder of such Note only following presentation and surrender by the holder of the Certificate endorsing such Unlisted Registered Note. Payments of the final instalment of principal in respect of Unlisted Registered Notes will be made to the holder of such Note only following presentation and surrender by the holder of such Note of the Certificate evidencing such Unlisted Registered Notes.

8.4 **Bearer Notes**

Payments of principal and/or interest in respect of Bearer Notes will be made to the Bearer of such Note only against presentation and surrender by the Bearer of the relevant Certificate.

Upon presentation and/or surrender as aforesaid, the Bearer of such Note shall be required to nominate in writing to the Paying Agent a bank account within the Republic of South Africa into which the relevant payment must be made and provide details of its address (being an address within the Republic of South Africa).

8.5 **Order Notes**

Payments of interest in respect of Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the relevant Certificate.

Payments of the final instalment of principal in respect of Order Notes which are Instalment Notes, all of the principal of all other Order Notes, or of the principal of all other Order Notes will be made to the Payee only following presentation and surrender by the Payee or its Representative of the Certificate evidencing such Order Notes.

Upon presentation and/or surrender as aforesaid, the Payee or its Representative shall be required to nominate in writing to the Paying Agent a bank account within the Republic of South Africa into which the relevant payment must be made and provide details of its address (being an address within the Republic of South Africa).

8.6 **Method of Payment**

Payments of interest and principal will be made in the Specified Currency by electronic funds transfer.

If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice) to make payment of any such amounts. Such payments by cheque shall be sent by post to:

- (a) the address of the Noteholder of Registered Notes as set forth in the Register or, in the case of joint Noteholders of Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note; or
- (b) the address of the Noteholder of Unlisted Registered Notes as set forth in the Register or, in the case of joint Noteholders of Unlisted Registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note; or
- (c) the address of the Noteholder of Uncertificated Notes as set forth in the Register; or
- (d) the address nominated by the Bearer or the Payee in respect of Bearer Notes or Order Notes, as the case may be, upon presentation and/or surrender in accordance with Condition 8.4 or Condition 8.5, as the case may be.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders of Registered Notes or Unlisted Registered Notes, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 8.6.

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

Payments will be subject in all cases to any taxation or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10.

8.7 Surrender of Certificates

No payment in respect of the final redemption of a Registered Note or Unlisted Registered Note shall be made until 10 (ten) days after the date on which the Certificate in respect of the Registered or Unlisted Registered Notes to be redeemed has been surrendered to the Paying Agent.

Payments of interest in respect of Unlisted Registered Notes shall be made in accordance with Condition 8.6 only following presentation of the Certificate to the Paying Agent.

Payments of interest in respect of Bearer Notes or Order Notes shall be made in accordance with Condition 8.6 only following surrender of the relevant Certificate to the Paying Agent.

Payments of Instalment Amounts in respect of Instalment Notes which are Unlisted Registered Notes, Bearer Notes or Order Notes shall be made by the Issuer in accordance with Condition 8.6 only following surrender of the relevant Certificate to the Paying Agent.

No payment in respect of the final redemption of an Unlisted Registered Note, Bearer Note or Order Note shall be made until the later of:

- (a) the Relevant Date; and
- (b) the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Paying Agent.

Upon final redemption as aforesaid, all unmatured interest relating to Unlisted Registered Notes, Bearer Notes or Order Notes (whether or not surrendered with the relevant Certificate) shall become void and no payment shall be made thereafter in respect of them.

Documents required to be presented and/or surrendered to the Paying Agent in accordance with these Terms and Conditions shall be so presented and/or surrendered at the office of the Paying Agent specified in the Applicable Pricing Supplement.

8.8 Payment Day

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

8.9 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 10;
- (b) the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Instalment Notes, the Instalment Amounts;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined under Condition 9.5); and
- (f) any premium and any other amounts which may be payable under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10.

9. REDEMPTION AND PURCHASE

9.1 At maturity

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

The Issuer shall be entitled to extend the Redemption Date of all or part of the Principal Amount Outstanding of Extendible Notes. If such option is exercised by the Issuer in respect of part of the Principal Amounts Outstanding of such Extendible Notes, then the Issuer shall redeem such portion of Notes not so extended at the Partial Redemption Amount and subject to any further extension, the redemption of the balance, being the Principal Amount Outstanding will be extended to a date specified in the Applicable Pricing Supplement or otherwise notified to Noteholders. For the avoidance of doubt, the Issuer is not obliged to treat all Noteholders of Extendible Notes in the same manner.

9.2 Redemption for tax reasons

Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (in the case of Notes other than Floating Rate Notes or Indexed Notes or Mixed Rate Notes having an interest rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating Rate Notes, Indexed Notes or Mixed Rate Notes having an interest rate then determined on a floating or indexed basis), on giving not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable), if the Issuer is of the reasonable opinion that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 10 as a result of any change in or amendment to, the laws or regulations of the country of domicile (or residence for tax reasons) of the Issuer or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. On the date of publication of any notice of redemption pursuant to this Condition 9.2, the Issuer shall deliver to the Transfer Agent and the Paying Agent at their registered offices, for inspection by any holder of Notes so redeemed, a certificate signed by two authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed for tax reasons pursuant to this Condition 9.2 will be redeemed at their Early Redemption Amount referred to in Condition 9.5, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

9.3 **Redemption at the option of the Issuer**

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer shall be entitled, having given:

- (a) the required notice set out in the Applicable Pricing Supplement to the Noteholders in accordance with Condition 17; and
- (b) not less than 7 (seven) days before giving the notice referred to in (a) above, notice to the Transfer Agent,

(both of which notices shall be irrevocable) to redeem all or some of the Notes then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption amount must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than a Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemable Notes**") will be selected:

- (a) in the case of Redeemable Notes represented by Individual Certificates individually by lot;
- (b) in the case of Redeemable Notes represented by a Global Certificate in accordance with the Applicable Procedures,

and in each such case not more than 30 (thirty) days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**").

A list of the serial numbers of the Certificates of Unlisted Registered Notes or Bearer Notes will be published in accordance with Condition 17 not less than 15 (fifteen) days prior to the date fixed for redemption.

No exchange of Beneficial Interests in Notes represented by a Global Certificate or Uncertificated Notes for Individual Certificates will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this Condition 9.3 and notice to that effect shall be given by the Issuer to the Noteholders in the notice to Noteholders contemplated in paragraph (a) above.

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

9.4 **Redemption at the option of Senior Noteholders**

If Noteholders of Senior Notes are specified in the Applicable Pricing Supplement as having an option to redeem any Senior Notes, such Noteholders may redeem the Senior Notes represented by an Individual Certificate, by delivering to the Issuer and the Transfer Agent in accordance with Condition 17, a duly executed notice ("**Put Notice**"), at least 15 (fifteen) calendar days but not more than 30 (thirty) calendar days, prior to the applicable Optional Redemption Date. The redemption amount specified in such Put Notice in respect of any such Senior Note must be of a nominal amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, each as indicated in the Applicable Pricing Supplement.

The redemption of the Senior Notes represented by a Global Certificate or by Uncertificated Notes shall take place in accordance with the Applicable Procedures.

Where a Noteholder redeems the Senior Notes represented by an Individual Certificate, such Noteholder shall deliver the Individual Certificate, to the Transfer Agent for cancellation by attaching it to a Put Notice. A holder of an Individual Certificate shall specify its payment details in the Put Notice for the purposes of payment of the Optional Redemption Amount.

The Issuer shall proceed to redeem such Senior Notes (in whole but not in part) in accordance with the terms of the Applicable Pricing Supplement, at the Optional Redemption Amount and on the Optional Redemption Date, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

The delivery of Put Notices shall be required to take place during normal office hours of the Transfer Agent. Put Notices shall be available from the registered office of the Issuer.

The Issuer shall have no obligation to remedy any defects in any Put Notice or bring any such defects to the attention of any Noteholder and shall not be liable whatsoever for any claims or losses arising in connection with a defective or invalid Put Notice.

9.5 **Optional Redemption by Noteholders as a result of a Rating Event**

Promptly upon the Issuer becoming aware that a Rating Event has occurred, the Issuer shall give a notice thereof to the Noteholders in accordance with Condition 17.

If a Rating Event has occurred, the Issuer shall, and only if the Noteholders have –

- (a) in terms of Condition 17 issued a notice to convene a meeting of Noteholders within 30 (thirty) days of receipt of the notice of the Rating Event from the Issuer; and
- (b) resolved in terms of Condition 18 by way of Extraordinary Resolution requiring the redemption of the Notes by the Noteholders in these circumstances,

redeem all Notes at its Principal Amount together with accrued interest (if any) within 30 (thirty) days after having received a written notice from the Noteholders to redeem such Notes.

For purposes of this Condition 9.5 –

"Rating Event" means (i) the Issuer or any Tranche of Notes or the Programme, as the case may be, is rated below BBB+(zaf) by Fitch Ratings, or Baa1.za by Moody's Investors Services South Africa (Proprietary) Limited, or zaBBB+ by Standard & Poor's Rating Services, or BBB+(RSA) by Global Credit Ratings, all on a national scale basis; or (ii) if a credit rating has been assigned to the Issuer by any of the rating agencies mentioned under (i), the Issuer ceases to be rated for whatever reason by any such rating agency or such rating is withdrawn by such rating agency for whatever reason.

9.6 **Early Redemption Amounts**

For the purpose of Condition 9.2 and Condition 12 (and otherwise as stated herein), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

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

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

9.7 Instalment Notes

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 9.5.

9.8 Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 9 and the Applicable Pricing Supplement.

9.9 Exchangeable Notes

If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise in the manner indicated in the Applicable Pricing Supplement.

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

9.10 Purchases

The Issuer may at any time purchase Notes at any price in the open market or otherwise. In the event of the Issuer purchasing Notes, such Notes may (subject to restrictions of any applicable law) be held, resold or, at the option of the Issuer, cancelled.

9.11 Cancellation

All Notes which are redeemed will forthwith be cancelled. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

9.12 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note, pursuant to Condition 12 or upon its becoming due and repayable as provided in Condition 12, is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph (c) under Condition 9.5, as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) where relevant, 5 (five) days after the date on which the full amount of the moneys payable has been received by the Central Securities Depository, and notice to that effect has been given to the Noteholders in accordance with Condition 17.

10. TAXATION

As at the date of issue of this Programme Memorandum, all payments of principal or interest in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges ("taxes") of whatever nature imposed or levied by or in or on behalf of the country of domicile (or residence for tax purposes) of the Issuer or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. The payment of any taxes by the Issuer as an agent or representative tax payer for a Noteholder shall not constitute a withholding or deduction for the purposes of this Condition 10. In the event of any such withholding or deduction in respect of taxes being levied or imposed on interest or principal payments on Debt Instruments (as defined below), the

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

- (a) held by or on behalf of a Noteholder, who is liable for such taxes in respect of such Note by reason of it having some connection with the country of domicile (or residence for tax purposes) of the Issuer other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
- (b) held by or on behalf of a Noteholder which would not be liable or subject to the withholding or deduction by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or
- (c) where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the Taxable Income or Taxable Gains (each as defined below) of any Noteholder; or
- (d) where (in the case of any payment of principal or interest which is conditional on surrender of the relevant Certificate in accordance with these Terms and Conditions) the relevant Certificate is surrendered for payment more than 30 (thirty) calendar days after the Relevant Date except to the extent that the relevant Noteholder would have been entitled to an additional amount on presenting the Certificate for payment on such thirtieth day; or
- (e) if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters; or
- (f) where the Noteholder is entitled to claim a tax reduction, credit or similar benefit in respect to such withholding or deduction in terms of the Noteholder's domestic tax laws or applicable double tax treaty.

For the purposes of this Condition 10:

- (i) "**Debt Instrument**" means any "instrument" as defined in section 24J(1) of the Income Tax Act;
- (ii) "**Taxable Income**" means any "taxable income" as defined in section 1 of the Income Tax Act;
- (iii) "**Taxable Gain**" means any "taxable capital gain" as defined in paragraph 1 of Schedule 8 to the Income Tax Act; and
- (iv) "**Income Tax Act**" means the Income Tax Act, 1962, as amended.

11. PRESCRIPTION

The Notes will become void unless presented for payment of principal and interest within a period of three years after the Relevant Date therefor save that any Certificate constituting a "*bill of exchange or other negotiable instrument*" in accordance with section 11 of the Prescription Act, 1969 will become void unless presented for payment of principal and interest within a period of six years from the Relevant Date.

12. EVENTS OF DEFAULT

a) *Events of Default relating to Senior Notes*

12.1 An Event of Default shall occur if:

- 12.1.1 the Issuer fails to pay any principal or interest under the Notes on its due date for payment and such failure continues for a period of 5 (five) Business Days after receiving written notice from the Noteholders demanding such payment; or

- 12.1.2 the Issuer fails to perform or observe any of its other obligations under any of the Terms and Conditions and such failure continues for a period of 21 (twenty one) calendar days after receipt by the Issuer of a notice from the Noteholders requiring same to be remedied; or
- 12.1.3 the Issuer fails to remedy a breach of Condition 6 and such failure continues for a period of 21 (twenty one) calendar days after receipt by the Issuer of written notice from the holders of Senior Notes requires same to be remedied; or
- 12.1.4 the Issuer defaults in the payment of the principal or interest, or any obligations in respect of Material Indebtedness of or assumed or guaranteed, by the Issuer when and as the same shall become due and payable and where notice has been given to the Issuer of the default and, if such default shall have continued for more than the notice period (if any) applicable thereto and the time for payment of such interest or principal or other obligation has not been effectively extended or if any such obligation of, or assumed or guaranteed by, the Issuer shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of an event of default thereunder; or
- 12.1.5 any action, condition or thing, including the obtaining of any consent, licence approval or authorisation now or in future necessary to enable the Issuer to comply with its respective obligations under the Notes is not taken, fulfilled or done, or any such consent, licence, approval or authorisation shall be revoked, modified, withdrawn or withheld or shall cease to be in full force and effect resulting in the Issuer being unable to perform any of its payment or other obligations under the Notes; or
- 12.1.6 the Issuer is wound-up or is placed under judicial management, whether provisionally (and such provisional order is not dismissed or withdrawn within 10 (ten) days of it being granted or finally or any process similar thereto, or an order is made or an effective Act of Parliament is passed for the winding-up of the Issuer, save for the purposes of a merger, consolidation or reorganisation in terms approved by Noteholders by way of an Extraordinary Resolution; or
- 12.1.7 any mortgage, pledge, lien or other encumbrance present or future, created or assumed by the Issuer in respect of Material Indebtedness of the Issuer is enforced by the holder thereof; or
- 12.1.8 the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save –
- (i) for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, or
 - (ii) as may be required by or in accordance with any legislation or Governmental directive;
- 12.1.9 the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts (or any class of its debts) pursuant to or for the purposes of any applicable law; or
- 12.1.10 the Issuer initiates or consents to judicial proceedings relating to itself under any compromise with creditors, liquidation, winding-up or insolvency or other similar laws or compromises or attempts to compromise, with its creditors generally (or any significant class of creditors) or any meeting of creditors is convened by the Issuer to consider a proposal for an arrangement of compromise with its creditors generally (or any significant class of its creditors); or

- 12.1.11 proceedings are initiated against the Issuer or any step is taken by any person with a view to the seizure or compulsory acquisition of the whole or a material part of the undertaking or assets of the Issuer, or an execution or attachment or other process is levied, enforced upon, sued out or put in force against, the whole or a material part of the undertaking or assets of the Issuer and such is not discharged, in each case, within 30 (thirty) Court Days and as a result a Material Adverse Effect has occurred and is continuing; or
- 12.1.12 the Government of the Republic of South Africa ceases to be the sole shareholder in the Issuer; or
- 12.1.13 the Issuer transfers, sells or otherwise disposes of the whole or a substantial part of its assets, undertakings or revenues (other than in terms of a securitisation transaction or programme) save as approved by an Extraordinary Resolution of the Noteholders.
- 12.2 If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Noteholders and the JSE.
- 12.3 Upon the happening of an Event of Default, any Noteholder may, by written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Notes held by such Noteholder to be forthwith due and payable. Upon receipt of that notice, such Notes, together with accrued interest (if any) to the date of payment, shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 9.5).

(b) Events of Default relating to Subordinated Notes

An Event of Default shall occur in respect of Subordinated Notes if any one or more of the events contemplated in 12.1.1, 12.1.2, 12.1.5, 12.1.6, 12.1.7, 12.1.8, 12.1.10, and 12.1.11 above shall have occurred and be continuing, in which event the provisions of Conditions 12.2 and 12.3 shall apply mutatis mutandis.

13. DELIVERY, EXCHANGE AND REPLACEMENT OF CERTIFICATES

- 13.1 Upon the issue of Registered Notes, Unlisted Registered Notes, Uncertificated Notes, Bearer Notes, Order Notes, or upon notice from a Central Securities Depository Participant pursuant to Condition 13.3 requesting the exchange or partial exchange of a Beneficial Interest in Notes represented by a Global Certificate(s) or an Individual Certificate(s) or an Uncertificated Note, the Transfer Agent shall deliver the relevant Individual Certificate(s).
- 13.2 Notes of each Tranche listed on the Interest Rate Market of the JSE will be issued in the form of Uncertificated Notes or in the form of the Global Certificate and will be lodged and immobilised in the Central Securities Depository and registered in the name, and for the account, of the Central Securities Depository's Nominee.
- 13.3 Any person holding a Beneficial Interest in the Notes may, in terms of the Applicable Procedures and through its nominated Central Securities Depository Participant, direct a written request to the Transfer Agent for an Individual Certificate representing the number of Notes to be delivered by the Issuer in exchange for such Beneficial Interest. The aggregate of the Principal Amounts of the Notes represented by such Individual Certificate shall be equivalent to the amount of such Beneficial Interest. The Transfer Agent shall deliver such Individual Certificate upon such written request no later than 14 (fourteen) days after receiving the written request of the holder of such Beneficial Interest in accordance with the Applicable Procedures, provided that, joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding and delivery to one of those joint holders shall be delivery to all of them.
- 13.4 Upon the receipt of a written request for delivery of an Individual Certificate in terms of Condition 13.3 in respect of Notes represented by a Global Certificate, the Global Certificate shall, in terms of the Applicable Procedures, be presented to the Transfer Agent for splitting and a new Global Certificate for the balance of the Notes (if any) still held by the Central Securities

Depository's Nominee shall be delivered to the Central Securities Depository. The original Global Certificate shall be cancelled and retained by the Transfer Agent.

- 13.5 Certificates shall be provided (whether by way of issue, delivery or exchange) by the Issuer without charge, save as otherwise provided in these Terms and 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 Central Securities Depository Participant, under the Applicable Procedures and such costs and expenses shall not be borne by the Issuer. The costs and expenses of delivery of Certificates otherwise than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.
- 13.6 Any person becoming entitled to Registered Notes, Unlisted Registered Notes or Uncertificated Notes in consequence of the death, sequestration or liquidation of the holder of such Notes may upon producing such evidence that he holds the position in respect of which he proposes to act under this Condition 13 or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the requirements of the Applicable Procedures and of this Condition 13, may transfer such Notes. The Issuer and the Paying Agent shall be entitled to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Notes.
- 13.7 If any Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the registered office of the Issuer or the office of the Transfer Agent specified in the Applicable Pricing Supplement, on payment by the claimant of such costs and expenses as may be incurred in connection therewith and the provision of such indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. TRANSFER OF NOTES

14.1 Registered Notes

Beneficial Interests in Registered Notes evidenced by a Global Certificate may be transferred in terms of the Applicable Procedures in the Central Securities Depository. In order for any transfer of Registered Notes to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Registered Note:

- (a) must be embodied in a Transfer Form;
- (b) must be signed by the relevant Noteholder and the transferee, or any authorised representatives of that registered Noteholder and/or transferee;
- (c) shall only be in the Specified Denomination or a multiple thereof and consequently the Issuer will not recognise any fraction of the Specified Denomination; and
- (d) must be made by way of the delivery of the Transfer Form to the Transfer Agent 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 transferor and the cancelled Certificate will be retained by the Transfer Agent.

The transferor of any Registered 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.

Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Issuer may reasonably require as to the identity and title of the transferor and the transferee.

The Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable taxation or other laws, regulations or Applicable Procedures), authenticate and deliver to the transferee (at the risk of the transferee) a new Certificate in respect of the Notes transferred.

No transfer will be registered while the Register is closed.

In the event of a partial redemption of Notes under Conditions 9.3 or 9.4 the Issuer and the Transfer Agent shall not be required:

- (a) to register the transfer of any Notes during the period beginning on the tenth day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive); or
- (b) to register the transfer of any Note, or part of a Note, called for partial redemption.

14.2

Unlisted Registered Notes

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

- (a) must be embodied in a Transfer Form;
- (b) must be signed by the relevant Noteholder and the transferee, or any authorised representatives of that Noteholder and/or transferee;
- (c) shall only be in the Specified Denomination or a multiple thereof and consequently the Issuer will not recognise any fraction of the Specified Denomination; and
- (d) must be made by way of the delivery of the Transfer Form to the Transfer Agent 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 transferor and the cancelled Certificate will be retained by the Transfer Agent.

The transferor of any Unlisted Registered 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.

Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Issuer may reasonably require as to the identity and title of the transferor and the transferee.

The Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any applicable taxation or other laws, regulations or Applicable Procedures), authenticate and deliver to the transferee (at the risk of the transferee) a new Certificate in respect of the Notes transferred.

No transfer will be registered while the Register is closed.

In the event of a partial redemption of Notes under Conditions 9.3 or 9.4 the Issuer and the Transfer Agent shall not be required:

- (a) to register the transfer of any Notes during the period beginning on the tenth day before the date of the partial redemption and ending on the date of the partial redemption (both inclusive); or
- (b) to register the transfer of any Note, or part of a Note, called for partial redemption.

14.3

Uncertificated Notes

Beneficial Interest in Uncertificated Notes held with the Central Securities Depository may be transferred only in terms of the Applicable Procedures.

Transfers of Beneficial Interests 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 among Central Securities Depository Participants occurs 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.

Transfers of Beneficial Interests in Notes represented by Uncertificated Notes will not be recorded in the Register and the Central Securities Depository's Nominee will continue to be reflected in the Register as the Noteholder of such Notes notwithstanding such transfers.

14.4 Bearer Notes

Bearer Notes may be transferred by the delivery of the Certificate evidencing such Bearer Note. Where the last Endorsement on a Certificate evidencing an Order Note is an Endorsement in blank, then such Certificate shall be treated as a Bearer Note.

14.5 Order Notes

Order Notes (including rights to Instalment Amounts and/or interest thereon, as applicable) may be transferred by the Endorsement of the Certificate evidencing such Order Note by the old Payee and the delivery of such Certificate to the new Payee.

15. REGISTER

15.1 The Register shall be kept at the registered office of the Transfer Agent or unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Transfer Agent in which event that other entity shall act as Transfer Agent in respect of that Tranche or Series of Notes, then at the office of that Transfer Agent specified in the Applicable Pricing Supplement. The Register shall reflect the number of Notes issued and Outstanding and whether they are Registered Notes, Unlisted Registered Notes, Uncertificated Notes, Bearer Notes or Order Notes. The Register shall contain the name, address, and bank account details of the Noteholders. The Register shall set out the Principal Amount of the Notes issued to such Noteholder and shall show the date of such issue. The Register shall show the serial number of Certificates issued in respect of Notes. The Register shall be open for inspection during the normal business hours of the Issuer to any Noteholder or any person authorised in writing by any Noteholder. The Transfer Agent shall not be obliged to record any transfer while the Register is closed. The Transfer Agent shall not be bound to enter any trust into the Register or to take notice of any or to accede to any trust executed, whether express or implied, to which any Note may be subject. The Register shall be closed during the Books Closed Period.

15.2 The Transfer Agent shall alter the Register in respect of any change of name, address or bank account number of any of the Noteholders of any Uncertificated Notes, Registered Notes or Unlisted Registered Notes of which it is notified in accordance with these Terms and Conditions.

16. TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT

16.1 The Issuer is entitled to vary or terminate the appointment of the Transfer Agent, the Calculation Agent and the Paying Agent and/or appoint additional or other agents and/or approve any change in the specified office through which any agent acts, provided that there will at all times be a Transfer Agent, Calculation Agent and a Paying Agent with an office in such place as may be required by the Applicable Procedures. The Transfer Agent, Paying Agent and Calculation Agent act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

16.2 To the extent that the Issuer acts as the Transfer Agent, Calculation Agent or Paying Agent, all references in these Terms and Conditions to:

- (a) any action, conduct or functions in such role shall be understood to mean that the Issuer shall perform such action, conduct or function itself; and
- (b) requirements for consultation, indemnification by or of, payment by or to, delivery by or to, notice by or to, consent by or to or agreement between the Issuer and such Transfer Agent, Calculation Agent or Paying Agent (as the case may be) shall be disregarded to the extent that the Issuer performs such role.

17. NOTICES

- 17.1 All notices to Noteholders shall be in writing and shall be:
- 17.1.1 sent by registered mail or delivered by hand to their addresses appearing in the Register;
- 17.1.2 published: in an English language daily newspaper of general circulation in the Republic of South Africa; and
- 17.1.3 for so long as the Notes are listed on the Interest Rate Market of the JSE or such other financial exchange upon which the Notes are listed, a daily newspaper of general circulation in the city in which the JSE or such other financial exchange is situated, and any such notices shall be deemed to have been given on the date of first publication.
- 17.2 A notice given to Noteholders in terms of Condition 17.1.1 shall be deemed to have been received by a Noteholder on the seventh day after the day on which it is mailed, and on the day of delivery, if delivered.
- 17.3 For as long as any of the Notes are represented by a Global Certificate and in respect of Uncertificated Notes, all notices in respect of such Notes shall be by way of the delivery of the relevant notice to the Central Securities Depository and the JSE or such other exchange on which the Notes are listed. The Central Securities Depositor shall communicate such notices to the holders of Beneficial Interests in Notes represented by the Global Certificate or by Uncertificated Notes.
- 17.4 A notice to be given by any Noteholder to the Issuer shall be in writing and given by lodging (either by hand delivery or posting by registered mail) that notice, together with a certified copy of the relevant Certificate, at the office of the Transfer Agent specified in the Applicable Pricing Supplement. For so long as any of the Notes are represented by a Global Certificate and in respect of Uncertificated Notes, notice may be given by any holder of a Beneficial Interest in those Notes to the Issuer via the relevant Central Securities Depository Participant in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Central Securities Depository Participant may approve for this purpose. Such notices shall be deemed to have been received by the Issuer, if delivered by hand, on the 2nd (second) Business Day after being hand delivered, or, if sent by registered mail, 7 (seven) days after posting.

18. MEETINGS OF NOTEHOLDERS

- 18.1 A Noteholder, may by an instrument in writing (a “**form of proxy**”) signed by the Noteholder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, appoint any person (a “**proxy**” or “**proxies**”) to act on his or its behalf in connection with any meeting or proposed meeting of a Class of Noteholders.
- 18.2 Any proxy appointed pursuant to Condition 18.1 or a Representative shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of that Class of Noteholders specified in the appointment, to be the holder of the Notes to which the appointment relates and the actual beneficial holder of the Notes shall be deemed for such purposes not to be the Noteholder.
- 18.3 The proxies and Representatives need not be Noteholders.
- 18.4 Each form of proxy (or certified copy thereof) shall be deposited at such place as the Transfer Agent shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the form of proxy propose to vote and the form of proxy shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. The Transfer Agent shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such form of proxy.

- 18.5 Any vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous revocation or amendment of the form of proxy or of any of the Noteholders' instructions pursuant to which it was executed provided that no intimation in writing of such revocation or amendment shall have been received by the Transfer Agent or the Issuer at its specified office (or such other place as may have been approved by the Transfer Agent for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the form of proxy is to be used.
- 18.6 The Issuer may at any time and, upon a requisition in writing of any Class of Noteholders holding not less than 20% in Principal Amount of the Notes for the time being Outstanding in that Class of Noteholders, convene a meeting of the Noteholders and if the Issuer defaults for a period of 7 (seven) Business Days in convening such a meeting the same may be convened by the requisitionists. Whenever the Issuer or any Class of Noteholders, as the case may be, is/are about to convene any such meeting it/they shall forthwith give notice in writing to the Transfer Agent, the Arrangers and the Dealers of the day, time and place thereof and of the nature of the business to be transacted thereat. Every such meeting shall be held at such time and place as the Transfer Agent may approve.
- 18.7 At least 21 (twenty one) Business Days' notice (exclusive of the day on which the notice is given and the day on which the meeting is held) specifying the place, day and hour of meeting shall be given to the Class of Noteholders (and the Issuer, if the meeting is convened by any Class of Noteholders) prior to any meeting of the Noteholders of that Class in the manner provided by Condition 17. Such notice shall state generally the Class of Noteholders which are to meet, the nature of the business to be transacted at the meeting, the date, place and time of the meeting and the terms of any resolution to be proposed. Such notice shall include a statement to the effect that proxy forms may be deposited with the Transfer Agent for the purpose of appointing proxies not less than 24 hours before the time fixed for the meeting.
- 18.8 A person (who may need not be a Noteholder) nominated in writing by the Issuer shall be entitled to take the chair at every such meeting but if no such nomination is made, or if at any meeting the person nominated is not present within thirty minutes after the time appointed for holding the meeting, the Noteholders of the relevant Class present shall choose a Noteholder of that Class to be Chairman.
- 18.9 At any such meeting one or more Noteholders in that Class present or represented by proxies or Representatives and holding or representing in the aggregate not less than one third in Principal Amount of the Notes for the time being Outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Noteholders of that Class present or represented by proxies or Representatives and holding or representing in the aggregate a clear majority in Principal Amount of the Notes held by the applicable Class for the time being Outstanding. At any meeting the business of which includes any of the following matters, shall only be capable of being effected after having been approved by Extraordinary Resolution namely -
- 18.9.1 modification of the Redemption Date of any Notes or reduction or cancellation of the Principal Amount payable upon maturity or earlier redemption or repayment or variation of the method of calculating the amount payable upon maturity or earlier redemption or repayment; or
- 18.9.2 reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Notes or variation of the method of calculating the Interest Rate in respect of the Notes; or
- 18.9.3 reduction or increase of any Minimum Interest Rate and/or Maximum Interest Rate specified in the Applicable Pricing Supplement of any Note; or

- 18.9.4 modification of the currency in which payments under the Notes are to be made; or
- 18.9.5 modification of the majority required to pass an Extraordinary Resolution; or
- 18.9.6 the sanctioning of any such scheme or proposal as is described in paragraph 18.21.7 below; or
- 18.9.7 alteration of this proviso or the proviso to paragraph 18.10 below;

at any meeting whose business includes any of such matters, the quorum shall be one or more Noteholders of that Class present or represented by proxies or Representatives and holding or representing in the aggregate not less than two thirds in Principal Amount of the Notes of that Class for the time being Outstanding. An Extraordinary Resolution passed at any meeting of the holders of Notes of that Class will be binding on all holders of Notes, whether or not they are present at the meeting. No amendment to or modification of the Conditions may be effected without the written agreement of the Issuer.

- 18.10 If within thirty minutes after the time appointed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case it shall stand adjourned to such date and time being not less than 14 (fourteen) Business Days nor more than 21 (twenty one) Business Days thereafter, and at the same time and place, except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period not being less than 14 (fourteen) Business Days, and at such place as may be appointed by the Chairman and approved by the Transfer Agent. At such adjourned meeting one or more Noteholders of the applicable Class present or represented by proxies or Representatives (whatever the Principal Amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the requisite quorum been present, provided that at any adjourned meeting the business of which includes any of the matters specified in the proviso to paragraph 18.9 above, the quorum shall be one or more Noteholders in that Class present or represented by proxy or Representatives and holding or representing in the aggregate not less than one third in Principal Amount of the Notes for the time being Outstanding.
- 18.11 Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 14 (fourteen) were substituted for 21 (twenty one) in paragraph 18.7 above and such notice shall (except in cases where the proviso to paragraph 18.10 above shall apply when it shall state the relevant quorum) state that one or more Noteholders in that Class present or represented by proxies or Representatives at the adjourned meeting whatever the Principal Amount of the Notes held or represented by them will form a quorum.
- 18.12 Except where otherwise provided, every resolution proposed to be passed at a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll as contemplated in 18.14 below have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a proxy or as a Representative.
- 18.13 At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman, the Issuer or by one or more Noteholders present or represented by proxies or Representatives (whatever the Principal Amount of the Notes so held by them), a declaration by the Chairman that a resolution has been carried or carried by a particular majority or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
- 18.14 Subject to paragraph 18.16 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting

at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.

- 18.15 The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for the lack of required quorum) have been transacted at the meeting from which the adjournment took place.
- 18.16 Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
- 18.17 Any officer or director of the Issuer, and/or its nominated Representative and/or its lawyers and the Transfer Agent may attend and speak at any meeting. Save as aforesaid, but without prejudice to the proviso to the definition of “**Outstanding**”, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requisitioning the convening of such a meeting unless he/she either produces proof acceptable to the Issuer that he/she is the Noteholder or is a proxy or a Representative. The Issuer shall not be entitled to vote at any meeting in respect of Notes held by it for the benefit of any person and no other person shall be entitled to vote at any meeting in respect of Notes held by it for the benefit of any other person unless duly authorised as contemplated herein. Nothing herein contained shall prevent any of the proxies named in any form of proxy or any representative from being a director, an officer or Representative of or otherwise connected with the Issuer.
- 18.18 Save as provided in paragraph 18.12 hereof at any meeting, on a show of hands or pursuant to a poll, every Noteholder who is present in person and produces proof acceptable to the Issuer that he/she is the Noteholder or is a proxy or a Representative shall have one vote per ZAR1 000 000's worth of Outstanding Notes (or the nearest rounded off multiple thereof) which he/she holds or which the person which he/she represents or for whom he/she acts as proxy, holds.
- 18.19 Notwithstanding any other provision contained in this Condition 18, the holder of a Global Certificate shall vote on behalf of holders of Beneficial Interests of Notes represented by that Global Certificate on any resolution proposed to be passed at a meeting, in accordance with the Applicable Procedures.
- 18.20 Without prejudice to the obligations of the proxies or Representatives any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.
- 18.21 A meeting of a Class of Noteholders shall in addition to the powers hereinbefore given have the following powers exercisable by Extraordinary Resolution only (subject to the provisions relating to quorum contained in Conditions 9 and 10 above and subject to the provisos of any applicable statute), namely -
- 18.21.1 power to sanction any compromise or arrangement proposed to be made between the Issuer and the Class of Noteholders or any of them;
- 18.21.2 power to approve the substitution of any entity for the Issuer which shall be proposed by the Issuer;
- 18.21.3 power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Class of Noteholders against the Issuer or against any of its property whether such rights shall arise under the Notes or otherwise;
- 18.21.4 power to assent to any modification of the provisions contained in the Terms and Conditions which shall be proposed by the Issuer;
- 18.21.5 power to give any authority or sanction which under the Terms and Conditions is required to be given by Extraordinary Resolution;

- 18.21.6 power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders of that Class and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
- 18.21.7 power to sanction any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into or the cancellation of the Notes in consideration of, shares, stocks, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any entity (corporate or otherwise) formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration for cash.
- 18.22 Any resolution passed at a meeting of a Class of Noteholders duly convened and held in accordance with the provisions hereof shall be binding upon all the Noteholders of that Class whether present or not present at such meeting and whether or not voting, and all the Noteholders of the applicable Class shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Noteholders shall be published in accordance with Condition 17 of the Conditions by the Issuer within 14 (fourteen) Business Days of such result being known provided that the non-publication of such notice shall not invalidate such resolution.
- 18.23 A majority, upon a show of hands or if a poll be duly demanded then by a majority consisting of the votes given on such poll, shall be required to ordinarily pass a resolution of Noteholders.
- 18.24 Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be recorded and maintained by the Transfer Agent and duly entered in books to be from time to time provided for that purpose by the Issuer and any such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had, shall be conclusive evidence of the matters therein contained. Until the contrary is proven every such meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed or had.

19. MODIFICATION

- 19.1 No modification of these Terms and Conditions may be effected without the written agreement of the Issuer and the JSE. The Issuer may effect, without the consent of the relevant Class of Noteholders (but with the prior consent of the JSE) any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated and the governing law in accordance with which Notes are issued. Any such modification shall be binding on the relevant Class of Noteholders and any such modification shall be notified to the relevant Class of Noteholders in accordance with Condition 17 as soon as practical thereafter. For the avoidance of doubt, the provision of any rights of security to or for the benefit of any Class of Noteholders in accordance with Condition 6.1 or the exercise by the Issuer of its rights under Condition 16 shall not constitute a modification of these Terms and Conditions.
- 19.2 Save as provided in Condition 19.1, no modification of these Terms and Conditions may be effected unless:
- (a) in writing and signed by or on behalf of the Issuer and by or on behalf of the members of the relevant Class of Noteholders holding not less than 66.6%, in nominal amount, of the Notes in that Class for the time being Outstanding; or
 - (b) sanctioned by an Extraordinary Resolution.

20. FURTHER ISSUES

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

21. GOVERNING LAW

The provisions of the Programme Memorandum and the Notes are governed by, and shall be construed in accordance with, the laws of the Republic of South Africa.

USE OF PROCEEDS

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

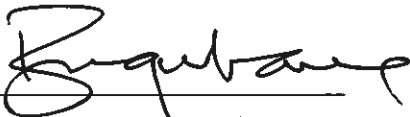
For purposes of the Commercial Paper Regulations, it is recorded that the "Ultimate Borrower" as defined in the Commercial Paper Regulations, of the net proceeds from each Tranche of Notes will be the Issuer unless otherwise indicated in the Applicable Pricing Supplement.

The net proceeds from the issue of the Notes will be applied by the Issuer for the funding of its business operations or as otherwise may be described in the Applicable Pricing Supplement.

Signed at Centurion this 18 day of October 2010.

For and on behalf of


LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA



Name: Dr B. Ngubane

Capacity: Chairman

Who warrants that his/her authority hereto



Name: P. Hadebe

Capacity: CEO

who warrants his/her authority hereto

DESCRIPTION OF ISSUER

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

BACKGROUND AND HISTORY

The Land Bank was established in 1912 to promote rural and agricultural development. From its inception until 1936, the Land Bank provided mortgage loans to emerging and commercial white farmers. Government provided funding for the Land Bank and put in place a number of institutional support mechanisms to augment its services, including:

- The Agriculture Marketing Act, promulgated in 1936 to promote price stability, regulate agricultural imports and reduce risks for financing agriculture;
- The Farmers Assistance Board, established in 1962; and
- Agriculture Credit Boards, set up in 1966.

In the 1990s, most of these institutional support mechanisms were either removed or drastically curtailed. This was in line with general market liberalisation and a move to reduce state support for agriculture and other industries. This policy shift was captured in the Strauss Commission report which underpinned the new Land Bank Act of 2002. As a result, the absence of a support system weakened the balance of the agricultural sector in particular and made the future of new entrants into the sector remarkably challenging. This has compounded the Land Bank's position as it has had to service the agrarian sector in a much weakened environment thereby posing new risks to it.

The Land Bank is a key financial player in agriculture and rural development. It provides retail and wholesale finance to emerging and commercial farmers. The Land Bank is the sole shareholder of the Land Bank Insurance Company (LBIC), which provides insurance products to the Land Bank's clients.

OWNERSHIP AND CONTROL

The Land Bank is wholly owned by the Government and regulated by the Land and Agricultural Development Bank Act, 2002 (Land Bank Act), the Public Finance Management Act, 1999 (PFMA), Treasury Regulations, 2005 and the National Credit Act, 2005. The Land Bank's business is controlled by a board of directors appointed by the Minister of Finance.

The Government's support and commitment to the Land Bank is demonstrated by its cash injection of R1 billion on 31 December 2009 and further capitalisation of R2.5 billion over the following three years announced by the Minister of Finance, Mr. Pravin Gordhan in his 17 February 2010 budget speech. National Treasury committed to a cash injection totalling R750 million in the 2010/11 financial year.

NATURE OF BUSINESS

The Land Bank operates as a rural and agricultural development finance institution within the agricultural and agri-business sectors. The Land Bank has the responsibility to support Governmental programmes concerned with land reform, agrarian development and the eradication of inequalities. The Land Bank Act requires the Land Bank to drive transformation in the agricultural sector and promote rural development and at the same time, the Land Bank must find a balance between its development mandate and the business imperative of running a sustainable agricultural finance institution.

The Land Bank provides a range of financing products to a broad spectrum of clients within the agricultural industries, including wholesale and retail financing to commercial and developing farmers, cooperatives and other agriculture-related businesses.

The Land Bank's long-term objectives flow from the Land Bank Act, and are aligned with Government policies and the country's socio-economic needs. The mandate dictates that the Land Bank will play a pivotal role in advancing agriculture and rural development.

The Land Bank Act sets out the envisaged objectives of the Land Bank and covers eleven objectives:

- Equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged persons;
- Agrarian reform, land redistribution or development programmes aimed at historically disadvantaged persons;
- Land access for agricultural purposes;
- Agricultural entrepreneurship;
- Removal of the legacy of racial and gender discrimination in agriculture;
- Enhancing productivity, profitability, investment and innovation;
- Growth of the agricultural sector and better use of land;
- Environmental sustainability of land and related natural resources;
- Rural development and job creation;
- Commercial agriculture; and
- Food security.

CREDIT RATING OF LAND BANK

Fitch Ratings has reviewed the operations of Land Bank and assigned to it a short term credit rating of F1+(zaf) on a national scale and a long term credit rating of AA(zaf) on a national scale on 31 March 2010. Maintaining the Land Bank's credit rating is crucial to financial sustainability of the Bank.

FINANCIAL STABILITY AND PERFORMANCE

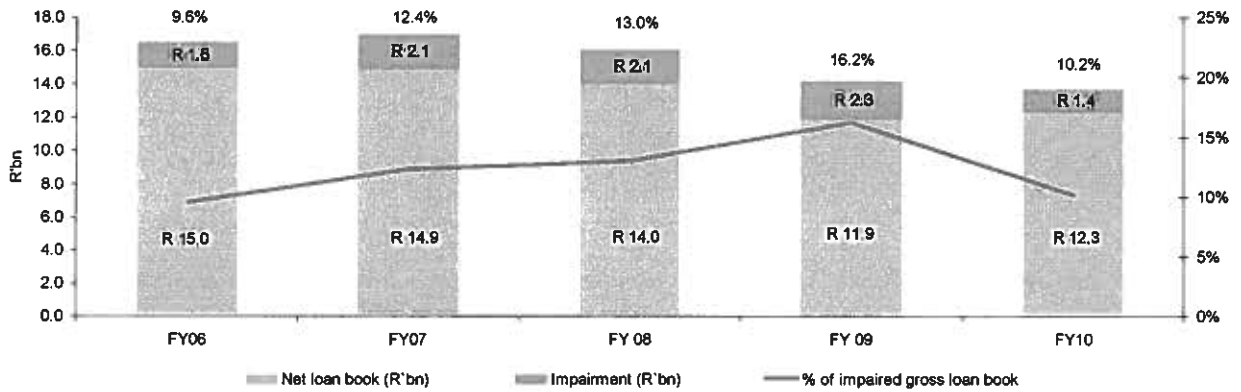
The latest financial results of Land Bank are set out in the annual report 2009/10. In the year ended 31 March 2010 the financial highlights were as follows:

- Group profit of R354 million (2009: R145 million)
- Profit from banking operations of R193 million (2009: profit of R220 million)
- Profit from insurance operations of R162 million (2009: loss of R74 million)
- Non-performing loans as a percentage of total book at 13% (2009: 23%)
- Net cash position of R1,9 billion (2009: R3,5 billion)
- Capital adequacy ratio 42% (target 20%, 2009: 21%)
- Capital and guarantee increase of R2 billion
- Cost to Income ratio (Continuing operations) 59% (2009: 53%)

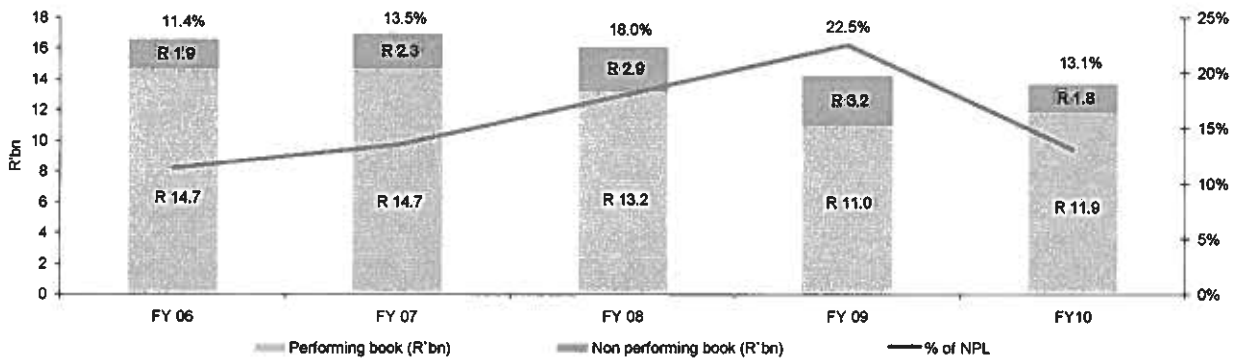
The Land Bank continues to source affordable funding from a more diverse group of funders. The Land Bank's cost of funding should be at a level where the Land Bank can continue to finance its clients at competitive rates. In 2009, the Land Bank's guarantee from Government was increased from R1.5 billion to R3.5 billion of which R1 billion has been converted into cash on 31 December 2009. The remaining Government guarantee of R2.5 billion will be converted into cash within financial year's 2010/11 to 2012/13, to further recapitalise the Land Bank as announced in the Minister of Finance's budget speech in parliament. This allows the Land Bank to meet its development mandate and further contributes to improving the Land Bank's financial sustainability and to increasing investor confidence. As at 31 March 2010, the Land Bank's capital and reserves amounted to R3.7 billion.

Sustainability of the Land Bank will depend on the growth in the loan book, improved recovery rate, appropriate cost-to-income ratio, capital adequacy, and maintaining liquidity including diversification of income streams as well as improved quality of the loan book.

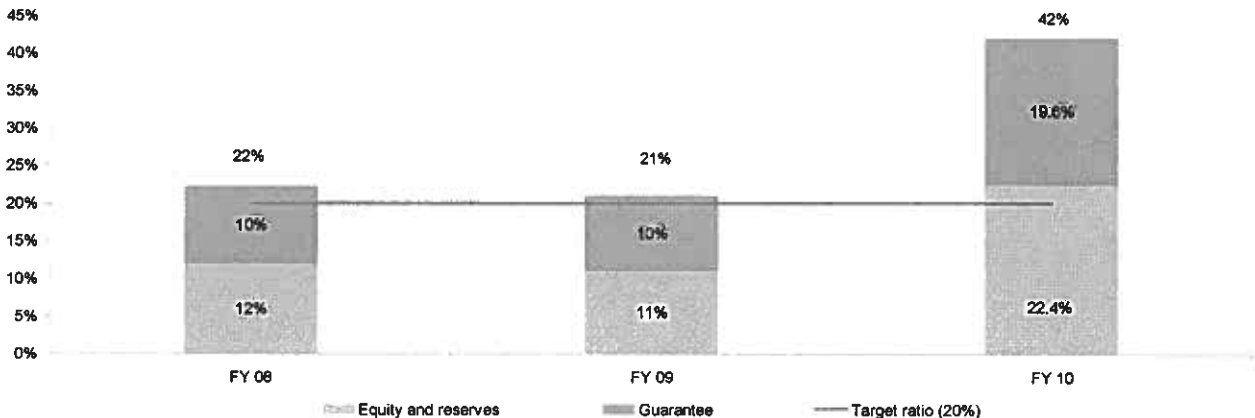
FINANCIAL YEAR 2009/2010 – IMPAIRMENT TREND



FINANCIAL YEAR 2009/2010 LOAN BOOK QUALITY



FINANCIAL YEAR 2009/2010 CAPITAL ADEQUACY

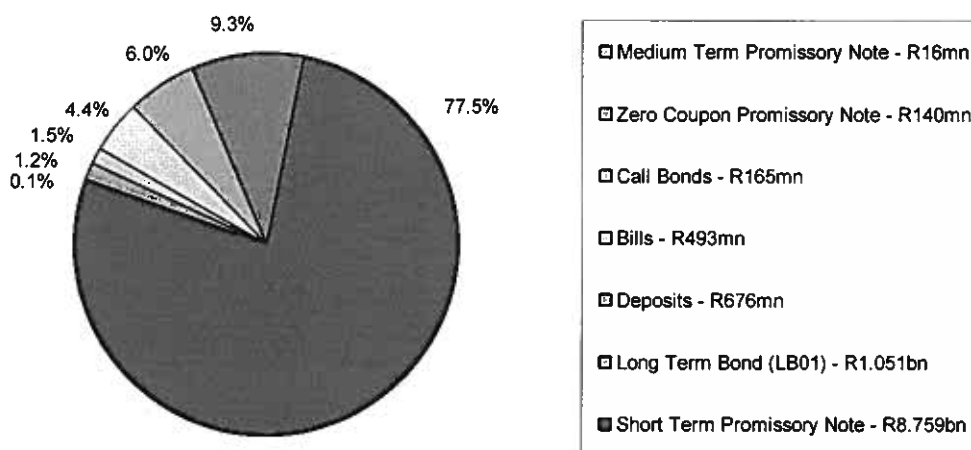


The Land Bank has developed credit policies that are being reviewed and strengthened. A revised write-off policy was approved by the Land Bank's executive committee. Measures have been implemented to improve the Land Bank's credit risk management committees with appropriate delegated powers. The power for taking credit decisions rests not in the hands of individuals, but with duly constituted committees.

FINANCIAL YEAR 2009/2010 - CAPITAL ADEQUACY

The Land Bank's capital adequacy ratio at 31 March 2010 was 42 percent and includes the Government guarantee of R2.5 billion. The 42 percent is above the agreed target ratio of 20 percent. Subsequent to the March 2009 year end, Government has provided a guarantee of R3.5 billion which amount will proportionally decrease with any amount of cash injection made by the Government to the Land Bank. The Land Bank received a cash injection of R1 billion on 31 December 2009, thereby reducing the outstanding Government guarantee to R2.5 billion. This should provide a solid foundation for the Bank to continue fulfilling its development mandate.

Funding sources (Money and Capital Markets) as at 31 March 2010



COST OF FUNDING

Currently, the majority of the Bank's funding is sourced on a short term basis ranging from call up to twelve months (The Land Bank issues call bonds which is similar to call facilities with the commercial banks – R165 million in issue). The short term nature of the Bank's liabilities poses a re-financing risk, hence the desire of the Bank to obtain and procure longer term funding.

Land Bank's Treasury department continues to actively manage its debt issuances and trading activities to fulfil its mandate of sourcing funds for the Bank at competitive rates, within the Bank's acceptable risks. During February 2010, the Treasury department bought back R800 million LB01 debentures and replaced them with promissory notes to reduce the funding requirement resulting from the LB01 maturity in June 2010. These transactions resulted in a realised saving on the total average cost of funding. In addition, R1.6 billion of surplus cash was used to net redeem promissory notes.

The Bank will continue to auction money market paper to remain visible and to use the auction process as a price discovery platform for Land Bank paper. This together with our market making activities on the bonds is our strategy to create liquidity and awareness of Land Bank paper to investors.

MANAGEMENT STRATEGY

After years of underperformance, the Land Bank in 2010 is currently at an advanced stage of its turnaround strategy in order to move to a more sustainable business model.

The first two phases of this process involved two short to medium-term work streams: cleanup and stabilisation. The cleanup work stream which involved addressing audit qualifications and related issues has been finalised. Certain elements of the stabilisation work stream will roll over to the 2010/11 period and will remain part of the sustainability programme. The clean-up and stabilisation efforts have begun to show

dividends in terms of both financial sustainability and operational efficiencies. One of the issues addressed as part of the stabilisation phase was the discontinuation of the Land for Development Finance Unit (LDFU).

The Land Bank is currently focussing on increasing its ability to sustain itself whilst playing a leading role in providing development finance solutions, products and policy advice to the South African land and agrarian environment.

With the advances that have been made, the Land Bank has improved its accounting standards, financial performance, tightened its processes and as a result has more reliable financial information. The thrust of the Land Bank's activities as it moves into 2010/11 is based on phase three of its turnaround strategy - sustainability. The sustainability initiative is an effort to ensure that the transformed Land Bank delivers on its development mandate in a sustainable manner. It is based on the seven strategic pillars set out below:

1. Implement development as core to business				
2. Maintain financial sustainability and secure affordable funding.	3. Ensure appropriately skilled people	4. Implement systems and drive research and innovation	5. Improve service delivery	6. Ensure Partnerships and stakeholder engagement
7. Ensure Governance, risk management and compliance				

RISK MANAGEMENT

The Land Bank annually updates its enterprise risk management framework to be in line with international best practice and relevant standards. There has been visible improvement in the implementation of risk management strategies. The coordinated efforts aimed at improving the control environment has reduced audit findings resulting in an unqualified audit report for 2009/.

Building on the solid foundations laid by the extensive risk and compliance awareness campaign in 2009/10, the Land Bank will place greater emphasis on enhancing the risk and compliance culture of the organisation. This is designed to ensure that the Land Bank reaches the next level of the maturity matrix.

The Land Bank has committed itself to strengthening its risk management practises in the following manner:

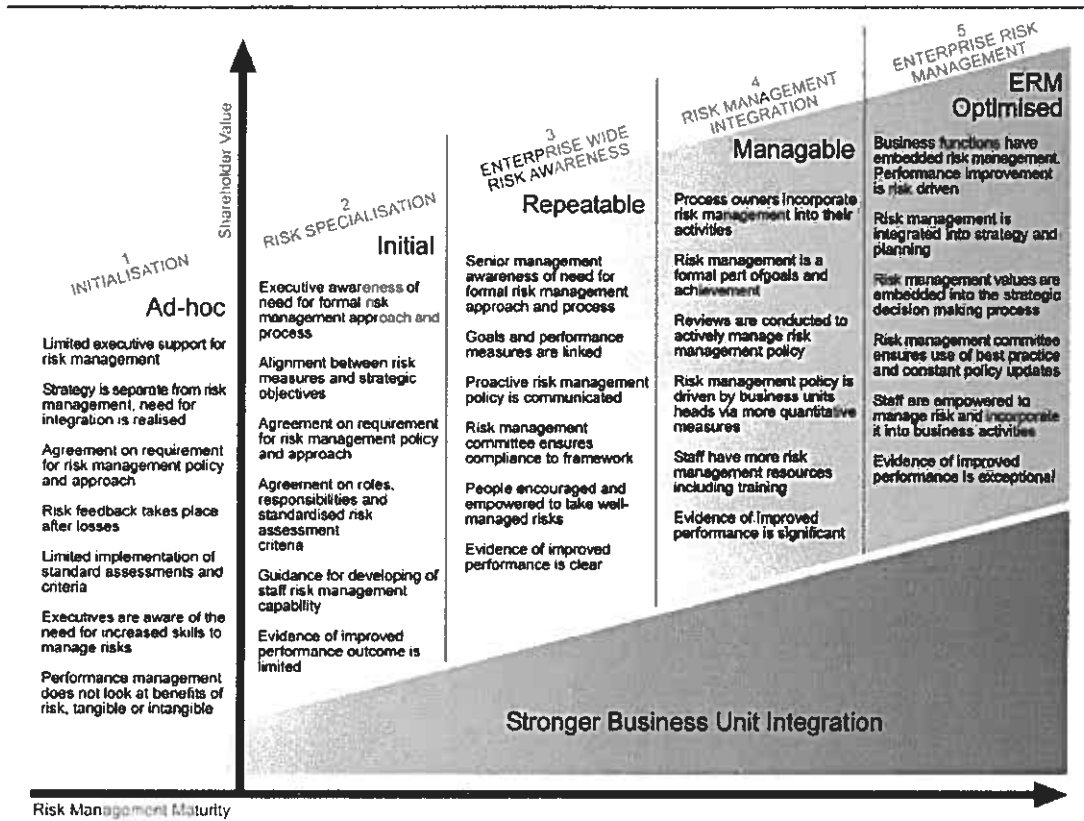
- the structure of the risk monitoring unit has been enhanced to accommodate a broader risk skill base;
- increased the number of risk champions in areas that carry more risk exposures;
- elevated the level of management that constituted the Operational Risk Committee (ORCO) to be at executive management level reporting to the Executive Management Committee (EXCO); and
- included a risk management key performance indicator (KPI) in all the executives performance contracts.

For the 2010/2011 financial year, the Land Bank intends on pursuing the following goals:

- Incentivise performance management;
- Embed proactive risk management policies;
- People empowered to take decisions;
- Monitor and evaluate performance continuously; and
- Training of staff on risk management principles.

In terms of the risk maturity matrix depicted below, the Land Bank’s own assessment is that it has moved from “Initial” to “Repeatable”. The aim for the 2010/2011 financial year is to ensure that the Land Bank moves to the “Manageable” level.

Risk maturity matrix



LAND BANK BOARD OF DIRECTORS (the "Board")

In terms of the Land Bank Act and Proclamation No. 28 of 2008, the Minister of Finance appoints the Board and also determines the maximum period for which a director will serve on the Board. The Board is collectively and individually accountable to the Minister of Finance. The Board is required to direct and control the operations and business of the Land Bank, implement policies and develop a code of good practise. In carrying out these functions, the Board exercises the utmost care and acts in the best interest of and for the benefit of the Land Bank.

BOARD COMMITTEES

As at 31 March 2010, the Board committees are as follows:

Audit Committee

The Audit Committee has a monitoring responsibility only and has no operational or management responsibilities. The specific responsibilities and functions of the Audit Committee include, inter alia:

- Monitoring that the internal audit and compliance functions are effective in terms of their scope, plans, budget, coverage, independence, skills, staffing, overall performance and position within the organisation;
- Recommend to the Board the appointment of the internal auditors and the audit fees; and
- Monitor that the external auditors are effective in terms of their skills, independence, audit plan, budget, reporting and their overall performance.

Risk Committee

The Risk Committee addresses all risks as laid out in the Enterprise-wide Risk Management Framework. The committee monitors operational risk management processes, market and credit risk. This committee functions as the Enterprise-wide Risk management Committee of the Bank. It also addresses all risks to which the bank is exposed to as mentioned in the Enterprise-wide Risk management Framework.

Credit Risk Committee

The primary focus of the Credit Risk Committee is to review and approve credit policies and philosophy, as well as credit limits and guidelines, review that procedures are in place to manage and control credit risk, approve the adequacy of the year end and interim provision and ensure the quality of Land Bank's credit portfolio is in accordance with these requirements by monitoring credit risk information.

Human Resources and Remuneration Committee

The Human Resource and Remuneration Committee oversees the development of the human resource remuneration policy and oversee that the policy aligns people management with the organisation's vision, mission and business strategies.

The above Board committees enable the Board to properly discharge its responsibilities and duties. All committees are chaired by an independent, non-executive director and each committee acts in accordance with its respective charter.

The Board and committee charters assist the Board and the committees in achieving balance between performance in the interest of the bank and conformance with corporate governance principles.

As at the date of this Programme Memorandum, the Board is comprised as follows:

NAME	DATE OF APPOINTMENT	AGE	QUALIFICATIONS	DESIGNATION
Dr BBS Ngubane	01 January 2010	68	MB ChB, Diploma in Tropical Medicine (DTM&H), Diploma in Public Health (DPH), Masters in Family Medicine and Primary Care (Mprax Med), Diploma in Economic Principles	Non Executive Chairperson
Prof HD van Schalkwyk	10 October 2007	43	B Com (Agricultural Economics), B Com (Hons) (Agricultural Economics), M Com (Agricultural Economics), PhD (Agricultural Economics)	Non Executive Deputy Chairperson
Mr P Hadebe	03 December 2008	42	MA (Economics), MA (Rural Development)	Chief Executive Officer
Ms J Boggendoel	05 March 2008	37	Bachelor of Accountancy, Bachelor of Commerce	Non Executive Member

NAME	DATE OF APPOINTMENT	AGE	QUALIFICATIONS	DESIGNATION
Prof ASM Karaan	01 January 2010	42	BSc Agric, BSc Agric (Hons), MSc Agric, PhD Agric	Non Executive Member
Mr BP Mathidi	05 March 2008	40	B Com (Acc), B Compt (Acc) (Hons), MSc (Financial Management)	Non Executive Member
Ms NP Mnxasana	05 March 2008	53	B Compt (Hons) CA (SA)	Non Executive Member
Mr JM Motloba	05 March 2008	43	BSc (Applied Maths & Computer Science), Diploma in Strategic Management	Non Executive Member
Mr JS Mthimunye	05 March 2008	45	B Com (Acc), B Compt (Hons)	Non Executive Member
Mr JT Potgieter	05 March 2008	60	BSc Agric (Agricultural Economics), BSc Agric (Hons) (Agricultural Economics), MBA	Non Executive Member
Ms N Qata	07 September 2007	51	B Admin, Honours: Industrial & Organisational Psychology, Masters: Industrial & Organisational Psychology	Non Executive Member
Ms TE Ramphele	05 March 2008	47	B Com (Acc), Post Graduate Certificate in Business Administration	Non Executive Member
Company Secretary:	Mr NJ Diko		Land Bank, Eco Glades 2 Office Park, Block D, c/o Witch Hazel Avenue & Olievenhoutbosch Road, Eco Park, Centurion.	

RISK FACTORS

RISKS RELATING TO THE ISSUER

Political Environment

Land reform and rural development have been re-prioritised by Government. Land redistribution and agricultural transformation are still below Government targets and emerging farmers are under financial distress. Government and its agencies need to address the disjoint between access to land, markets and sustainable production and the crucial water resource crippling emerging farmers.

Land reform programmes should be accelerated and must be accompanied by revitalisation of rural areas. Transformation in the agricultural sector should take centre stage and there should be a comprehensive support program for developing farmers that goes beyond land and production finance.

Land Bank must be committed to play a leading role in land reform and the transformation of the agricultural sector. Innovative ways in collaboration with Government departments to develop sustainable financial models are being explored and the Bank must play a strong policy advocacy role in support of sustainable agricultural development and land reform.

Macro economic environment

The economy is again slowly expanding and financial conditions have improved. The pace of recovery will be insufficient to decrease unemployment. Credit extension will continue to fall or stay at very low levels.

Domestic demand for agricultural products is likely to gradually improve and the Land Bank has a greater role to play in terms of economic growth, employment creation, food security and rural development through the provision of sustainable and innovative agricultural finance solutions.

The demand for credit is likely to improve. This provides Land Bank with an excellent opportunity to grow its loan book. The position of agriculture as a key economic driver will be restored. The Land Bank is developing and providing innovative financial products and solutions to take advantage of the economic climate.

Micro economic: Agribusiness

Even though commodity prices declined in 2009, they are still high by historical standards and appear to be bouncing back. Agricultural commodity price indices are steadily trending upwards again and thus indicating recovering prices. Net Farm Income for the year to June 2009 increased by 3.7 percent to R38, 3 billion against the previous year. The domestic terms of trade over the same period declined by 14.2 percent, indicating the negative impact that high input costs had on farmers' margins.

Food security has since improved in status due to declining prices and increasing agricultural production. Even though South Africa was in recession during the better part of 2009, the majority of agricultural industries recorded an increase in gross value of production. Rapidly rising inputs costs, however, presented a challenge for farmers although the global and local economy recovery and the 2010 Soccer World Cup will lend support to domestic agricultural industries.

The Land Bank constantly monitors industry performance with a view to continuously balance the loan book in favour of growing/expanding industries and to position itself to benefit from economic recovery

Environmental Issues

Environmental issues continue to dominate the global discourse. King III has re-emphasised the growing importance of sustainability issues locally and internationally. Agriculture needs to increase food production (necessitate by food price shocks of 2008) within the context of climate change and related climate variability impacts such as declining water resources and bio-diversity.

The Constitution of the Republic of South Africa, 1996 under Chapter 2 – The bill of rights enshrines the environmental rights and thus puts an obligation on any state organ to promote the Constitution.

The National Environmental Management Act (Act No. 107 of 1998) requires all organs of the state to abide by the national set environmental principles. The importance of social and environmental issues and its impact on business performance is rapidly increasing and King III even applies to public entities such as the Land Bank.

The Land Bank is mainstreaming social and environmental issues in its business activities, and encouraging its clients and partners to comply with relevant environmental legislative and regulatory requirements. The Land Bank needs to develop an environmental policy and strategy and institute monitoring mechanisms to ensure compliance with its environmental policy framework. Sustainable development remains the nucleus at the Land Bank and sustainability (social, environmental and economic) is to become an integral part of the Land Bank's business.

Legal and institutional environment

The legal framework under which Land Bank functions includes amongst others, the Constitution, the Land Bank Act, the National Credit Act and the PFMA. There are regulatory institutions such as the Department of Agriculture, Forestry and Fisheries (DOAFF), Department of Trade and Industry (DTI), National Treasury and the Auditor General. There are other complementary institutions such as other Development Finance Institutions (DFI's), National Agricultural Marketing Council (NAMC), Agricultural Research Council (ARC), Centre for Scientific and Industrial Research (CSIR) and organised agriculture.

There are laws and regulations which are either impeding or enabling Land Bank to deliver on its mandate and strategy. Cognisance needs to be given to regulatory or compliance requirements and such must be incorporated in the broader strategy. The Land Bank must conduct a comprehensive legal due diligence to determine legislation which is either enabling or impeding delivery and engage in a pro-active program to address all impeding legislation, including the Land Bank Act.

CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK

The Land Bank subscribes to the principles of the King III Report on Corporate Governance as well as the Protocol on Corporate Governance in the Public Sector.

All decision-making committees' charters are reviewed annually to ensure alignment to the Land Bank mandate and strategic objectives. Self assessment of the effectiveness of the Board and its sub-committees will be undertaken in 2010.

Good governance, risk management and compliance remain a significant focus of the Land Bank. Remedial measures have been put in place to address the following previously highlighted areas of concern:

- A policy development framework is operational;
- The current banking system was enhanced to include controls to mitigate risk;
- Appointments made to fill all executive management vacancies; and
- A full Board complement is now in place.

The Land Bank is subject to extensive supervisory and regulatory governance from its shareholder, the Government. National Treasury is the Land Bank's lead regulator. The Land Bank Act, the PFMA, Treasury Regulations and the National Credit Act regulate the nature of the Land Bank's business.

DEVELOPMENT MANDATE

In line with its mandate and to ensure sustainability, the Land Bank has put development as core to its business. A development policy provides a basis for the Bank's participation in agriculture and rural development. The Land Bank has also incorporated a social assessment scorecard to monitor its development impact.

The assessment is based on the following development principles:

- Development is core to the business (development has been defined within the parameters of target market segments);
- Development impact will be identified, quantified and monitored (the development impact monitors used as measurement tools);
- Funding will be leveraged for agriculture and rural development (in terms of future sustainability, the Land Bank will ensure that its transactions, in line with its mandate, are fully funded with the appropriate blend of own and leveraged capital). This is to reinforce the Land Bank's position and to ensure that the Land Bank takes appropriate risks;
- Government priorities in land and agrarian reform to be supported with the Land Bank taking a more central role in both planning, policy development and delivery;
- The Land Bank to continue ensuring its strategic partnerships with institutions such as the Department of Rural Development and Land Reform, Department of Agriculture, Forestry and Fisheries, National Treasury and others;
- Poverty alleviation and food security to be prioritised through targeted interventions; and
- Using commercial farming and established agribusinesses as partners for development.

The Land Bank's operations are primarily intended to support emerging farmers and take them through a maturity curve and in the process build sustainable businesses that will contribute significantly to rural development and food security.

The Land Bank's role in development will be measured against the following priorities:

- Access to and ownership of land by historically disadvantaged individuals;
- Increasing broad-based black economic empowerment, including equity, entrepreneurship, ownership, management, employment, training and skills transfer;
- Contributing to regional rural economies, targeting areas traditionally marginalised;
- Enhancing food security;
- Supporting Government programmes, including its focus on women, youth and the disabled;
- Promoting participation throughout the agricultural value chain;
- Bolstering rural development initiatives, including agriculturally related commerce, trading, training, health care and housing and infrastructure provision; and
- Promoting innovation in agriculture.

SETTLEMENT, CLEARING AND TRANSFERS

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

Global Certificates

Registered Notes listed on the Interest Rate Market of the JSE may be issued in the form of a single Global Certificate which will be lodged and immobilised in the Central Securities Depository which forms part of the settlement system of the JSE. The Central Securities Depository will be the sole Noteholder in respect of the Global Certificate.

The Central Securities Depository holds Notes subject to the Securities Services Act and the Rules of the Central Securities Depository. The Rules of the Central Securities Depository as at the date of this Programme have most recently been updated by the Registrar of Securities Services in Government Gazette No. 27758 of 8 July 2005.

While the Notes are held in the Central Securities Depository under the Global Certificate, the Central Securities Depository will be reflected as the Noteholder in the Register. Accordingly, in terms of the Terms and Conditions relating to the Notes, all amounts to be paid and all rights to be exercised in respect of the Notes held in the Central Securities Depository, will be paid to and may be exercised only by the Central Securities Depository, for the holders of Beneficial Interests in the Notes held by the Central Securities Depository under the Global Certificate.

The Central Securities Depository maintains accounts only for the Central Securities Depository Participants who are also approved settlement agents of the JSE. As at the date of this Programme Memorandum, the Settlement Agents are the South African Reserve Bank, ABSA Bank Limited, FirstRand Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. 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 represented by the Global Certificate 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 the Central Securities Depository Participants. Euroclear Bank SA/N.V., as operator of the Euroclear System and Clearstream Banking *société anonyme* (Clearstream, Luxembourg) may hold Notes through their the JSE Settlement Agent, which is currently The Standard Bank of South Africa Limited.

Transfers of Beneficial Interests in the Central Securities Depository to and from clients of Central Securities Depository Participants, who are also Settlement Agents, occur by book entry in the securities accounts of the clients with Settlement Agents. Transfers among Central Securities Depository Participants of Notes held in the Central Securities Depository occur through book entry in the Central Securities Depository Participant's central security accounts with the Central Securities Depository.

Beneficial Interests in Registered Notes may be exchanged for Individual Certificates in accordance with the Terms and Conditions. Transfers of Registered Notes represented by an Individual Certificate may be made only in accordance with the Terms and Conditions and may be subject to the rules and operating procedures for the time being of the Central Securities Depository, Settlement Agents and the JSE.

Payments of interest and principal in respect of Notes represented by the Global Certificate, or any other Notes represented by a Certificate immobilised in the Central Securities Depository and registered in the name of the Central Securities Depository's Nominee, will be made in accordance with Condition 8 of the Terms and Conditions to the Central Securities Depository, or such other registered holder of the Global Certificate, 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. Each of the persons shown in the records of the Central Securities Depository and the Central Securities Depository Participants as the holders of Beneficial Interests, as the case may be, shall look solely to the Central Securities Depository or the

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 Global Certificate.

Individual Certificates

All Notes not represented by a Global Certificate, including Unlisted Registered Notes, Bearer Notes and Order Notes, shall be issued in definitive form and represented by Individual Certificates.

Title to Unlisted Registered Notes issued in the 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 Unlisted Registered Notes.

Bearer Notes may only be issued in definitive form and only in accordance with Regulation 15(6)(a) of the Exchange Control Regulations. Title to Bearer Notes shall pass by delivery of such Individual Certificates. Title to Order Notes are transferable by way of Endorsement and delivery of such Certificate.

Payments of interest and principal in respect of Individual Certificates will be made to Noteholders in accordance with Condition 8.

Uncertificated Notes

Notes in uncertificated form may be issued in terms of section 37 of the Securities Services Act and will be held in the Central Securities Depository. The Central Securities Depository's Nominee will be the registered Noteholder in respect of Uncertificated Notes.

Title to Uncertificated Notes will pass in accordance with Condition 14.3.

Payments of interest and principal in respect of Uncertificated Notes will be made to Noteholders in accordance with Condition 8.

SOUTH AFRICAN TAXATION

The information contained below is intended to be a general guide to the relevant tax laws of South Africa as at the date of this Programme Memorandum and is not intended as comprehensive advice and does not purport to describe all of the considerations that may be relevant to a prospective purchaser of Notes. Prospective purchasers of Notes should consult their own professional advisers in regard to the purchase of Notes and the tax implications thereof. Accordingly, the Issuer makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this paragraph. The information contained below sets out guidelines on the current position regarding South African taxation for taxpayers who hold the Notes as capital assets. Traders in these Notes should consult their own advisers.

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

Income Tax

Under current taxation law in South Africa 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.

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.

Any original issue premium or redemption premium will be added to the nominal 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.

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 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.

Capital Gains Tax

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.

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.

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.

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.

Stamp duty and uncertificated securities tax

No stamp duty will be payable, in terms of the South African Stamp Duties Act, 1968, in respect of either the original issue of the Notes or on the subsequent transfer of the Notes, provided that they constitute "instruments" as contemplated in section 24J of the Income Tax Act. No uncertificated securities tax is payable, in terms of the South African Uncertificated Securities Tax Act, 1998, in respect of either the issue, cancellation redemption or the subsequent transfer of the Notes qualifying as "instruments" as contemplated in section 24J of the Income Tax Act.

Withholding tax

Under current taxation law in South Africa, all payments made under the Notes to resident and non-resident Noteholders will be made free of withholding or deduction for or on account of any taxes, duties, assessments or governmental charges in South Africa.

SUBSCRIPTION AND SALE

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

The Notes will be distributed by the Dealers and/or any person appointed as dealer by the Issuer in terms of the Programme Agreement dated 18 October 2010 relating to the Programme.

Republic of South Africa

The Issuer and each 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, 1990.

United States of America

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

If the Notes are in bearer form they are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by United States tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Issuer and each Dealer agrees that it will not solicit offers for the subscription for, or deliver, any Notes within the United States or to, or for the account or benefit of, US persons.

United Kingdom

Each Dealer has represented, warranted and undertakes to the Issuer, inter alia, and each further Dealer appointed under the Programme will be required to represent, warrant and undertake, that :

- (a) in relation to any Notes 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 Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 90 of the Financial Services and Markets Act, 2000 ("FSMA") by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes 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 the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes to the public in that

Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (a) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so are authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “*offer of Notes to the public*” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “*Prospectus Directive*” means Directive 2003/71/EC as amended, superseded or re-instated and includes any relevant implementing measure in each Relevant Member State.

General

Neither the Issuer nor any 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.

GENERAL INFORMATION

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

Authorisation

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Republic of South Africa have been given for the establishment of the Programme and the issue of Notes thereunder.

Listing

The Programme has been registered by the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or such other or further exchange(s) as may be selected by the Issuer. Unlisted Notes may also be issued under the Programme.

Documents Available

So long as Notes are in issue under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer:

- (a) the audited annual financial statements, and the notes thereto, of the Issuer for the three financial years ended 31 March prior to the date of this Programme Memorandum as well as the published audited annual financial statements, and notes thereto of the Issuer in respect of further financial years, as and when such become available;
- (b) a copy of the Programme Memorandum;
- (c) each of the Applicable Pricing Supplements relating to any Notes;
- (d) the Agency Agreement; and
- (e) any future supplements to this Programme Memorandum and any other documents incorporated herein or therein by reference.

Clearing Systems

The Registered Notes listed on the Interest Rate Market of the JSE will be cleared and settled in accordance with the rules of the JSE and the Central Securities Depository, or their successors. The Notes may also be accepted for clearance through any additional clearing system as may be selected by the Issuer.

Settlement Agents

As at the date of this Programme Memorandum, the JSE-recognised Settlement Agents, who are also Central Securities Depository Participants, are The South African Reserve Bank, ABSA Bank Limited, FirstRand Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited. Euroclear and Clearstream, Luxembourg will settle offshore transfers through South African Settlement Agents.

Material Change

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

Litigation

Save as disclosed herein, the Issuer is not engaged (whether as defendant or otherwise) in any legal, arbitration, administration or other proceedings, the results of which if adversely decided might have or have had a material effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

Auditors

The Auditor General has acted as the auditors of the financial statements of the Issuer for the financial years ending 31 March 2008, 31 March 2009 and 31 March 2010 and, in respect of 2008 issued a qualified audit report and in respect of 2009 and 2010 issued unqualified audit reports in respect of the Issuer.

Exchange Control

Non-South African Resident Noteholders and Non-Residents from the Common Monetary Area

The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective purchaser of Notes. Prospective purchasers of Notes that are non-South African residents or non-residents from the Common Monetary Area are urged to seek further professional advice in regard to the purchase of Notes under the Programme.

Blocked Rand may be used for the purchase of Notes. Any principal amounts payable by the Issuer in respect of the Notes purchased with Blocked Rand may not, in terms of the Exchange Control Regulations of 1961, be remitted out of South Africa or paid into any non-South African resident's bank account. For the purposes of this clause, Blocked Rand are defined as funds which may not be remitted out of South Africa or paid into a non-South African resident's bank account.

Non-Residents from the Common Monetary Area

Any Individual Certificates issued to Noteholders who are non-residents from the Common Monetary Area will be endorsed "*non-resident*". In the event that the Beneficial Interest in Notes is held by a non-resident from the Common Monetary Area through the Central Securities Depository and its relevant Settlement Agents, the securities account of such Non-resident will be designated as an "*non-resident*" account. Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such non-resident's blocked assets.

Any payments of interest or principal due to a non-resident Noteholder will be deposited into such non-resident's Blocked Rand account, as maintained by an authorised foreign exchange dealer. 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 invest in the Notes.

Any Individual Certificates issued to Noteholders who are not resident in the Common Monetary Area will be endorsed "*non-resident*". In the event that Notes are held by a non-resident of the Common Monetary Area through the Central Securities Depository and its relevant Participants, the securities account of such Noteholder will be designated as a "*non-resident*" account.

For the purposes of these paragraphs, the Common Monetary Area includes the Republic of South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland.

ISSUER

Land and Agricultural Development Bank of South Africa

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CO-LEAD ARRANGERS

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Sandton, 2196

South Africa

Contact: Ms P Nana

Vunani Capital (Proprietary) Limited

(Registration Number 1998/001469/07)

Vunani House

Athol Ridge Office Park

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Contact: Mr R Shaver

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Contact: Mr B Martin

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Contact: Mr Graham Randall

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PSH
Baq