



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)

ZAR20,000,000,000

Domestic Medium Term Note Programme

On 18 October 2010, the Land and Agricultural Development Bank of South Africa (the **Issuer**) established a ZAR20,000,000,000 Domestic Medium Term Note Programme (the **Programme**) pursuant to a programme memorandum dated 18 October 2010 (the **Previous Programme Memorandum**). This Programme Memorandum (this **Programme Memorandum**) will apply to all Notes (as defined herein) issued under the Programme on or after 13 March 2017 (the **Programme Date**). This Programme Memorandum will not apply to any Notes issued under the Programme before the Programme Date, and the Previous Programme Memorandum will continue to apply to such Notes.

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

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

As at the Programme Date, the Programme Amount is ZAR20,000,000,000. This Programme Memorandum will apply to the Notes issued under the Programme in an aggregate outstanding Nominal Amount which will not exceed ZAR20,000,000,000 unless such amount is increased by the Issuer as set out in the section of this Programme Memorandum headed "General Description of the Programme".

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

This Programme Memorandum has been approved by the JSE on 13 March 2017. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to all applicable laws. Unlisted Notes may also be issued under the Programme. The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE. A copy of the Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on the Interest Rate Market of the JSE will be delivered to the JSE and the CSD, on or before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the CSD. The placement of a Tranche of unlisted Notes may (at the sole discretion of the Issuer) be reported through the JSE reporting system, in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE. The settlement and redemption procedures for a Tranche of Notes listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

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

Arranger

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

Dealers

The Standard Bank of South Africa Limited,
acting through its Corporate and Investment Banking division
Absa Corporate and Investment Bank,
a division of Absa Bank Limited
Nedbank Limited,
acting through its Corporate and Investment Banking division
Vunani Capital (Proprietary) Limited
FirstRand Bank Limited,
acting through its Rand Merchant Bank division

JSE Debt Sponsor

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

GENERAL

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

The Issuer accepts full responsibility for the accuracy of the information contained in this Programme Memorandum and all documents incorporated by reference (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). To the best of the knowledge and belief of the Issuer the information contained in this Programme Memorandum is in accordance with the facts and does not omit any fact which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Programme Memorandum contains all information required by law and the debt listings requirements of the JSE.

The JSE takes no responsibility for the contents of this Programme Memorandum, any Applicable Pricing Supplements, or the annual reports of the Issuer (as amended or restated from time to time), makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum, any Applicable Pricing Supplements, or the annual reports of the Issuer (as amended or restated from time to time).

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

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

The Arranger, the Dealers, the JSE Debt Sponsor or any of their respective subsidiaries or holding companies or a subsidiary of their holding companies (**Affiliates**), other professional advisers named herein and the JSE have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger, the Dealers, the JSE Debt Sponsor nor any of their Affiliates 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 Arranger, the Dealers, the JSE Debt Sponsor, any of their Affiliates and other 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 by the Issuer to give any information or to make any representation not contained in or inconsistent with this Programme Memorandum or any other document entered into in relation to the Programme or any other information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, the Dealers, the JSE Debt Sponsor nor any of their Affiliates or other professional advisers.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arranger, the Dealers, the JSE Debt Sponsor, any of their Affiliates and other professional advisers that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme should subscribe for, or purchase, any Notes.

Each Person contemplating the subscription for, or purchase of, any Notes should determine for itself the relevance of the information contained in this Programme Memorandum and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the

creditworthiness, of the Issuer and its subscription for, or purchase of, Notes should be based upon any such investigation as it deems necessary. Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, any of the Dealers, the JSE Debt Sponsor, any of their Affiliates or other professional advisers to any Person to subscribe for or to purchase any Notes.

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

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

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

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

In connection with the issue and distribution of any Tranche of Notes under the Programme, the relevant Dealer(s), if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any Person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the debt listings requirements of the JSE and approved by the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all Applicable Laws, regulations and rules.

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

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DOCUMENTS INCORPORATED BY REFERENCE

Capitalised terms used in this section headed “Documents Incorporated by Reference” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or 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) all amendments and/or supplements to this Programme Memorandum prepared by the Issuer from time to time;
- (b) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme;
- (c) as at the Programme Date, the published audited annual financial statements, and notes thereto, of the Issuer for the three financial years ended 31 March 2014, 2015 and 2016 and the published audited annual financial statements, and notes thereto, of the Issuer in respect of further financial years, as and when such published consolidated audited financial statements become available;
- (d) the unaudited interim financial statements of the Issuer, together with such statements, reports and notes attached to or intended to be read with such unaudited interim financial statements, as and when such unaudited interim financial statements become available;
- (e) the policy of the Issuer named “*Employees Policy on Conflict of Interest*”, as amended from time to time;
- (f) the policy of the Issuer named “*Code of Ethics and Business Conduct*”, as amended from time to time;
- (g) the policy of the Issuer named “*Fraud & Corruption Prevention Plan*”, as amended from time to time;
- (h) the policy of the Issuer named “*Fraud & Corruption Prevention Policy*”, as amended from time to time;
- (i) the policy of the Issuer named “*Politically Exposed Persons Policy*”, as amended from time to time;
- (j) the policy of the Issuer named “*Whistleblowing Policy*”, as amended from time to time;
- (k) any policy adopted by the Issuer from time to time in relation to compliance with FICA and any applicable anti-money laundering legislation;
- (l) any notice relating to a change to the following board and/or executive management teams of the Issuer:
 - (i) the board of directors of the Issuer;
 - (ii) the members of the sub-committee of the board of directors of the Issuer;
 - (iii) the members of the Executive Management Team,

including, without limitation as a result of resignation, dismissal, replacement or removal of any members of such board, board committee or executive management team;

- (m) any material changes and/or amendments to any of the policy documents contemplated in paragraphs (e) to (j); and
- (n) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which will be electronically submitted through the Stock Exchange News Service (**SENS**) or similar service established by the JSE, to SENS subscribers, if required,

save that any statement contained in this Programme Memorandum or in any of the documents incorporated by reference in and forming part of this Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a

statement contained in any document subsequently incorporated by reference modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will, for as long as any Note remains Outstanding, provide at its registered office as set out at the end of this Programme Memorandum, without charge, a copy of all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded, in which case the modified or superseding documentation will be provided, including the most recently obtained beneficial disclosure report made available by the Participant to the CSD. Requests for such documents should be directed to the Issuer at its registered office as set out at the end of this Programme Memorandum. In addition, the constitutive documents of the Issuer will be available at the registered office of the Issuer as set out at the end of this Programme Memorandum.

This Programme Memorandum, any amendments and/or supplements thereto, and all other documents set out in paragraphs (b) to (m) are also available for inspection on the Issuer's website, www.landbank.co.za. In addition, this Programme Memorandum, any amendments and/or supplements thereto and the Applicable Pricing Supplements relating to any issue of listed Notes will be filed with the JSE which will publish such documents on its website at www.jse.co.za. This Programme Memorandum does not constitute an offer or invitation by or on behalf of the Issuer, the Arranger and the Dealers or their Affiliates, the JSE Debt Sponsor or any other professional advisors to any Person in any jurisdiction to subscribe for or purchase any Notes.

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

- (i) a change in the condition (financial or trading position) of the Issuer has occurred which is material in the context of the Notes so listed or the Issuer's payment obligations thereunder; or
- (ii) an event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or
- (iii) any of the information contained in this Programme Memorandum becomes outdated in a material respect,

provided that, in the circumstances set out in paragraphs (iii) and (iv) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's published audited annual financial statements if such published audited annual financial statements are incorporated by reference into this Programme Memorandum.

GENERAL DESCRIPTION OF THE PROGRAMME

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

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

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

This Programme Memorandum and any supplement thereto will only be valid for the issue of Notes in an aggregate Nominal Amount that, when added to the aggregate Nominal Amount then Outstanding of all the Notes previously or simultaneously issued under the Programme (including Notes issued under the Programme pursuant to the Previous Programme Memorandum), does not exceed ZAR20,000,000,000 or its equivalent in other currencies. For the purpose of calculating the South African Rand equivalent of the aggregate Nominal Amount of the Notes issued under the Programme from time to time, the South African Rand equivalent of the Notes denominated in another Specified Currency (as specified in the Applicable Pricing Supplement) shall be determined as of the date of agreement to issue such Notes (the **Agreement Date**) on the basis of the spot rate for the sale of the South African Rand against the purchase of such Specified Currency in the South African foreign exchange market quoted by any leading bank selected by the Issuer on the Agreement Date (the **Conversion Rate**) and in respect of:

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

From time to time the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures, all Applicable Laws and the Programme Agreement (as defined in the section headed “*Subscription and Sale*”), the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering a notice thereof to the Noteholders in accordance with Condition 18 (*Notices*) of the Terms and Conditions, and to the Arranger, the Dealers, the JSE and the CSD. Upon such notice being given to the Noteholders and the conditions set out in the Programme Agreement to exercise this right having been met, all references in this Programme Memorandum (and each agreement, deed or document relating to the Programme and/or this Programme Memorandum) to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount set out in such notice.

This Programme Memorandum will only apply to Notes issued under the Programme on or after the Programme Date.

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

SUMMARY OF THE PROGRAMME

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

PARTIES

Issuer	Land and Agricultural Development Bank of South Africa.
Arranger	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division (registration number 1962/000738/06), (Standard Bank) a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa.
Dealer(s)	(a) Standard Bank; (b) Absa Corporate and Investment Bank, a division of Absa Bank Limited (registration number 1986/004794/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa; (c) FirstRand Bank, acting through its Rand Merchant Banking division (registration number 1929/001225/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa; (d) Nedbank Limited, acting through its Corporate and Investment Banking division (registration number 1951/000009/06) a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa; (e) Vunani Capital (Proprietary), Limited (registration number 1998/001469/07) a private company with limited liability duly incorporated in accordance with the company laws of South Africa; and (f) any other additional Dealer(s) 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(s).
Transfer Agent	RMB, or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement.
Paying Agent	RMB, or such other entity appointed by the Issuer as Calculation Agent, in which event that other entity will act as Calculation Agent, as specified in the Applicable Pricing Supplement.
Calculation Agent	RMB, or such other entity appointed by the Issuer as Calculation Agent, in which event that other entity will act as Calculation Agent, as specified in the Applicable Pricing Supplement.
JSE Debt Sponsor	Standard Bank or such other entity appointed by the Issuer from time to time.

CSD	Strate Proprietary Limited (registration number 1998/022242/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the Financial Markets Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s).
JSE	the JSE Limited (registration number 2005/022939/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa and a licensed financial exchange in terms of the Financial Markets Act, or any exchange which operates as a successor exchange to the JSE.
GENERAL	
Blocked Rands	Blocked Rands may be used to subscribe for, or purchase, Notes, subject to the Exchange Control Regulations.
Clearing and Settlement	Each Tranche of Notes which is held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. The CSD acts as the approved electronic clearing house, and carries on the role of matching, clearing and facilitation of settlement of all transactions carried out on the JSE. Each Tranche of Notes which is held in the CSD will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD (see the section of this Programme Memorandum headed " <i>Settlement, Clearing and Transfers of Notes</i> ").
Cross-Default	The terms of the Notes will contain a cross-default provision relating to Indebtedness having an aggregate outstanding amount equal to or exceeding the greater of ZAR150,000,000 (or its equivalent in any other currency or currencies), or 1% (one percent) of the total assets of the Issuer as set out in Issuer's latest published audited annual financial statements as further described in Condition 16 (<i>Events of Default</i>), unless otherwise set out in the Applicable Pricing Supplement.
Denomination	Notes will be issued in such denominations as may be agreed by the Issuer and the relevant Dealer(s) and as indicated in the Applicable Pricing Supplement, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank or regulator or any laws or regulations applicable to the Notes.
Description of Programme	The Land and Agricultural Development Bank of South Africa ZAR20,000,000,000 Domestic Medium Term Note Programme.
Distribution	Notes may be distributed by way of private placement, auction or bookbuild or any other means permitted under South African law, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and the relevant Dealer(s) and reflected in the Applicable Pricing Supplement.
Form of Notes	Each Tranche of Notes which is listed on the Interest Rate

	Market of the JSE and each Tranche of unlisted Notes will be issued in uncertificated form, and will be held in the CSD. The holder of a Beneficial Interest may exchange such Beneficial Interest for Notes in certificated form represented by an Individual Certificate (see the section of this Programme Memorandum headed “ <i>Form of the Notes</i> ”).
Governing Law	The Notes will be governed by and construed in accordance with the laws of South Africa in force from time to time.
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, and the method of calculating interest may vary between the Issue Date and the Maturity Date.
Interest Period(s)/Interest Payment Date(s)	The Interest Rate, Interest Payment Date(s) and Interest Period(s), if any, applicable to a Tranche of Notes will be specified in the Applicable Pricing Supplement.
Issue and Transfer Taxes	As at the Programme Date, no securities transfer tax or any similar tax is payable in respect of the issue, transfer or redemption of the Notes (see the section of this Programme Memorandum headed “ <i>South African Taxation</i> ”). Any future transfer duties and/or taxes that may be introduced in respect of (or may be applicable to) the transfer of Notes will be for the account of Noteholders.
Issue Price	Notes may be issued on a fully paid or a partly paid basis and at their Nominal Amount or at a discount or premium to their Nominal Amount as specified in the Applicable Pricing Supplement.
Listing	This Programme has been approved by the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange(s).
Maturities of Notes	Such maturity(ies) as specified in the Applicable Pricing Supplement. Save for the Capital Notes, the Notes are not subject to any minimum or maximum maturity.
	Capital Notes may have a minimum maturity as required in order to comply with the relevant Capital Regulations applicable to such Capital Notes.
Nedbank	Nedbank Limited, acting through its Corporate and Investment Banking division (registration number 1951/000009/06); a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa.
Negative Pledge	The Senior Notes will have the benefit of a negative pledge as described in Condition 7 (<i>Negative Pledge</i>) of the Terms and Conditions.
Notes	Notes may comprise:
	Fixed Rate Fixed Rate interest will be payable in

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

			exchange, as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.
Mixed Notes	Rate	Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index-Linked Notes or Dual Currency Notes, each as specified in the Applicable Pricing Supplement.	
Instalment Notes		The Applicable Pricing Supplement will set out the dates on which, and the amounts in which, Instalment Notes may be redeemed.	
Partly Notes	Paid	The Issue Price will be payable in two or more instalments as set out in the Applicable Pricing Supplement.	
Exchangeable Notes		Exchangeable Notes may be redeemed by the Issuer in cash or by the delivery of securities, as specified in the Applicable Pricing Supplement.	
Other Notes		Terms applicable to any other type of Notes that are approved by the JSE, or its successor, or such other or further exchange or exchanges as may be selected by the Issuer in relation to an issue of listed Notes, or as agreed between the Issuer and the relevant Dealer(s) in respect of unlisted Notes, will be set out in the Applicable Pricing Supplement.	
Noteholders		The holders of Notes which are recorded as the registered Noteholders of those Notes in the Register. The CSD will be named in the Register as the registered Noteholder of each Tranche of Notes which is held in the CSD. Each holder of Notes which is represented by an Individual Certificate will be named in the Register as the registered Noteholder of such Notes.	
Rating		As at the Programme Date, the Issuer is rated. The Programme is not rated but may after the Programme Date be rated by a Rating Agency on a national or international scale basis. A Tranche of Notes may also, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, as well as the Rating Agency(ies) which assigned such Rating(s), will be specified in the Applicable Pricing Supplement.	
		A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency. Any adverse change in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, could adversely affect the trading price of all or any of the Notes. Any amendment in the Rating of the Issuer and/or the	

Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.

Redemption

A Tranche of Notes will, subject to the Applicable Pricing Supplement, be redeemed on the Maturity Date, as set out in Condition 10.1 (*Redemption at Maturity*).

If so specified in the Applicable Pricing Supplement, the Issuer may redeem the Notes of any Tranche at any time prior to the Maturity Date following the occurrence of a change in law and/or for tax reasons, as set out in Condition 10.2 (*Redemption for Tax Reasons*), unless otherwise set out in the Applicable Pricing Supplement.

If “*Early Redemption at the Option of the Issuer*” is specified as applicable in the Applicable Pricing Supplement or pursuant to Condition 10.3 (*Redemption at the Option of the Issuer*), the Issuer may, having given not less than 30 (thirty) Days’ nor more than 60 (sixty) Days’ irrevocable notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) to the Noteholders in accordance with Condition 18 (*Notices*), redeem the Tranche of Notes on any Optional Redemption Date(s), unless otherwise set out in the Applicable Pricing Supplement.

If “*Redemption at the Option of Senior Noteholders*” is specified as applicable in the Applicable Pricing Supplement, the Senior Noteholders of any Tranche of Senior Notes may, having given not less than 30 (thirty) Days’ nor more than 60 (sixty) Days’ notice (or such other period of notice as may be specified in the Applicable Pricing Supplement), require the Issuer to redeem Senior Notes on any Optional Redemption Date in the manner specified in Condition 10.4 (*Redemption at the Option of the Senior Noteholders*), unless otherwise set out in the Applicable Pricing Supplement.

If “*Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies*” is specified as being applicable in the Applicable Pricing Supplement and (i) a Breach of Anti-Corruption Laws or Corporate Governance Policies occurs (as defined below); (ii) and the Class of Noteholders resolve by way of an Extraordinary Resolution to have their Notes redeemed by the Issuer, then each Noteholder in that Class of Noteholders shall have the option to require the Issuer to redeem each Note in that Tranche of Notes held by those Noteholders at its Early Redemption Amount together with accrued interest (if any) within 15 (fifteen) Days after the delivery by that Noteholder of a Corruption Redemption Notice (as defined below), in the manner specified in Condition 10.5 (*Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies*), unless otherwise set out in the Applicable Pricing Supplement.

If “*Redemption in the event of a Change of Control*” is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any Tranche of Notes may, after having been notified by the Issuer in accordance with Condition 18 (*Notices*), require the Issuer to redeem Notes in the manner specified in Condition 10.6 (*Redemption in*

the event of a Change of Control), unless otherwise set out in the Applicable Pricing Supplement.

If “*Redemption following the disposal of all or a greater part of the Issuer’s business, assets or undertakings*” is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any Tranche of Notes may, after having received a Disposal Announcement (as defined below), require the Issuer to redeem Notes in the manner specified in Condition 10.7 (*Redemption following the disposal of all or a greater part of the Issuer’s business, assets or undertakings*), unless otherwise set out in the Applicable Pricing Supplement.

If “*Redemption in the event of a failure to maintain JSE Listing and Rating*” is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any Tranche of Notes may, after having been notified by the Issuer in accordance with Condition 18 (*Notices*), require the Issuer to redeem Notes in the manner specified in Condition 10.8 (*Redemption in the event of a failure to maintain JSE Listing and Rating*), unless otherwise set out in the Applicable Pricing Supplement.

If “*Redemption in the event of a Change to the Conduct of Business*” is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any Tranche of Notes may, after having been notified by the Issuer in accordance with Condition 18 (*Notices*), require the Issuer to redeem Notes in the manner specified in Condition 10.9 (*Redemption in the event of a Change to the Conduct of Business*), unless otherwise set out in the Applicable Pricing Supplement.

If “*Redemption in the event of a Breach of Environmental Matters*” is specified as applicable in the Applicable Pricing Supplement, the Noteholders of any Tranche of Notes may, after having been notified by the Issuer in accordance with Condition 18 (*Notices*), require the Issuer to redeem Notes in the manner specified in Condition 10.10 (*Redemption in the event of a Breach of Environmental Matters*), unless otherwise set out in the Applicable Pricing Supplement.

Notes may be redeemed before their stated maturity at the option of the Issuer pursuant to the clean-up call option in terms of Condition 10.11 (*Clean-Up Call Option*).

Selling Restrictions

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

Size of the Programme

As at the Programme Date, the Programme Amount is ZAR20,000,000,000. This Programme Memorandum will

only apply to Notes issued under the Programme (including Notes issued under the Programme pursuant to the Previous Programme Memorandum) in an aggregate outstanding Nominal Amount which does not exceed the Programme Amount. The Issuer may increase the Programme Amount in the manner set out in the section of this Programme Memorandum headed “*General Description of the Programme*”. The Programme Amount at the time of the issue of any Tranche of Notes will be set out in the Applicable Pricing Supplement.

Specified Currency

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

Status of Senior Notes

The Senior Notes constitute direct, unconditional, unsubordinated and (subject to Condition 7 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and, save for certain debts required to be preferred by law), equally with all other present or future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

Status and Characteristics relating to Subordinated Notes and Capital Regulations

The Subordinated Notes 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.

In order for the proceeds of the issue of a Tranche of Notes to qualify as Regulatory Capital, the Notes must comply with the applicable Capital Regulations and such Additional Conditions (if any) as are prescribed by the relevant regulatory authority in respect of that Tranche of Notes. The Issuer will specify in the Applicable Pricing Supplement whether an issue of Notes, the proceeds of which are intended to qualify as Regulatory Capital. The Additional Conditions (if any) prescribed by the relevant regulatory authority, the proceeds of which are intended to qualify as Regulatory Capital, will be specified in the Applicable Pricing Supplement or a supplement to the Programme Memorandum.

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

Stabilisation	In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer(s), if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any Person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the debt listings requirements of the JSE and approved by the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all Applicable Laws, regulations and rules.
Taxation	A summary of the applicable tax legislation in respect of the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed " <i>South African Taxation</i> ". The summary does not constitute tax advice. Potential investors in the Notes should, before making an investment in the Notes, consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.
Terms and Conditions	The terms and conditions of the Notes are set out in the section of this Programme Memorandum headed " <i>Terms and Conditions of the Notes</i> ". The Applicable Pricing Supplements may specify other terms and conditions (which may replace, modify or supplement the Terms and Conditions) in relation to specific terms and conditions of the Notes of any Tranche of Notes issued.
Use of Proceeds	The Issuer will use the issue proceeds of the Notes for its general corporate purposes, or as may otherwise be described in the Applicable Pricing Supplement.
Withholding Taxes	In the event that any withholding tax or such other deduction is required by law, then the Issuer will, subject to certain exceptions as provided in Condition 11 (<i>Taxation</i>), 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.

FORM OF THE NOTES

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

Notes issued in certificated form

All certificated Notes will be represented by a single Individual Certificate in registered form. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Subject to the Applicable Laws, title to Notes represented by Individual Certificates will be freely transferable and will pass upon registration of transfer in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*) of the Terms and Conditions.

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

Payments of all amounts due and payable in respect of Notes represented by Individual Certificates will be made in accordance with Condition 9 (*Payments*) of the Terms and Conditions to the Person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African time) on the Last Day to Register, and the payment obligations of the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Notes issued in uncertificated form

A Tranche of Notes which is listed on the Interest Rate Market of the JSE must, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act.

Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be held by the CSD in accordance with Applicable Procedures.

Beneficial Interests in Notes held in the CSD

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be held in the CSD. While a Tranche of Notes is held in the CSD, the CSD will be named in the Register as the sole Noteholder of the Notes in that Tranche.

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

The CSD maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Citibank N.A. South Africa Branch; FirstRand Bank Limited; Nedbank Limited; Standard Chartered Bank, Johannesburg Branch; Société Générale, Johannesburg Branch; The Standard Bank of South Africa Limited and the South African Reserve Bank. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

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

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

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

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Terms and Conditions.

PRO FORMA APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement that 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 ZAR20,000,000,000 Domestic Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated [•] 2017, prepared by the Land and Agricultural Development Bank of South Africa in connection with the Land and Agricultural Development Bank of South Africa ZAR20,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

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

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

PARTIES

1. Issuer	Land and Agricultural Development Bank of South Africa
2. Dealer(s)	[]
3. Manager(s)	[]
4. Debt Sponsor	[]
5. Paying Agent	[]
Specified Office	[]
6. Calculation Agent	[]
Specified Office	[]
7. Transfer Agent	[]
Specified Office	[]

PROVISIONS RELATING TO THE NOTES

8.	Status of Notes	[Senior/Subordinated] [Secured/Unsecured]
9.	Form of Notes	[Listed/Unlisted] Notes, issued in [uncertificated form and held by the CSD] / [certificated form represented by an Individual Certificate(s)]
10.	Series Number	[]
11.	Tranche Number	[]
12.	Aggregate Nominal Amount:	
	(a) Series	[]
	(b) Tranche	[]
13.	Interest	[Interest-bearing/Non-interest-bearing]
14.	Interest Payment Basis	[Fixed Rate/Floating Rate/Zero Coupon/Index-Linked/Dual Currency/Partly Paid /Instalment] Notes/other]
15.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	[Insert details including date for conversion]
16.	Issue Date	[]
17.	Nominal Amount per Note	[]
18.	Specified Denomination	[]
19.	Specified Currency	[]
20.	Issue Price	[]
21.	Interest Commencement Date	[]
22.	Maturity Date	[]
23.	Maturity Period	<i>[Subject to the applicable Capital Regulations, Notes that are also Capital Notes may have a minimum Maturity Period (if any) as determined in accordance with the applicable Capital Regulations]</i>
24.	Applicable Business Day Convention	[Floating Rate Business Day / Following Business Day / Modified Following Business Day / Preceding Business Day / other convention – insert details]
25.	Final Redemption Amount	[]
26.	Last Day to Register	[]
27.	Books Closed Period(s)	The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date
28.	Default Rate	[]
FIXED RATE NOTES		
29.	(a) Fixed Rate of Interest	[] percent per annum [payable [annually/semi-annually/quarterly] in arrear]
	(b) Fixed Interest Payment Date(s)	[] in each year up to and including the Maturity Date/other

- (c) Fixed Coupon Amount(s) [] per [] in Nominal Amount
- (d) Initial Broken Amount []
- (e) Final Broken Amount []
- (f) Day Count Fraction []
- (g) Any other terms relating to the particular method of calculating interest []

FLOATING RATE NOTES

- 30. (a) Floating Interest Payment Date(s) []
- (b) Interest Period(s) []
- (c) Definition of Business Day (if different from that set out in Condition 1) (*Interpretation*) []
- (d) Minimum Rate of Interest [] percent per annum
- (e) Maximum Rate of Interest [] percent per annum
- (f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) []
- 31. Rate of Interest and the manner in which the Rate of Interest is to be determined [ISDA Determination]/[Screen Determination (Reference Rate plus Margin)]/[other – insert details]
- 32. Margin [[] basis points/ [] percent] to be added to/subtracted from the relevant ISDA Rate/ Reference Rate]
- 33. If ISDA Determination
 - (a) Floating Rate []
 - (b) Floating Rate Option []
 - (c) Designated Maturity []
 - (d) Reset Date(s) []
 - (e) ISDA Definitions to apply []
- 34. If Screen Determination:
 - (a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated) []
 - (b) Interest Rate Determination Date(s) []
 - (c) Relevant Screen Page and Reference Code []
- 35. If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/ Margin/ Fallback provisions []

36. Calculation Agent responsible for calculating amount of principal and interest []

ZERO COUPON NOTES

37. (a) Implied Yield []
(b) Reference Price Percent [NACA] [NACM] [NACQ] [NACS] [other method of compounding]
(c) Any other formula or basis for determining amount(s) payable []

PARTLY PAID NOTES

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

INSTALMENT NOTES

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

MIXED RATE NOTES

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

INDEX-LINKED NOTES

43. (a) Type of Index-Linked Notes [Indexed Interest Notes / Indexed Redemption Amount Notes]
(b) Index/Formula by reference to which Interest Rate / Interest Amount is to be []

determined

- | | | |
|-----|--|-----------------------|
| (c) | Manner in which the Interest Rate / Interest Amount is to be determined | [] |
| (d) | Interest Period(s) | [] |
| (e) | Interest Payment Date(s) | [] |
| (f) | Provisions where calculation by reference to Index and/or Formula is impossible or impracticable | [] |
| (g) | Definition of Business Day (if different from that set out in Condition 1 (<i>Interpretation</i>)) | [] |
| (h) | Minimum Rate of Interest | [] percent per annum |
| (i) | Maximum Rate of Interest | [] percent per annum |
| (j) | Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision) | [] |

DUAL CURRENCY NOTES

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

EXCHANGEABLE NOTES

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

OTHER NOTES

- | | | |
|-----|--|-----|
| 46. | If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Index-linked Notes, Dual | [] |
|-----|--|-----|

Currency Notes or Exchangeable Notes or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional Terms and Conditions relating to such Notes.

PROVISIONS REGARDING REDEMPTION/MATURITY

47. Redemption at the option of the Issuer pursuant to Condition 10.3 (*Redemption at the Option of the Issuer*): [Yes/No]

If yes:

- (a) Optional Redemption Date(s) []
- (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) []
- (c) Minimum period of notice (if different from Condition 10.3 (*Redemption at the Option of the Issuer*)) []
- (d) If redeemable in part:
 - Minimum Redemption Amount(s) []
 - Higher Redemption Amount(s) []
- (e) Other terms applicable on Redemption []

48. Redemption at the option of the Senior Noteholders pursuant to Condition 10.4 (*Redemption at the Option of the Senior Noteholders*): [Yes/No]

If yes:

- (a) Optional Redemption Date(s) []
- (b) Optional Redemption Amount(s) []
- (c) Minimum period of notice (if different from Condition 10.4 (*Redemption at the Option of the Senior Noteholders*)) []
- (d) If redeemable in part:
 - Minimum Redemption Amount(s) []
 - Higher Redemption Amount(s) []
- (e) Other terms applicable on Redemption []
- (f) Attach *pro forma* put notice(s) []

49. Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies pursuant to Condition 10.5 (*Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies*) [Yes/No]
50. Redemption in the event of a Change of Control at the election of Noteholders pursuant to Condition 10.6 (*Redemption in the event of a Change of Control*) or any other terms applicable to a Change of Control [Yes/No]
51. Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking pursuant to Condition 10.7 (*Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking*) [Yes/No]
52. Redemption in the event of a failure to maintain JSE Listing and Rating at the election of Noteholders pursuant to Condition 10.8 (*Redemption in the event of a failure to maintain JSE Listing and Rating*) [Yes/No]
53. Redemption in the event of a Change to the Conduct of Business at the election of Noteholders pursuant to Condition 10.9 (*Redemption in the event of a Change to the Conduct of Business*) [Yes/No]
54. Redemption in the event of a Breach of Environmental Matters at the election of Noteholders pursuant to Condition 10.10 (*Redemption in the event of a Breach of Environmental Matters*) [Yes/No]
55. Early Redemption Amount(s) payable on redemption for taxation reasons, at the option of the Issuer in terms of Condition 10.3 (*Redemption at the Option of the Issuer*) at the option of the Noteholders in terms of Condition 10.4 (*Redemption at the Option of the Senior Noteholders*), Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies in terms of Condition 10.5 (*Redemption in the event of a Breach of Anti-Corruption Laws or*

Corporate Governance Policies) in the event of a Change of Control in terms of Condition 10.6 (*Redemption in the event of a Change of Control*), Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking in terms of Condition 10.7 (*Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking*), Condition 10.8 (*Redemption in the event of a failure to maintain JSE Listing and Rating*), Condition 10.9 (*Redemption in the event of a Change to the Conduct of Business*), Condition 10.10 (*Redemption in the event of a Breach of Environmental Matters*) Condition 10.11 (*Clean-Up Call Option*), or on Event of Default in terms of Condition 16 (*Events of Default*) (if required or if different from that set out in the relevant Conditions).

If yes:

- | | |
|--|--|
| <p>(a) Amount payable; or</p> <p>(b) Method of calculation of amount payable</p> <p>56. Prior consent of the relevant regulatory authority required for any redemption prior to the Maturity Date?</p> | <input type="checkbox"/>
<input type="checkbox"/>
<input type="checkbox"/> |
|--|--|
- [Yes/No]
- (N.B. Only relevant where the Notes are Notes that are also Capital Notes.)*

GENERAL

- | | |
|--|--|
| <p>57. Financial Exchange</p> <p>58. Additional selling restrictions</p> <p>59. ISIN No.</p> <p>60. Stock Code</p> <p>61. Stabilising manager</p> <p>62. Provisions relating to stabilisation</p> <p>63. Method of distribution</p> <p>64. Credit Rating assigned to the [Issuer]/[Programme]/[Notes]</p> <p>65. Applicable Rating Agency</p> <p>66. Value of total Notes in issue</p> <p>67. Governing law (if the laws of South Africa are not applicable)</p> <p>68. Other provisions</p> | <input type="checkbox"/>
<input type="checkbox"/> |
|--|--|
- [Auction/Bookbuild/Private Placement]
- []/[issue date and renewal date of rating to be specified]
- [Other Events of Default in addition to the Events of Default referred to in Condition 16

(Events of Default)]

[Other covenants, provisions]

(For Notes that are also Capital Notes, specify the Additional Conditions (if any) prescribed by the relevant regulatory authority and those of the applicable Capital Regulations (if any) which are not set out in the Terms and Conditions and/or this Applicable Pricing Supplement.)

Responsibility:

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the Programme Memorandum contains all information required by law and the debt listings requirements of the JSE. The Issuer shall accept full responsibility for the accuracy of the information contained in the Programme Memorandum and the Applicable Pricing Supplements, except as otherwise stated therein.

As at the date of this Applicable Pricing Supplement, the Issuer confirms that the authorised Programme Amount of ZAR20,000,000,000 has not been exceeded.

Application **[is hereby]/[will not be]** made to list this issue of Notes **[on • ••••]**.

SIGNED at _____ on this _____ day of _____ 20••

For and on behalf of

LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

Name:

Capacity: Director

Who warrants his/her authority hereto

Name:

Capacity: Director

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

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

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

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

1. INTERPRETATION

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

Absa	Absa Corporate and Investment Bank, a division of Absa Bank Limited (registration number 1986/004794/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
Additional Conditions	in relation to any issue of Notes, the proceeds of which are intended by the Issuer to qualify as Regulatory Capital, such conditions in addition to the conditions specified in the applicable Capital Regulations, as may be prescribed by the relevant regulatory authority for the proceeds of the issue of such Notes to qualify as Regulatory Capital, as specified in the Applicable Pricing Supplement;
Affiliate	in relation to any Person, a Subsidiary of that Person or a Holding Company of that person or any other Subsidiary of that Holding Company;
Applicable Laws	in relation to any Person, all and any statutes and subordinate legislation and common law, regulations, ordinances and by-laws, directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation and other similar provisions, from time to time, compliance with which is mandatory for that Person;
Applicable Pricing Supplement	in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Notes, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the <i>pro forma</i> pricing supplement which is set out in the section of the Programme Memorandum headed "Pro Forma Applicable Pricing Supplement";
Applicable Procedures	the rules and operating procedures for the time being of the CSD, the Participants and the debt listings requirements of the JSE and/or any other Financial Exchange;

Banks Act	the Banks Act, 1990;
Beneficial Interest	in relation to a Tranche of Notes which is held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 37(1) of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the proportion that the aggregate outstanding Nominal Amount of such number of Notes bears to the aggregate outstanding Nominal Amount of all of the Notes in that Tranche, as provided in section 37(3) of the Financial Markets Act;
BESA Guarantee Fund Trust	the guarantee fund trust established and operated by the JSE as a separate guarantee fund, in terms of sections 8(1)(h) and 17(2)(w) of the Financial Markets Act or any successor fund;
Books Closed Period	in relation to a Tranche of Notes, the period, as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfers of the Notes will not be registered, or such shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive principal and/or interest;
Business Day	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) on which commercial banks settle ZAR payments in Johannesburg, save further that if the Applicable Pricing Supplement so provides, “ <i>Business Day</i> ” shall include a Saturday;
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 respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
Class of Noteholders	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
Capital Notes	any Tranche of Notes, the proceeds of which are intended to qualify as Regulatory Capital in accordance with the relevant Capital Regulations;
Capital Regulations	at any time, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in South Africa in relation to banks and licensed to conduct the business of a bank in South Africa (including the Additional Conditions (if any)) (or if the Issuer becomes domiciled in a jurisdiction other than South Africa, any legislation, regulations, requirements, guidelines and policies relating to capital adequacy then in effect in such other jurisdiction in relation to banks registered in, and licensed to conduct the business of a bank in, such other jurisdiction);
Companies Act	the Companies Act, 2008;
CSD	Strate Proprietary Limited (registration number 1998/022242/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the Financial Markets Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s).
Day	a Gregorian calendar day unless qualified by the word “ <i>Business</i> ”;
Day Count Fraction	in relation to a Tranche of Notes (where applicable) and the calculation of an amount for any period of time (the Calculation

Period), the Day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and:

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

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

where:

Y_1 is the year, expressed as a number, in which the first Day of the Calculation Period falls;

Y_2 is the year, expressed as a number, in which the first Day

immediately following the last Day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first Day of the Calculation Period falls;

M₂ is the calendar month, expressed as a number, in which the first Day immediately following the last Day included in the Calculation Period falls;

D₁ is the first Day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

D₂ is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

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

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

where:

Y₁ is the year, expressed as a number, in which the first Day of the Calculation Period falls;

Y₂ is the year, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first Day of the Calculation Period falls;

M₂ is the calendar month, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

D₁ is the first Day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D₁ will be 30; and

D₂ is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless such number would be 31, in which case D₂ will be 30; and

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

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

where:

Y₁ is the year, expressed as a number, in which the first Day of the Calculation Period falls;

Y₂ is the year, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

M₁ is the calendar month, expressed as a number, in which the first Day of the Calculation Period falls;

M₂ is the calendar month, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

D₁ is the first Day, expressed as a number, of the Calculation Period unless (i) that Day is the last Day of February or (ii) such number would be 31, in which case D₁ will be 30; and

D₂ is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless (i) that Day is the last Day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30;

Dealer(s)	(a) Absa; (b) Standard Bank (c) Vunani; (d) Nedbank (e) RMB; and (f) any other additional Dealer(s) 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(s).
Default Rate	in relation to a Tranche of Notes, the Interest applicable to such Notes or the default rate specified as such in the Applicable Pricing Supplement;
Dual Currency Notes	Notes which pay interest in a base currency and the principal in a non-base currency or vice versa, as indicated in the Applicable Pricing Supplement;
Early Redemption Amount	in relation to a Tranche of Notes, the amount, as set out in Condition 10.12 (<i>Early Redemption Amounts</i>), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Condition 10.2 (<i>Redemption for Tax Reasons</i>), Condition 10.3 (<i>Redemption at the Option of the Issuer</i>), Condition 10.4 (<i>Redemption at the Option of the Senior Noteholders</i>), Condition 10.5 (<i>Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies</i>), Condition 10.6 (<i>Redemption in the event of a Change of Control</i>), Condition 10.7 (<i>Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking</i>), Condition 10.8 (<i>Redemption in the event of a failure to maintain JSE Listing and Rating</i>), Condition 10.9 (<i>Redemption in the event of a Change to the Conduct of Business</i>), Condition 10.10 (<i>Redemption in the event of a Breach of Environmental Matters</i>), Condition 10.11 (<i>Clean-Up Call Option</i>), and/or Condition 16 (<i>Events of Default</i>);
Encumbrances	any mortgage, pledge, hypothecation, assignment, cession <i>in securitatem debiti</i> , deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of a secured claim to a creditor but excluding statutory preferences, any security interest arising by operation of law;
Event of Default	in relation to a Series of Notes, any of the events described in Condition 16 (<i>Events of Default</i>);
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 Control Regulations	the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933;
Exchange Period	in relation to a Tranche of Notes, 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	in relation to a Tranche of Exchangeable Notes, the amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
Exchange Securities	in relation to a Tranche of Exchangeable Notes, the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of the Exchangeable Notes to the value of the Exchange Price;
Extraordinary Resolution	(i) a resolution passed at a meeting (duly convened) or (ii) a written resolution of the Noteholders or a Class of Noteholders, as the case may be, by a majority consisting of not less than 75% (seventy five percent) votes given on such poll or if a vote by show of hands be duly demanded then by a majority consisting of not less than 75% (seventy five percent) of the Persons voting at such meeting on a show of hands;
Final Broken Amount	in relation to a Tranche of Notes, the final broken amount specified as such in the Applicable Pricing Supplement;
Final Redemption Amount	in relation to a Tranche of Notes, the amount of principal specified in the Applicable Pricing Supplement payable in respect of such Tranche of Notes upon the Maturity Date;
Financial Exchange	the JSE and/or such other or additional financial exchange(s) as may be determined by the Issuer and the relevant Dealer(s), subject to Applicable Laws, and upon which the Notes are listed as specified in the Applicable Pricing Supplement;
Financial Markets Act	the Financial Markets Act, 2012;
Financial Year	the annual accounting period of the Land and Agricultural Development Bank of South Africa ending on or about 31 March in each year;
Fixed Coupon Amount	in relation to a Tranche of Fixed Rate Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;
Fixed Interest Payment Date	in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;
Fixed Interest Period	in relation to a Tranche of Fixed Rate Notes, the period from (and including) a Fixed Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Fixed Interest Payment Date or as otherwise set out in the Applicable Pricing Supplement;
Fixed Rate Notes	Notes which will bear interest at the Fixed Rate of Interest, as indicated in the Applicable Pricing Supplement;
Fixed Rate of Interest	in relation to a Tranche of Notes, the fixed rate of interest specified as such in the Applicable Pricing Supplement;
Floating Rate Notes	Notes which will bear interest at a Floating Rate Interest as indicated in the Applicable Pricing Supplement and more fully

	described in Condition 8.2 (<i>Floating Rate Notes and Indexed Interest Notes</i>);
Floating Rate	in relation to a Tranche of Notes, the floating rate of interest specified as such in the Applicable Pricing Supplement;
Higher Redemption Amount	in relation to a Tranche of Notes, the higher redemption amount specified as such in the Applicable Pricing Supplement;
Holding Company	in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary;
Group	collectively, the Issuer, each Subsidiary of the Issuer and any other company or entity whose financial results are consolidated with the financial results of the Issuer in accordance with the IFRS;
ICMA	International Capital Market Association;
IFRS	the International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);
Implied Yield	in relation to a Tranche of Zero Coupon Notes, the yield accruing on the Issue Price of such Notes, as specified in the Applicable Pricing Supplement;
Income Tax Act	the Income Tax Act, 1962;
Indebtedness	any obligation (whether incurred as principal or as surety) for the payment or repayment of money borrowed from any third party lender and (without double counting) guarantees or indemnities (other than those given 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 an index and/or a formula as indicated in the Applicable Pricing Supplement;
Index-Linked Notes	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable and as indicated in the Applicable Pricing Supplement;
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 may be indicated in the Applicable Pricing Supplement;
Individual Certificate	a Note in the definitive registered form of a single certificate and being a certificate exchanged for Beneficial Interest in accordance with Condition 12 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>) and any further certificate issued in consequence of a transfer thereof;
Initial Broken Amount	in relation to a Tranche of Notes, the initial broken amount specified as such in the Applicable Pricing Supplement;
Instalment Amount	in relation to a Tranche of Instalment Notes, the amount expressed (in the Applicable Pricing Supplement) as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
Instalment Notes	Notes issued on the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as specified in the Applicable Pricing Supplement;
Instalment Dates	in relation to a Tranche of Instalment Notes, the dates specified as

	such in the Applicable Pricing Supplement;
Interest Amount	in relation to a Tranche of Notes, the amount of interest payable in respect of each Nominal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Interest Notes, as determined by the Calculation Agent in accordance with Condition 8 (<i>Interest</i>);
Interest Commencement Date	in relation to a Tranche of Notes (where applicable) the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
Interest Determination Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Interest Payment Date	in relation to a Tranche of Notes, the Interest Payment Date(s) and/or the Redemption Date specified in the Applicable Pricing Supplement or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last Day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;
Interest Period	in relation to a Tranche of Notes, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;
Interest Rate and Rate of Interest	in relation to a Tranche of Notes, the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
Interest Rate Market of the JSE	the separate platform or sub-market of the JSE designated as the “ <i>Interest Rate Market</i> ”, or such other platform or submarket designated by the JSE from time to time, and on which Notes (and other debt securities) may be listed;
ISDA	the International Swaps and Derivatives Association Inc.;
ISDA Definitions	the 2006 ISDA Definitions published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement;
Issue Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Issue Price	in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
Issuer	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, 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 1944 Acts;
JSE	the JSE Limited (registration number 2005/022939/06), a public company with limited liability duly incorporated in accordance with the company laws of South Africa and a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a successor exchange to the JSE;
Land Bank Act	the Land and Agricultural Development Act, 2002;

Last Day to Register	with respect to a particular Tranche of Notes (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Tranche of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;
Mandatory Exchange	in relation to a Tranche of Exchangeable Notes, the mandatory exchange specified as such in the Applicable Pricing Supplement;
Margin	in relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;
Material Indebtedness	any Indebtedness amounting in aggregate to an outstanding amount equal to or exceeding the greater of ZAR150,000,000 (or its equivalent in any other currency or currencies), or 1% (one percent) of the total assets of the Issuer as set out in the Issuer's latest published audited annual financial statements at the time of the occurrence of an Event of Default;
Maturity Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Minimum Redemption Amount	in relation to a Tranche of Notes, the minimum redemption amount specified as such in the Applicable Pricing Supplement;
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 Index-Linked Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 8.4 (<i>Mixed Rate Notes</i>);
NACA	nominal annual compounded annually;
NACM	nominal annual compounded monthly;
NACQ	nominal annual compounded quarterly;
NACS	nominal annual compounded semi-annually;
Nedbank	Nedbank Limited, acting through its Corporate and Investment Banking division (registration number 1951/000009/06) a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
Nominal Amount	in relation to any Note, the total amount, excluding interest and any adjustments on account of any formula, owing by the Issuer under the Note;
Noteholders	the registered holders of the Notes as recorded in the Register;
Noteholders' Exchange Right	in relation to Exchangeable Notes, if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
Notes	secured or unsecured registered notes issued or to be issued by the Issuer under the Programme, pursuant to this Programme Memorandum;
Optional Redemption Amount	in relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;
Outstanding	in relation to the Notes, all the Notes issued under the Programme other than:

- (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 monies wherefore (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 Individual Certificates (if any);
- (c) those which have been purchased and cancelled as provided in Condition 10 (*Redemption and Purchase*);
- (d) those which have become prescribed under Condition 15 (*Prescription*);
- (e) those represented by mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*); or
- (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 Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual Certificates have been issued pursuant to Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*),

provided that for each of the following purposes:

- (a) the right to attend and vote at any meeting of the Noteholders; and
- (b) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 19 (*Amendment of these Conditions*) and 20 (*Meetings of Noteholders*),

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

Participant a Person accepted by the CSD as a participant in terms of section 31 of the Financial Markets Act, and who is approved by the CSD, as a Settlement Agent to perform electronic settlement of funds and scrip;

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;

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

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

Permitted Encumbrance

- (a) any Encumbrance of the Issuer existing as at the Programme Date; or
- (b) any Encumbrance created over any asset, acquired,

purchased, developed or constructed by the Issuer, after the Programme Date (including any Encumbrance over the shares or other ownership interests in, or securities of, any person, acquired, subscribed for by the Issuer after the Programme Date, or the assets of such other company or person) if such Encumbrance was created for the sole purpose of financing or refinancing that asset by the Issuer provided that the Indebtedness so secured shall not exceed the *bona fide* arm's length market value (on or about the date of the creation of such Encumbrance) of that asset or the cost of the acquisition, purchase, development or construction of that asset by the Issuer (including all interest and other finance charges, adjustments due to changes in circumstance and other charges reasonably incidental to such cost, whether contingent or otherwise) and where such market value and such cost both apply, the higher of the two; or

- (c) any Encumbrance created over or with respect to any receivables of the Issuer after the Programme Date, if such Encumbrance was created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the Indebtedness secured by such Encumbrance is limited to the value of such receivables (on or about the date of creation of such Encumbrance); or
- (d) any Encumbrance created over or with respect to any netting or set-off arrangement entered into by the Issuer in the ordinary course of business , pursuant to the provisions of the Land Bank Act, for purposes of netting debit and credit balances; or
- (e) any Encumbrance created by the Issuer in the ordinary course of business, pursuant to the provisions of the Land Bank Act, which includes, but is not limited to, over stock-in-trade, inventories, accounts receivable, deposit accounts; or
- (f) any Encumbrance with respect to inter-company Indebtedness incurred between the Issuer and/or any Subsidiary or between any Subsidiaries; or
- (g) any Encumbrance created by the Issuer over deposit accounts securing a loan equal to the amounts standing to the credit of such deposit accounts, including any cash management system; or
- (h) in addition to any Encumbrance referred to in (a) to (f) above, all other Encumbrances securing in aggregate an amount which is equal to or less than (i) ZAR150,000,000 (or its equivalent in another currency) or (ii) 1% (one percent) of the total assets of the Issuer as set out in the Issuer's latest published audited annual financial statements, whichever is greater at the time the Encumbrance is established;

Person	shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal personality) of two or more of the foregoing;
Programme	The ZAR20,000,000,000 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 Amount	the maximum aggregate outstanding Nominal Amount of all of the

	Notes that may be issued under the Programme (including Notes issued under the Programme pursuant to the Previous Programme Memorandum) at any one point in time, being ZAR20,000,000,000 or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed “ <i>General Description of the Programme</i> ”;
Programme Date	the date of this Programme Memorandum being 13 March 2017;
Rating	in relation to the Issuer and/or the Programme and/or a Tranche of Notes (where applicable), as the case may be, the rating of the Issuer and/or the Programme and/or the Tranche of Notes, as the case may be, granted by the Rating Agency, specified in the Applicable Pricing Supplement;
Rating Agency	Global Credit Rating Co., Standard & Poor’s Ratings Services (S&P) or Moody’s Investors Service Limited (Moody’s), as the case may be, and their successors or any other rating agency of equivalent international standing, as the case may be, and as specified in the Applicable Pricing Supplement (if applicable) and/or notified to Noteholders pursuant to Condition 18 (<i>Notices</i>);
Redemption Date	in relation to a Tranche of Notes, the date upon which the Notes are redeemed by the Issuer, in accordance with Condition 10 (<i>Redemption and Purchase</i>);
Reference Banks	four leading banks in the South African inter-bank market selected by the Calculation Agent;
Reference Price	in relation to a Tranche of Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;
Reference Rate	in relation to a Tranche of Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;
Register	the register of Noteholders maintained by the Transfer Agent in terms of Condition 13 (<i>Register</i>), including any Uncertificated Securities Register, as the case may be;
Regular Period	<ul style="list-style-type: none"> (a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date; (b) in the case Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the Day and the month (but not the year) on which any Interest Payment Date falls; and (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the Day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;
Regulatory Capital	“ <i>primary share capital</i> ”, “ <i>secondary share capital</i> ” or “ <i>tertiary share capital</i> ” each as defined in the Banks Act;

Related Party(s)	any direct or indirect holder of shares in the Issuer and any Affiliate of any direct or indirect holder of shares in the Issuer;
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 CSD in accordance with these Terms and Conditions, it means the first date on which (i) the full amount of such monies have been received by the CSD, (ii) such monies are available for payment to the holders of Beneficial Interests and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
Relevant Screen Page	in relation to a Tranche of Notes (where applicable), the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the Applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;
Representative	a Person duly authorised to act on behalf of a Noteholder, the Transfer Agent or the Paying Agent, as the case may be, who may be regarded by the Issuer (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder, the Transfer Agent and the Paying Agent;
RMB	FirstRand Bank, acting through its Rand Merchant Banking division (RMB) (registration number 1929/001225/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
Senior Noteholders	the Noteholders of Senior Notes;
Senior Notes	Notes issued with the status and characteristics set out in Condition 5 (<i>Status of Senior Notes</i>), as indicated in the Applicable Pricing Supplement;
SENS	the Stock Exchange News Service of the JSE;
Series	a Tranche of Notes together with any further Tranche or Tranches of Notes which are:
	(a) expressed to be consolidated and form a single series; and
	(b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
Settlement Agent	a Participant, approved by the CSD in terms of the Applicable Procedures to perform electronic settlement of both funds and scrip on behalf of market participants;
Specified Currency	in relation to each Note in a Tranche of Notes, subject to all Applicable Laws, the currency specified in the Applicable Pricing Supplement;
Specified Denomination	in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement;
Specified Office	the office of the Transfer Agent, the Paying Agent and/or the Calculation Agent as specified in the Applicable Pricing Supplement;

Standard Bank	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division (registration number 1962/000738/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
South Africa	the Republic of South Africa;
Subordinated Indebtedness	in the event that the Issuer is wound up or placed in liquidation or is subject to business rescue proceedings, any indebtedness of the Issuer, including any guarantee by the Issuer, under which the right of payment of the Person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer;
Subordinated Notes	Notes issued with the status and characteristics set out in Condition 6 (<i>Status and Characteristics of Subordinated Notes</i>), as indicated in the Applicable Pricing Supplement;
Subsidiary	a subsidiary company as defined in section 3(1)(a) and (b) of the Companies Act;
Sub-unit	with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;
Terms and Conditions	the terms and conditions incorporated in this section headed " <i>Terms and Conditions of the Notes</i> " and in accordance with which the Notes will be issued;
Tranche	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
Transfer Agent	RMB, or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement, or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement;
Transfer Form	the written form for the transfer of a Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
Uncertificated Securities Register	an Uncertificated Securities Register as contemplated in section 1 of the Companies Act;
Vunani	Vunani Capital (Proprietary) Limited (registration number 1998/001469/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa;
ZAR	the lawful currency 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 (as indicated in the Applicable Pricing Supplement) that appears on the Reuters Screen SAFEX Page as at 11h00, Johannesburg time on the relevant date; and
Zero Coupon Notes	Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment, as indicated in the Applicable Pricing Supplement.

2. ISSUE

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

3. FORM AND DENOMINATION

3.1. General

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

3.2. Registered Notes

A Tranche of Notes will be issued in certificated form or in uncertificated form, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*) and Condition 3.2.2 (*Notes issued in uncertificated form*), as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and issued in uncertificated form, will be held in the CSD, as contemplated in Condition 3.2.2 (*Notes issued in uncertificated form*). A Tranche of unlisted Notes may also be held in the CSD, as contemplated in Condition 3.2.3 (*Beneficial Interests in Notes held in the CSD*).

3.2.1. **Notes issued in certificated form**

All Notes issued in certificated form will be represented by Individual Certificates.

3.2.2. **Notes issued in uncertificated form**

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act. Notes issued in uncertificated form will be held in the CSD. Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 33 of the Financial Markets Act.

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

(i) A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may

also be held in the CSD.

- (ii) The CSD will hold Notes subject to the Financial Markets Act and the Applicable Procedures.
- (iii) All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD for the holders of Beneficial Interests in such Notes.
- (iv) A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

3.2.4. Recourse to the BESA Guarantee Fund Trust

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

4. TITLE

4.1. Notes issued in certificated form

- 4.1.1. Each holder of Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Notes.
- 4.1.2. Title to Notes represented by an Individual Certificate will pass upon registration of transfer in the Register in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*).
- 4.1.3. The Issuer, the Transfer Agent and the Paying Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

4.2. Notes issued in uncertificated form

The relevant Participant will be named in the Register as the registered holder of each Tranche of Notes which is issued in uncertificated form.

4.3. Beneficial Interests in Notes held in the CSD

- 4.3.1. While a Tranche of Notes is held in the CSD, the relevant Participant will be named in the Register as the sole Noteholder of the Notes in that Tranche.
- 4.3.2. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.
- 4.3.3. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants.
- 4.3.4. In relation to each Person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the aggregate Nominal Amount of such Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest. The relevant Participant (as the registered holder of such Notes named in the Register) will

be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.

- 4.3.5. Beneficial Interests in Notes may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register and the relevant Participant will continue to be reflected in the Register as the registered holder of such Notes, notwithstanding such transfers.
- 4.3.6. Any reference in the Terms and Conditions to the relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Participant appointed to act as such by the holder of such Beneficial Interest.

5. STATUS OF SENIOR NOTES

The Senior Notes are direct, unconditional, unsubordinated and (subject to Condition 7 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (save for certain debts required to be preferred by law) equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

6. STATUS AND CHARACTERISTICS OF SUBORDINATED NOTES AND CAPITAL NOTES

- 6.1. Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and subject to the Capital Regulations applicable to the relevant Capital Notes, rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those which have been accorded preferential rights by law, or as otherwise set out in the Applicable Pricing Supplement. The payment obligations of the Issuer in respect of Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital shall rank in accordance with the provisions of the Regulations relating to Banks as set out in the Applicable Pricing Supplement relating to such Notes.
- 6.2. Subject to Applicable Laws, in the event that the Issuer is placed into liquidation or wound-up or commences business rescue proceedings, the claims of the Persons entitled to payment of amounts due in respect of the Subordinated Notes, shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness, to the extent that, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the Persons entitled to payment of amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such insolvency, business rescue or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

6.3. Capital Regulations and Additional Conditions

In order for the proceeds of the issuance of Subordinated Notes to qualify as Regulatory Capital, Subordinated Notes must comply with the applicable Capital Regulations and Additional Conditions (if any) prescribed by the relevant regulatory authority in respect of a particular Tranche of Subordinated Notes. The Issuer will specify in the Applicable Pricing Supplement whether any issue of Subordinated Notes is an issue of Capital Notes the proceeds of which are intended to qualify as Regulatory Capital. The Additional Conditions (if any) prescribed by the relevant regulatory authority in respect of Capital Notes will be specified in the Applicable Pricing Supplement or a supplement to the Programme Memorandum.

7. NEGATIVE PLEDGE

- 7.1. For so long as any Tranche of the Senior Notes remains Outstanding, the Issuer undertakes not to create any Encumbrances other than Permitted Encumbrances over any of its present assets or revenues to secure any present or future Indebtedness (save for those which have been accorded a preference by law) without at the same time securing all Senior Notes equally and rateably with such Indebtedness or providing such other security or arrangement as may be approved by Extraordinary Resolution of the Senior Noteholders, unless the

provision of any such security is waived by an Extraordinary Resolution of the Senior Noteholders.

- 7.2. The Issuer shall be entitled, but not obliged, to form, or procure the formation of, a trust or special purpose company (or more than one), 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.

8. INTEREST

8.1. Fixed Rate Notes

- 8.1.1. Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate of Interest so specified, payable in arrears on the Fixed Interest Payment Dates in each year up to and including the Maturity Date.
- 8.1.2. In accordance with the Capital Regulations applicable to Capital Notes, the Issuer may have the right to defer the due date for payment of capital and/or interest in relation to Subordinated Notes the proceeds of which are intended to qualify as Regulatory Capital and the Issuer may have the right to elect not to pay interest in relation to a Tranche of Notes the proceeds of which are intended to qualify as Regulatory Capital, as further set out in the Applicable Pricing Supplement
- 8.1.3. The first payment of interest will be made on the Fixed Interest Payment Date next following the Interest Commencement Date.
- 8.1.4. Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Note on each Fixed Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount, provided that:
- 8.1.4.1. if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
 - 8.1.4.2. if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.
- 8.1.5. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

8.2. Floating Rate Notes and Indexed Interest Notes

8.2.1. *Interest Payment Dates*

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

8.2.2. *Deferral of Principal and Interest in respect of Capital Notes*

In accordance with the Capital Regulations applicable to Capital Notes, the Issuer may have the right to defer the due date for payment of capital and/or interest in relation to a Tranche of Notes the proceeds of which are intended to qualify as Regulatory Capital and the Issuer may have the right to elect not to pay interest in relation to Subordinated

Notes the proceeds of which intended to qualify as Regulatory Capital, as further set out in the Applicable Pricing Supplement.

8.2.3. ***Rate of Interest***

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

8.2.4. ***Minimum and/or Maximum Rate of Interest***

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

8.2.5. ***Determination of Rate of Interest and Calculation of Interest Amount***

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

8.2.6. ***Interest Determination, Screen Rate Determination including Fallback Provisions***

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph, **ISDA Rate** for an Interest Period means a rate equal to the Floating Amount (as defined in the ISDA definitions) that would be determined by such agent as is specified in the Applicable Pricing Supplement under an interest rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the most recent ISDA Definitions and under which:

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

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

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

- (a) if the Relevant Screen Page is available,
 - (i) the offered quotation (if only one quotation appears on the screen page); or

- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

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

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

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

8.2.7. *Notification of Rate of Interest and Interest Amount*

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the JSE and the CSD and/or every other relevant exchange or authority as soon as possible after their determination but in any event no later than the 3rd (third) Business Day before the

relevant Interest Payment Date. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the JSE, the CSD and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 18 (*Notices*).

8.2.8. **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 sub-paragraph 8.2, by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error or proven error) be binding on the Issuer and all Noteholders and in the absence as aforesaid no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

8.3. **Dual Currency Interest Notes**

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

8.4. **Mixed Rate Notes**

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

8.5. **Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate specified in the Applicable Pricing Supplement until the date on which all amounts due in respect of such Note have been paid, or, in respect of uncertificated Notes, the date on which the full amount of the money payable has been received by the CSD and/or the Participants and notice to that effect has been given to Noteholders in accordance with Condition 18 (*Notices*).

8.6. **Business Day Convention**

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

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

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

9. PAYMENTS

9.1. General

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

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

Payment will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).

9.2. Method of Payment

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

Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*).

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

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer, nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 9.2.

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

9.3. Payment Day

If the date for payment of any amount in respect of any Note is not a Business Day in the relevant place of payment, the applicable Business Day Convention shall apply and the holder shall not be entitled to further interest or other payment in respect of any delay in payment, or if the Business Day Convention is not applicable, the holder thereof shall not be

entitled to payment until the next following Business Day, and the holder shall not be entitled to further interest or other payment in respect of such delay.

9.4. Interpretation of Principal and Interest

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

- 9.4.1. any additional amounts which may be payable with respect to principal under Condition 11 (*Taxation*);
- 9.4.2. the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- 9.4.3. the Optional Redemption Amount(s) (if any), as specified in the Applicable Pricing Supplement, of the Notes;
- 9.4.4. in relation to Instalment Notes, the Instalment Amounts;
- 9.4.5. in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 10.12.3); and
- 9.4.6. any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 11 (*Taxation*).

10. REDEMPTION AND PURCHASE

10.1. Redemption at Maturity

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

10.2. Redemption for Tax Reasons

Notes may be redeemed at the option of the Issuer at any time (in the case of Notes other than Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes having an Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes), on giving not less than 30 (thirty) Days nor more than 60 (sixty) Days' notice to the Noteholders prior to such redemption, in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable, certified by 2 (two) authorised directors of the Issuer and include particulars of the relevant change pursuant to Condition 10.2.1 below), if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that:

- 10.2.1. as a result of any change in, or amendment to, the laws or regulations of South Africa or any political sub-division of, or any authority in, or of, South Africa having power to tax, or any change or amendment which becomes effective after the relevant Issue Date, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 11 (*Taxation*); and
- 10.2.2. the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 (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. Notes may be redeemed by the Issuer in accordance with this Condition 10.2 in whole or in part. A redemption in part may be effected by the Issuer:

- 10.2.2.1. notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 11 (*Taxation*); and

10.2.2.2. *mutatis mutandis* in the manner described in Condition 10.3 (*Redemption at the Option of the Issuer*), provided that the references to the giving of notice therein and to the Minimum Redemption Amount and the Higher Redemption Amount (both as specified in the Applicable Pricing Supplement) therein shall be disregarded for such purposes.

Notes redeemed for tax reasons pursuant to this Condition 10.2 will be redeemed at their Early Redemption Amount referred to in Condition 10.12 (*Early Redemption Amounts*), together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or as specified in the Applicable Pricing Supplement.

10.3. **Redemption at the Option of the Issuer**

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer may, having given not less than 30 (thirty) Days nor more than 60 (sixty) Days irrevocable notice to the Noteholders in accordance with Condition 18 (*Notices*) or unless otherwise specified with the Applicable Pricing Supplement, redeem all or some of the Notes (to which such Applicable Pricing Supplement relates) then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a Nominal Amount equal to the Minimum Redemption Amount or 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 (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by Individual Certificates, and in accordance with the Applicable Procedures in the case of Redeemed Notes which are uncertificated, and in each case not more than 30 (thirty) Days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**).

In the case of Redeemed Notes represented by Individual Certificates, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 (*Notices*) not less than 30 (thirty) Days prior to the date fixed for redemption. The aggregate Nominal Amount of Redeemed Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Redeemed Notes which are uncertificated shall be equal to the balance of the Redeemed Notes. No exchange of the relevant uncertificated Notes will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph, and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 (*Notices*) at least 10 (ten) Days prior to the Selection Date.

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

10.4. **Redemption at the Option of the Senior Noteholders**

If Senior Noteholders are specified in the Applicable Pricing Supplement as having an option to request the redemption of Senior Notes, such Senior Noteholders may exercise such option in respect of such Senior Notes by delivering to the Transfer Agent, in accordance with Condition 18 (*Notices*), a duly executed notice (**Put Notice**), at least 30 (thirty) Days but not more than 60 (sixty) Days, prior to the Optional Redemption Date.

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

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

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

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

The delivery of Put Notices shall be required to take place during normal office hours to the Transfer Agent. Put Notices shall be available for inspection at the Specified Offices of the Transfer Agent.

Any Put Notice given by a holder of any Senior Note pursuant to this paragraph shall be irrevocable except where, after giving the notice but prior to the due date of redemption, an Event of Default shall have occurred and be continuing in which event such Senior Noteholder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Senior Note forthwith due and payable pursuant to Condition 16 (*Events of Default*).

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

10.5. *Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies*

The provisions of this Condition 10.5 (*Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies*) shall apply if specified in the Applicable Pricing Supplement.

- 10.5.1. A **Corruption Event** shall occur if at any time while any Note remains Outstanding:
 - 10.5.1.1. a breach of Anti-Corruption Laws or Corporate Governance Policies, as the case may be, occurs; and
 - 10.5.1.2. such breach results or is reasonably likely to result in a material adverse effect or is reasonably likely to result in any liability for Noteholders.
- 10.5.2. Promptly upon the Issuer becoming aware that a Corruption Event has occurred, the Issuer shall give notice to the Noteholders in accordance with Condition 18 (*Notices*) specifying the nature of the Corruption Event and the circumstances giving rise to it (including the date and/or period of the Corruption Event) and the procedure for exercising the option contained in this Condition 10.5.4.
- 10.5.3. If a Corruption Event occurs at any time while any Note remains Outstanding, then provided the Noteholders have:
 - (a) in terms of Condition 20 (*Meeting of Noteholders*) convened a meeting of Noteholders within 30 (thirty) Days of the notification set out in Condition 10.5.2 above; and
 - (b) resolved in terms of Condition 20 (*Meetings of Noteholders*) by way of Extraordinary Resolution to require the redemption of the Notes of that Class of Noteholders in these circumstances,

the Issuer shall redeem all Notes held by that Class of Noteholders at its Early Redemption Amount together with accrued interest (if any) within 15 (fifteen) Days of having received a written notice from that Class of Noteholders to redeem such Note.

- 10.5.4. Such option shall be exercisable by a Class of Noteholders by the delivery of a written notice (a **Corruption Redemption Notice**) to the Issuer at its registered office within 60 (sixty) Days after the occurrence of a Corruption Event, unless prior to the delivery by that Class of Noteholders of its Corruption Redemption Notice the Issuer gives notice to redeem the Notes.
- 10.5.5. For the purposes of this Condition 10.5 (*Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies*):
- 10.5.5.1. a **Breach of Anti-Corruption Laws or Corporate Governance Policies** shall occur if:
- (i) any member of the Executive Management Team or board of directors of the Issuer is convicted of a Corrupt Act;
 - (ii) any member of the Executive Management Team is found to be guilty of a breach of any Corporate Governance Policy or is found to have failed to adhere to any Corporate Governance Policy in accordance with the provisions of such Corporate Governance Policy; or
 - (iii) a civil, criminal or administrative finding is made against the Issuer or any member of the Executive Management Team in respect of any corrupt act committed by the Issuer or any member of the Executive Management Team in the course and scope of his/her employment.
- 10.5.5.2. **Corporate Governance Policy** means:
- (i) any policy or code of conduct regulating conflicts of interest applicable to the board of directors of the Issuer or any of its employees as contemplated in terms of section 21(4) of the Land Bank Act;
 - (ii) the policy of the Issuer named “*Code of Ethics and Business Conduct*”, as amended from time to time;
 - (iii) the policy of the Issuer named “*Fraud & Corruption Prevention Plan*”, as amended from time to time;
 - (iv) the policy of the Issuer named “*Fraud & Corruption Prevention Policy*”, as amended from time to time;
 - (v) the policy of the Issuer in respect of politically exposed persons, as amended from time to time;
 - (vi) the policy of the Issuer in respect of procurement, as amended from time to time;
 - (vii) the policy of the Issuer named “*Whistleblowing Policy*”, as amended from time to time; and
 - (viii) any policy adopted by the Issuer from time to time in relation to compliance with the Financial Intelligence Centre Act, 2001 (**FICA**), and any applicable anti-money laundering legislation.
- 10.5.5.3. **Corrupt Act** means any “*offence of corruption*” as contemplated in the Prevention and Combatting of Corrupt Activities Act, 2004;
- 10.5.5.4. **Executive Management Team** means any person appointed in an executive capacity or any person that forms part of the executive committee of the Issuer or any person of the Issuer filling any of the following positions (however defined):
- (i) the Chief Executive Officer;
 - (ii) the Chief Financial Officer;
 - (iii) Executive Manager: Risk;
 - (iv) Executive Manager: Portfolio Management Services;
 - (v) Executive Manager: Finance and Treasury;
 - (vi) Executive Manager: Investment Management Services;
 - (vii) Executive Manager: Retail and Development;

- (viii) Executive Manager: Corporate;
- (ix) General Manager – Treasury; and
- (x) Managing Director – Land Bank Insurance.

10.6. Redemption in the event of a Change of Control

The provisions of this Condition 10.6 (*Redemption in the event of a Change of Control*) shall apply if specified in the Applicable Pricing Supplement.

- 10.6.1. For so long as listed Notes remain Outstanding a **Change of Control Event** will occur if:
 - 10.6.1.1. the Government of South Africa ceases to hold legally and beneficially more than 50.1 (fifty point one per cent) of the Issuer; or
 - 10.6.1.2. any person or group of persons Acting in concert gains control of the Issuer;
 - 10.6.1.3. the Issuer ceases to report to the Minister of Finance (and National Treasury) as its executive authority pursuant to the Public Finance Management Act, 1999 (**PFMA**);
 - 10.6.1.4. any existing committee or state department currently established or to be established by the Government of South Africa is given the power to oversee, direct or control the operating and financial policies of the Issuer which the Issuer is obliged to comply with; or
 - 10.6.1.5. any committee is established by the Government of South Africa after the Programme Date to oversee, direct or control the operating and financial policies of the Issuer which the Issuer is obliged to comply with;
- 10.6.2. If at least one of the Change of Control Events in Condition 10.6.1 above occurs, then the Issuer shall within 3 (three) Business Days of such breach and in accordance with Condition 18 (*Notices*), give notice (the **Issuer Redemption Notice**) of such Change of Control Event and the procedure for exercising the option set out in Condition 10.6.3 below to the Noteholders.
- 10.6.3. Each Noteholder may within the period ending 45 (forty-five) Business Days of receipt of the Issuer Redemption Notice (the **Election Period**), require the Issuer to redeem its Notes on:
 - 10.6.3.1. the Interest Payment Date immediately following the Election Period; or
 - 10.6.3.2. if the Election Period expires within a Books Closed Period, the next Interest Payment Date falling after the Interest Payment Date at the end of the Election Period,
 by delivery to the Issuer of a notice (the **Noteholder Redemption Notice**) in accordance with Condition 18 (*Notices*).
- 10.6.4. The Issuer shall, in accordance with Condition 10.6.3 above, redeem the Notes relevant to each Noteholder Redemption Notice at the Early Redemption Amount calculated in accordance with Condition 10.12 (*Early Redemption Amounts*), together with accrued interest (if any).
- 10.6.5. For the purposes of this Condition 10.6 (*Redemption in the event of a Change of Control*):
 - 10.6.5.1. **Acting in Concert** means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition of shares in the Issuer by any of them, either directly or indirectly, to obtain or consolidate Control of the Issuer; and
 - 10.6.5.2. **Control** of the Issuer means (A) the holding beneficially of more than 50% (fifty percent) of the issued share capital of the Issuer (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital), or (B) the power to cast, or control the casting of votes in respect of, such number of the shares in the issued share capital of the Issuer carrying more than 50% (fifty percent) of the total number of votes that may be cast at a general meeting of the members of the Issuer.

10.7. Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking

The provisions of this Condition 10.7 (*Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking*) shall apply if specified in the Applicable Pricing Supplement.

- 10.7.1. If the Issuer ceases or threatens to cease to carry on all or a greater part of its business or if the Issuer disposes or proposes to dispose of all or a greater part of its assets or undertaking, then the Noteholders have an option, pursuant to Condition 10.7.2 to request the redemption of the Notes, provided that no merger, amalgamation, consolidation, reconstruction or reorganisation shall give rise to an early redemption if such merger, amalgamation, consolidation, reconstruction or reorganisation is for the purposes of effecting a merger, amalgamation, consolidation, reconstruction or reorganisation within the Group on terms previously approved by an Extraordinary Resolution of the Noteholders.
- 10.7.2. The Noteholders may exercise such option to redeem the Notes by delivering to the Issuer at its specified address, a duly executed notice (the **Disposal Redemption Notice**), within 45 (forty-five) Business Days after a Disposal Announcement.
- 10.7.3. Subject to Condition 10.7.2, the Issuer shall redeem all the Notes held by such Noteholder at its Early Redemption Amount calculated in accordance with Condition 10.12 (*Early Redemption Amounts*), together with accrued interest (if any) within 90 (ninety) calendar days after receiving a Disposal Redemption Notice from the Noteholder to redeem such Notes.
- 10.7.4. For the purposes of this Condition 10.7 (*Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking*):
 - 10.7.4.1. **Disposal Announcement** means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any disposal of all or a greater part of the business, assets or undertaking of the Issuer, where at any point within 90 (ninety) calendar days following the date of such announcement or statement, a disposal occurs.

10.8. Redemption in the event of a failure to maintain JSE Listing and Rating

The provisions of this Condition 10.8 (*Redemption in the event of a failure to maintain JSE Listing and Rating*) shall apply if specified in the Applicable Pricing Supplement.

- 10.8.1. The Issuer shall, for so long as listed Notes remain Outstanding:
 - 10.8.1.1. ensure that those Notes remain listed on the Interest Rate Market of the JSE (the **JSE Listing**); and
 - 10.8.1.2. maintain a Rating (whether or not specified in the Applicable Pricing Supplement) in respect of the Issuer, the Notes or the Programme, as the case may be.
- 10.8.2. If a breach of at least one of the undertakings in Condition 10.8.1 above occurs, then the Issuer shall within 3 (three) Business Days of such breach and in accordance with Condition 18 (*Notices*), give notice (the **Issuer Redemption Notice**) of such breach and the procedure for exercising the option set out in Condition 10.8.3 below to the Noteholders.
- 10.8.3. Each Noteholder may within the period ending 45 (forty-five) Business Days of receipt of the Issuer Redemption Notice (the **Election Period**), require the Issuer to redeem its Notes on:
 - 10.8.3.1. the Interest Payment Date immediately following the Election Period; or
 - 10.8.3.2. if the Election Period expires within a Books Closed Period, the next Interest Payment Date falling after the Interest Payment Date at the end of the Election Period,

by delivery to the Issuer of a notice (the **Noteholder Redemption Notice**) in accordance with Condition 18 (*Notices*).

- 10.8.4. The Issuer shall, in accordance with Condition 10.8.3 above, redeem the Notes relevant to each Noteholder Redemption Notice at the Early Redemption Amount calculated in accordance with Condition 10.12 (*Early Redemption Amounts*), together with accrued interest (if any).

10.9. Redemption in the event of a Change to the Conduct of Business

The provisions of this Condition 10.9 (*Redemption in the event of a Change to the Conduct of Business*) shall apply if specified in the Applicable Pricing Supplement.

- 10.9.1. The Issuer shall, for so long as listed Notes remain Outstanding:
- 10.9.1.1. procure that no substantial change is made to the general nature of the Issuer's Business; and
- 10.9.1.2. not abandon or cancel its Business without the prior written consent of the Noteholders, which consent shall not be unreasonably withheld.
- 10.9.2. If a breach of at least one of the undertakings in Condition 10.9.1 above occurs, then the Issuer shall within 3 (three) Business Days of such breach and in accordance with Condition 18 (*Notices*), give notice (**the Issuer Redemption Notice**) of such breach and the procedure for exercising the option set out in Condition 10.9.3 below to the Noteholders.
- 10.9.3. Each Noteholder may within the period ending 45 (forty-five) Business Days of receipt of the Issuer Redemption Notice (the **Election Period**), require the Issuer to redeem its Notes on:
- 10.9.3.1. the Interest Payment Date immediately following the Election Period; or
- 10.9.3.2. if the Election Period expires within a Books Closed Period, the next Interest Payment Date falling after the Interest Payment Date at the end of the Election Period,
- by delivery to the Issuer of a notice (the **Noteholder Redemption Notice**) in accordance with Condition 18 (*Notices*).
- 10.9.4. The Issuer shall, in accordance with Condition 10.9.3 above, redeem the Notes relevant to each Noteholder Redemption Notice at the Early Redemption Amount calculated in accordance with Condition 10.12 (*Early Redemption Amounts*), together with accrued interest (if any).
- 10.9.5. For the purposes of this Condition 10.9 (*Redemption in the event of a Change to the Conduct of Business*):

Business means the business conducted by the Issuer in terms of, and as contemplated in the Land Bank Act.

10.10. Redemption in the event of a Breach of Environmental Matters

The provisions of this Condition 10.10 (*Redemption in the event of a Breach of Environmental Matters*) shall apply if specified in the Applicable Pricing Supplement.

- 10.10.1. The Issuer shall, for so long as listed Notes remain Outstanding:
- 10.10.1.1. comply with all Environmental Law;
- 10.10.1.2. obtain, maintain and ensure compliance with all requisite Environmental Permits; and
- 10.10.1.3. implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a material adverse effect on the Issuer's business, operations, property, condition (financial or otherwise) or prospects or is reasonably likely to result in any liability for Noteholders.

- 10.10.2. If a breach of at least one of the undertakings in Condition 10.10.1 above occurs, then the Issuer shall within 3 (three) Business Days of such breach and in accordance with Condition 18 (*Notices*), give notice (**the Issuer Environmental Redemption Notice**) of such breach and the procedure for exercising the option set out in Condition 10.10.3 below to the Noteholders.
- 10.10.3. Each Noteholder may within the period ending 45 (forty-five) Business Days of receipt of the Issuer Redemption Notice (the **Environmental Election Period**), require the Issuer to redeem its Notes on:
- 10.10.3.1. the Interest Payment Date immediately following the Environmental Election Period; or
 - 10.10.3.2. if the Environmental Election Period expires within a Books Closed Period, the next Interest Payment Date falling after the Interest Payment Date at the end of the Election Period,
- by delivery to the Issuer of a notice (**the Noteholder Environmental Redemption Notice**) in accordance with Condition 18 (*Notices*).
- 10.10.4. The Issuer shall, in accordance with Condition 10.10.3 above, redeem the Notes relevant to each Noteholder Redemption Notice at the Early Redemption Amount calculated in accordance with Condition 10.12 (*Early Redemption Amounts*), together with accrued interest (if any).
- 10.10.5. For the purposes of this Condition 10.10 (*Redemption in the event of a Breach of Environmental Matters*):
- 10.10.5.1. **Environment** means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:
- (i) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
 - (ii) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
 - (iii) land (including, without limitation, land under water).
- 10.10.5.2. **Environmental Law** means any Applicable Law or regulation which relates to:
- (iv) the pollution or protection of the Environment;
 - (v) harm to or the protection of human health;
 - (vi) the conditions of the workplace; and/or
 - (vii) the generation, handling, storage, use, release, emission or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.
- 10.10.5.3. **Environmental Permit** means any permit or other authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of the Issuer conducted on or from any of the properties owned or used by the Issuer.

10.11. **Clean-Up Call Option**

On any Interest Payment Date on which the aggregate Outstanding Nominal Amount of the Notes of a Series is equal to or less than 15% (fifteen percent) of the maximum aggregate Nominal Amount of the Notes of that Series that have been issued at any time, and upon giving not less than 20 Days' notice to the Noteholders in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable), the Issuer may redeem all, but not some only, of the Notes of that Series at their Early Redemption Amount referred to in Condition 10.12 (*Early Redemption Amounts*), together with accrued unpaid interest (if any) from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption.

10.12. Early Redemption Amounts

For the purpose of Condition 10.2 (*Redemption for Tax Reasons*), Condition 10.3 (*Redemption at the Option of the Issuer*), Condition 10.4 (*Redemption at the Option of the Senior Noteholders*), Condition 10.5 (*Redemption in the event of a Breach of Anti-Corruption Laws or Corporate Governance Policies*), Condition 10.6 (*Redemption in the event of a Change of Control*), Condition 10.7 (*Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking*), Condition 10.8 (*Redemption in the event of a failure to maintain JSE Listing and Rating*), Condition 10.9 ((*Redemption in the event of a Change to the Conduct of Business*)), Condition 10.10 (*Redemption in the event of a Breach of Environmental Matters*), Condition 10.11 (*Clean-Up Call Option*) and/or Condition 16 (*Events of Default*), the Notes will be redeemed at the Early Redemption Amount plus interest (if any), calculated as follows:

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

10.13. Instalment Notes

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Conditions 10.2 (*Redemption for Tax Reasons*), Condition 10.3 (*Redemption at the Option of the Issuer*), Condition 10.4 (*Redemption at the Option of the Senior Noteholders*), Condition 10.5 (*Redemption in the event of a Breach of Anti-Corruption Laws and Corporate Governance Policies*), Condition 10.6 (*Redemption in the event of a Change of Control*), Condition 10.7 (*Early Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking*), Condition 10.8 (*Redemption in the event of a failure to maintain JSE Listing and Rating*), Condition 10.9 ((*Redemption in the event of a Change to the Conduct of Business*)), Condition 10.10 (*Redemption in the event of a Breach of Environmental Matters*), and/or Condition 16 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 10.12 (*Early Redemption Amounts*).

10.14. 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 10 (*Redemption and Purchase*) and the Applicable Pricing Supplement. In the case of early redemption in accordance with Condition 10.2 (*Redemption for Tax Reasons*), Condition 10.3 (*Redemption at the Option of the Issuer*), Condition 10.4 (*Redemption at the Option of the Senior Noteholders*), Condition 10.5 (*Redemption in the event of a Breach of Anti-Corruption Laws and Corporate Governance Policies*), Condition 10.6 (*Redemption in the event of a Change of Control*), Condition 10.7 (*Early Redemption following the disposal of all or a greater part of the Issuer's business, assets or undertaking*), Condition 10.8 (*Redemption in the event of a failure to maintain JSE Listing and Rating*), Condition 10.9 ((*Redemption in the event of a Change to the Conduct of Business*)), Condition 10.10 (*Redemption in the event of a Breach of Environmental Matters*)), the Early Redemption Amount will be determined pursuant to Condition 10.12 (*Early Redemption Amounts*).

of Environmental Matters), and/or Condition 16 (Events of Default), the Early Redemption Amount will be determined pursuant to Condition 10.12 (Early Redemption Amounts).

10.15. Exchangeable Notes

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

10.16. Purchases

- 10.16.1. The Issuer or any Related Party may at any time purchase Notes (in the open market or in privately negotiated transactions with any Noteholders) at any price in the open market or otherwise. Such Notes may, subject to Applicable Law, be held, resold, or, at the option of the Issuer and/or the relevant Subsidiary, as the case may be, surrendered to the Transfer Agent for cancellation.
- 10.16.2. Where the Issuer or any Related Party wishes to purchase Notes and such results in the Issuer or Related Party holding in aggregate more than 80% (eighty percent) of the Nominal Amount of Notes issued in a particular Tranche of Notes (the **Repurchased Notes**), then the Issuer or any Related Party shall be entitled to require the remaining Noteholder(s) (the **Remaining Noteholder(s)**) of that Tranche of Notes to sell, and the Remaining Noteholders will sell, all their Notes in that particular Tranche of Notes at the same price per Note and subject to the same terms and conditions at which the Issuer or the Related Party acquired the Repurchased Notes.
- 10.16.3. The Issuer's or the Related Party's rights under Condition 10.16.2 may be exercised at any time up to 45 (forty five) Days after the date on which it enters into any agreement for the purchase of the Repurchased Notes, and if exercised shall be exercised by written notice pursuant to Condition 18 (Notices) given during that period.

10.17. Cancellation

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

10.18. 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 10 (Redemption and Purchase) or upon its becoming due and repayable as provided in Condition 16 (Events of Default) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 10.12.3 as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) 5 (five) Days after the date on which the full amount of the monies payable has been received by the CSD, and notice to that effect has been given to the Noteholder in accordance with Condition 18 (Notices).

10.19. Applicable Procedures

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

11. TAXATION

- 11.1. All payments of principal and interest in respect of the Notes by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf

of South Africa or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law.

- 11.2. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction, except that no such additional amounts shall be payable with respect to any Note:
- 11.2.1. held by or on behalf of a Noteholder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
 - 11.2.2. presented for payment by or on behalf of, or held by, a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future by making a declaration of non-residence or other similar claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or
 - 11.2.3. where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the taxable income (as defined in section 1 of the Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the Income Tax Act) of any Noteholder; or
 - 11.2.4. where (in the case of payment of principal and/or interest which is conditional on surrender and/or presentation of the relevant Individual Certificate in accordance with the Terms and Conditions) the relevant Individual Certificate is surrendered and/or presented more than 30 (thirty) Days after the Relevant Date, except to the extent that the Noteholder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth Day; or
 - 11.2.5. held by or on behalf of a Noteholder who is a foreign person (i.e. non-resident for tax purposes) and who does not qualify for any of the exemptions to the withholding tax on interest (levied in terms of section 50B of the Income Tax Act, as may be amended from time to time), in terms of section 50D of the Income Tax Act; or
 - 11.2.6. if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters.

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

12. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES

12.1. Exchange of Beneficial Interests

- 12.1.1. The holder of a Beneficial Interest in Notes may, in terms of the Applicable Procedures and subject to section 42 of the Financial Markets Act, by written notice to the holder's nominated Participant (or, if such holder is a Participant, the CSD), request that such Beneficial Interest be exchanged for Notes in definitive form represented by an Individual Certificate (the **Exchange Notice**). The Exchange Notice shall specify (i) the name, address and bank account details of the holder of the Beneficial Interest and (ii) the Day on which such Beneficial Interest is to be exchanged for an Individual Certificate; provided that such Day shall be a Business Day and shall fall not less than 30 (thirty) Days after the Day on which such Exchange Notice is given. The holder's nominated Participant will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Agent that it is required to exchange such Beneficial Interest for Notes represented by an Individual Certificate. The Transfer Agent will, as soon as is practicable but within 14 (fourteen) Days after receiving such notice, in accordance with the Applicable Procedures, procure that an Individual Certificate is prepared,

authenticated and made available for delivery, on a Business Day falling within the aforementioned 14 (fourteen) Day period, to the holder of the Beneficial Interest at the Specified Office of the Transfer Agent; provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding, and the delivery to one of those joint holders shall be delivery to all of them.

- 12.1.2. In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:
- 12.1.2.1. the CSD will surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its Specified Office; and
- 12.1.2.2. the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.
- 12.1.2.3. An Individual Certificate shall, in relation to a Beneficial Interest in any number of Notes issued in uncertificated form of a particular aggregate Nominal Amount standing to the account of the holder thereof, represent that number of Notes of that aggregate Nominal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Agent; provided that if such aggregate Nominal Amount is equivalent to a fraction of the Specified Denomination or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

12.2. **Replacement**

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

12.3. **Death and sequestration or liquidation of Noteholder**

Any Person becoming entitled to Notes as a consequence of the death, sequestration or liquidation of the holder of such Notes may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 12.3, or of his title as the Issuer and the Transfer Agent shall require, be registered himself as the holder of such Notes or, subject to the Applicable Procedures, this Condition 12.3 and Condition 14.2 (*Transfer of Notes represented by Individual Certificates*), may transfer such Notes. The Issuer and (if applicable) the CSD and the relevant Participant shall be entitled to retain any amount payable upon the Notes to which any Person is so entitled until such Person shall be registered as aforesaid or until such time such Notes are duly transferred.

12.4. **Costs**

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

13. **REGISTER**

13.1. **The Register of Noteholders:**

- 13.1.1. shall be kept at the Specified Office of the Transfer Agent and a copy thereof shall be made available for inspection at the registered office of the Issuer (as set out at the end of the Programme Memorandum) or such other Person as may be appointed for the time being by the Issuer to maintain the Register;

- 13.1.2. shall contain the names, addresses and bank account numbers of the registered Noteholders;
 - 13.1.3. shall show the total Nominal Amount of the Notes held by Noteholders;
 - 13.1.4. shall show the dates upon which each of the Noteholders was registered as such;
 - 13.1.5. shall show the serial numbers of the Individual Certificates and the dates of issue thereof;
 - 13.1.6. shall be open for inspection at all reasonable times during business hours on Business Days by any Noteholder or any Person authorised in writing by a Noteholder; and
 - 13.1.7. shall be closed during the Books Closed Period.
- 13.2. The Transfer Agent shall alter the Register in respect of any change of name, address or account number of any of the Noteholders of which it is notified.
 - 13.3. Except as provided for in these Terms and Conditions or as required by law, in respect of Notes, the Issuer will only recognise a Noteholder as the owner of the Notes registered in that Noteholder's name as per the Register.
 - 13.4. Except as provided for in these Terms and Conditions or as required by law, the Issuer shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Individual Certificate may be subject.

14. TRANSFER OF NOTES

14.1. *Transfer of Beneficial Interests in Notes held in the CSD*

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

14.2. *Transfer of Notes represented by Individual Certificates*

- 14.2.1. In order for any transfer of Notes represented by an Individual Certificate to be recorded in the Register, and for such transfer to be recognised by the Issuer:
 - 14.2.1.1. the transfer of such Notes must be embodied in a Transfer Form;
 - 14.2.1.2. the Transfer Form must be signed by the registered Noteholder of such Notes and the transferee, or any Representatives of that registered Noteholder or transferee; and
 - 14.2.1.3. the Transfer Form must be delivered to the Transfer Agent at its Specified Office together with the Individual Certificate representing such Notes for cancellation.
- 14.2.2. Notes represented by an Individual Certificate may only be transferred, in whole or in part, in amounts of not less than the Specified Denomination (or any multiple thereof).
- 14.2.3. Subject to this Condition 14.2, the Transfer Agent will, within 3 (three) Business Days of receipt by it of a valid Transfer Form (or such longer period as may be required to comply with any Applicable Laws and/or Applicable Procedures), record the transfer of Notes represented by an Individual Certificate (or the relevant portion of such Notes) in the Register, and authenticate and deliver to the transferee at the Transfer Agent's Specified Office or, at the risk of the transferee, send by mail to such address as the transferee

may request, a new Individual Certificate in respect of the Notes transferred reflecting the outstanding Nominal Amount of the Notes transferred.

- 14.2.4. Where a Noteholder has transferred a portion only of Notes represented by an Individual Certificate, the Transfer Agent will authenticate and deliver to such Noteholder at the Transfer Agent's Specified Office or, at the risk of such Noteholder, send by mail to such address as such Noteholder may request, at the risk of such Noteholder, a new Individual Certificate representing the balance of the Notes held by such Noteholder.
- 14.2.5. The transferor of any Notes represented by an Individual Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
- 14.2.6. Before any transfer of Notes represented by an Individual Certificate is registered in the Register, all relevant transfer taxes (if any) must have been paid by the transferor and/or the transferee and such evidence must be furnished as the Issuer and the Transfer Agent may reasonably require as to the identity and title of the transferor and the transferee.
- 14.2.7. No transfer of any Notes represented by an Individual Certificate will be registered whilst the Register is closed as contemplated in Condition 13 (*Register*).

If a transfer of any Notes represented by an Individual Certificate is registered in the Register, the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Agent.

In the event of a partial redemption of Notes under Condition 10.3 (*Redemption at the Option of the Issuer*), the Transfer Agent shall not be required in terms of Condition 10.3 (*Redemption at the Option of the Issuer*), 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).

15. PRESCRIPTION

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

16. EVENTS OF DEFAULT

16.1. Senior Notes

- 16.1.1. If, for any particular Series of Notes, one or more of the following events or unless otherwise set out in the Applicable Pricing Supplement (**Events of Default**) shall have occurred and be continuing:

16.1.1.1. **Non-Payment**

the Issuer fails to pay any principal or interest due under the Senior Notes under these Terms and Conditions or under the Terms and Conditions of the Previous Programme Memorandum on its due date for payment thereof and any such failure continues for a period of 5 (five) Days; or

16.1.1.2. **Negative Pledge**

the Issuer fails to remedy a breach of Condition 7 (*Negative Pledge*) within 21 (twenty one) Business Days of receiving written notice from the Senior Noteholders demanding such remedy; or

16.1.1.3. **Breach of Material Obligations**

the Issuer fails to perform or observe any of its other material obligations or undertakings (not specifically covered elsewhere in this Condition 16.1) under or in respect of any of the Senior Notes and such failure continues for a period of 30 (thirty) Business Days after receipt by the Issuer of a notice from the Senior Noteholders (in accordance with Condition 18 (*Notices*)) in respect of such failure specifying the failure and requesting the Issuer to remedy same; or

16.1.1.4. **Cross Default**

- 16.1.1.4.1. any Material Indebtedness of the Issuer is declared to be or becomes due and

- repayable before its stated maturity by reason of an event of default (howsoever described); or
- 16.1.1.4.2. the Issuer fails to make any payment in respect of any Material Indebtedness on the due date for payment (as extended by any originally applicable grace period); or
- 16.1.1.4.3. any security given by the Issuer for any Material Indebtedness becomes enforceable by reason of default in relation thereto and steps are taken to enforce such security; or
- 16.1.1.4.4. a default is made by the Issuer in making any payment due under any guarantee and/or indemnity (at the expiry of any originally applicable grace period) given by it in relation to any Material Indebtedness of any other person;

No Event of Default will occur under this Condition 16.1.1.4 (*Cross Default*) if the aggregate amount of Indebtedness is less than the greater of ZAR150,000,000 (or its equivalent in any other currency or currencies), or 1% (one percent) of the total assets of the Issuer as set out in Issuer's latest published audited annual financial statements; or

16.1.1.5. *Authorisation and Consents*

any action, condition or thing, including obtaining 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 is revoked, modified, withdrawn or withheld or ceases to be in full force and effect, resulting in the Issuer being unable to perform any of its respective payment or other obligations in terms of the Notes, then the Issuer will notify the Noteholders within 15 Business Days of becoming aware of such breach, and if the Issuer fails to take reasonable steps to remedy such circumstances within 21 (twenty one) Business Days of the Issuer notifying the Noteholders of such breach; or

16.1.1.6. *Insolvency etc.*

an order by any court of competent jurisdiction or authority for the winding-up, business rescue proceedings or placement under supervision and commencement of business rescue proceedings of the Issuer is made whether provisionally (and not dismissed or withdrawn within 30 (thirty) Days thereof) or finally, or the Issuer is placed under voluntary liquidation or curatorship or a meeting is convened to consider the passing of a resolution, or a resolution is passed, to authorise the implementation of any business rescue proceedings in respect of the Issuer provided that no liquidation, curatorship, winding-up or business rescue proceedings shall constitute an Event of Default if (i) the liquidation, winding-up or business rescue proceedings is for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement with the Issuer with any third party; or (ii) the liquidation, winding-up or business rescue proceedings is for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganization or other similar arrangement, the terms of which were approved by an Extraordinary Resolution of Noteholders before the date of the liquidation, winding-up or business rescue proceedings; or

16.1.1.7. *Winding-up etc.*

the Issuer, initiates or consents to judicial proceedings relating to itself under any applicable compromise with creditors, liquidation, winding-up, business rescue 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 or compromise with its creditors generally (or any significant class of its creditors), save for any such initiation, consent, attempt or convening of a meeting which relates to the Issuer and is for the purposes of an internal reconstruction or reorganisation within the Land and Agricultural Development Bank of South Africa; or

16.1.1.8. ***Enforcement Proceedings***

if a Person validly attaches in execution the whole or a material part of the undertaking or assets of the Issuer or an execution or attachment or other process is validly levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of the Issuer following a judgment against the Issuer by a court of competent jurisdiction and such is not discharged within 30 (thirty) Business Days; or

16.1.1.9. ***Unlawfulness***

It becomes unlawful for the Issuer to comply with, or it repudiates, its obligations under the Notes; or

16.1.1.10. ***Other***

any other Event of Default provided for such Series, as specified in the Applicable Pricing Supplement,

then any Senior Noteholder may, by written notice to the Issuer at the registered office of the Issuer, effective upon the date of receipt thereof by the Issuer, declare the Senior Notes held by the Senior Noteholder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 10.12 (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, or as specified in the Applicable Pricing Supplement provided that, notwithstanding the taking of such action, although an amount will be due it may not be payable if the Issuer withholds or refuses to make such payment in order to comply with any law or regulation of South Africa or to comply with any order of a court of competent jurisdiction.

16.1.2. For the purposes of Condition 16.1.1.4, any Indebtedness which is in a currency other than South African Rand shall be converted into South African Rand at the spot rate for the sale of South African Rand against the purchase of the relevant currency quoted by any leading bank of South Africa selected on the date of such Event of Default.

16.2. ***Subordinated Notes***

If the Issuer defaults in relation to Subordinated Notes in the payment of any amount payable in respect of such Notes, and such default continues for a period of 7 (seven) Business Days after receiving written notice from any of the holders of Subordinated Notes, or if an Event of Default as contemplated in Condition 16.1.1.6 occurs, any holder of a Subordinated Note may, subject as provided below, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under such Subordinated Notes, provided that the Issuer shall not be obliged, save in the case of liquidation, winding-up or business rescue proceedings, to pay any sum or sums sooner than the same would otherwise have been payable by it.

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

16.3. ***Notification of Event of Default***

If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Noteholders in accordance with Condition 18 (*Notices*), the Dealer(s) and the JSE in writing.

17. CALCULATION AGENT, TRANSFER AGENT AND PAYING AGENT

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

18. NOTICES

- 18.1. Notices to Noteholders shall be valid if mailed to their registered addresses appearing in the Register. Any such notice shall be deemed to have been given on the 7th (seventh) Day after the Day on which it is mailed.
- 18.2. All notices to the holders of Notes represented by Individual Certificates shall be in writing and shall be sent by registered mail to the respective addresses of those Noteholders appearing in the Register or delivered by hand to the respective addresses of those Noteholders appearing in the Register. Each such notice shall be deemed to have been received by the relevant Noteholder on the date on which such notice is sent by registered mail (if such notice is sent by registered mail).
- 18.3. Notwithstanding the provisions of Condition 18.1, for so long as all of the Notes in a Tranche are held in their entirety in the CSD, they may be substituted for the notice contemplated in Condition 18.1, by the delivery of the relevant notice to the CSD, the Participants and the Financial Exchange for communication by them to the holders of Beneficial Interests in such Notes in accordance with the Applicable Procedures. Each such notice will be deemed to have been received by the holders of Beneficial Interests on the Day of delivery of such notice to the CSD.
- 18.4. Notwithstanding the provisions of Conditions 18.1 to 18.3 and in respect of listed Notes only, notices relating to the dissemination of information by the Issuer (save for any notices relating to the amendment of any Condition in terms of Condition 19 (*Amendment of these Conditions*)) may be announced via SENS.
- 18.5. Any notice to the Issuer shall be deemed to have been received by the Issuer, if delivered to the registered office of the Issuer, on the date of delivery, and if sent by registered mail, on the seventh Day after the Day on which it is sent. The Issuer may change its registered office upon prior written notice to Noteholders specifying such new registered office.
- 18.6. For so long as any of the Notes are uncertificated, notice may be given by any holder of an uncertificated Note to the Issuer via the relevant Settlement Agent in accordance with the Applicable Procedures, in such manner as the Issuer and the relevant Participants may approve for this purpose.

19. AMENDMENT OF THESE CONDITIONS

- 19.1. These Terms and Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 19, no addition, variation or consensual cancellation of these Terms and Conditions shall be of any force or effect unless the JSE has been notified and the amendments have been reduced to writing and signed by or on behalf of the Issuer and the Noteholders.
- 19.2. The Issuer may effect, without the consent of the Noteholders or the relevant Class of Noteholders, as the case may be, any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is established, provided that the JSE or such other Financial Exchange, as the case may be, shall be notified. Any such modification shall be binding on the Noteholders or the relevant Class of Noteholders, as the case may be, and any such modification shall be communicated to the Noteholders or the relevant Class of Noteholders, as the case may be, in accordance with Condition 18 (*Notices*) as soon as is practicable thereafter.
- 19.3. Subject to the prior formal approval of the JSE or such other Financial Exchange, as the case may be, the Issuer may, with the prior sanction of an Extraordinary Resolution of Noteholders or the relevant Class of Noteholders, as the case may be, or with the prior written consent of Noteholders or the relevant Class of Noteholders, as the case may be,

holding not less than 75% (seventy five percent) in Nominal Amount of the Notes Outstanding from time to time, amend these Terms and Conditions, provided that no such amendment shall be of any force or effect unless notice of the intention to make such amendment shall have been given to all Noteholders in terms of Condition 18 (*Notices*).

- 19.4. Any modification of these Terms and Conditions which may have a direct effect on compliance with the debt listings requirements of the JSE or such other Financial Exchange, as the case may be, will require the approval of the JSE or such other Financial Exchange, as the case may be.

20. MEETINGS OF NOTEHOLDERS

21.1 Convening of meetings

- 21.1.1 The Issuer may at any time convene a meeting of Noteholders (a **meeting** or **the meeting**).
- 21.1.2 The Issuer shall convene a meeting upon the requisition in writing of the holders of at least 25% (twenty five percent) of the aggregate Nominal Amount Outstanding of the Notes (**requisition notice**).
- 21.1.3 Whenever the Issuer wishes or is required to convene a meeting, it shall forthwith give notice in writing to the Noteholders of the place, Day and hour of the meeting and of the nature of the business to be transacted at the meeting.
- 21.1.4 All meetings of Noteholders shall be held in Johannesburg.
- 21.1.5 Any director or duly authorised representative of the Issuer, and any other Person authorised in writing by the Issuer, may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy (as defined below) or duly authorised representative of a Noteholder.

21.2 Requisition

- 21.2.1 A requisition notice shall state the nature of the business for which the meeting is to be held and shall be deposited at the registered office of the Issuer.
- 21.2.2 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

21.3 Convening of meetings by requisitionists

If the Issuer does not proceed to cause a meeting to be held within 10 (ten) Days of the deposit with the company secretary of the Issuer of a requisition notice, requisitionists who together hold not less than 25% (twenty five percent) of the aggregate Nominal Amount outstanding of the Notes for the time being, may themselves convene the meeting, but the meeting so convened shall be held within 60 (sixty) Days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Notice of the meeting shall be required to be given to the Issuer.

21.4 Notice of meeting

- 21.4.1 Unless the holders of at least 90% (ninety percent) of the aggregate Nominal Amount outstanding of the Notes agree in writing to a shorter period, at least 21 (twenty one) Days written notice specifying the place, Day and time of the meeting and the nature of the business for which the meeting is to be held shall be given by the Issuer to Noteholders. Such notice is required to be given in accordance with Condition 18 (*Notices*).
- 21.4.2 The accidental omission to give such notice to any Noteholder or the non-receipt of any such notice, shall not invalidate the proceedings at a meeting.

21.5 Quorum

- 21.5.1 A quorum at a meeting shall for the purposes of considering:
- 21.5.1.1 an ordinary resolution generally, consist of Noteholders present in person or by proxy and holding in the aggregate not less than one-third of the aggregate Nominal Amount outstanding of the Notes;

- 21.5.1.2 an Extraordinary Resolution, consist of Noteholders present in person or by proxy and holding in the aggregate not less than 50.1% (fifty point one percent) of the aggregate Nominal Amount outstanding of the Notes.
- 21.5.2 No business shall be transacted at a meeting of the Noteholders unless a quorum is present at the time when the meeting proceeds to business.
- 21.5.3 If, within 15 (fifteen) minutes from the time appointed for the meeting, a quorum is not present, the meeting shall, if it was convened on the requisition of Noteholders, be dissolved. In every other case the meeting shall stand adjourned to the same Day in the third week thereafter, at the same time and place, or if that Day is not a Business Day, the following Business Day. If at such adjourned meeting a quorum is not present the Noteholders present in person or by proxy shall constitute a quorum for the purpose of considering any resolution, including an Extraordinary Resolution.

21.6 Chairman

The chairman of the meeting shall be appointed by the Issuer.

21.7 Adjournment

- 21.7.1 Subject to the provisions of this Condition 20 (*Meetings of Noteholders*) the chairman may, with the consent (which consent shall not be unreasonably withheld and/or delayed) of, and shall on the direction of the Issuer, adjourn the meeting from time to time and from place to place.
- 21.7.2 No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 21.7.3 At least 14 (fourteen) Days written notice of the place, Day and time of an adjourned meeting shall be given by the Issuer to each Noteholder. In the case of a meeting adjourned in terms of Condition 21.7.1, the notice shall state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

21.8 How questions are decided

- 21.8.1 At a meeting, a resolution put to the vote shall be decided by a poll unless, before or on the declaration of the result of the poll, a vote by show of hands is demanded by the chairman or by any one of the Noteholders present in person or by proxy.
- 21.8.2 Unless a vote by show of hands is demanded, a declaration by the chairman that on a poll a resolution has been carried, or carried by a particular majority, or lost, shall be conclusive evidence of that fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
- 21.8.3 A poll demanded on the election of a chairman or on the question of the adjournment of a meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and the result of such poll shall be deemed to be the resolution of the meeting.
- 21.8.4 In the case of an equality of votes, whether on a poll or a show of hands, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

21.9 Votes

On a show of hands every Noteholder present in person shall have one vote. On a poll every Noteholder, present in person or by proxy, shall have one vote for each ZAR1,000,000 (One Million Rand) of the Nominal Amount outstanding of the Notes held by him. The joint holders of Notes shall have only one vote on a show of hands and one vote on a poll for each ZAR1,000,000 (One Million Rand) of the Nominal Amount outstanding of the Notes of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the Register in the event that more than one of such joint holders is present in person or by proxy at the meeting. The Noteholder in respect of uncertificated Notes shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Notes in accordance with the instructions to the CSD from the holders of Beneficial Interests conveyed through the Settlement Agents in accordance with the Applicable Procedures. Notwithstanding anything to the contrary contained herein, any

Noteholder that is the Issuer or any of its Subsidiaries shall not be entitled to vote.

21.10 Proxies and representatives

- 21.10.1 Noteholders may:
 - 21.10.1.1 present in person; or
 - 21.10.1.2 through any appointed Person (a **proxy**), by an instrument in writing (a **form of proxy**), signed by the holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney of a duly authorised officer of the corporation,
 - vote on a poll.
- 21.10.2 A Person appointed to act as proxy need not be a Noteholder.
- 21.10.3 The form of proxy shall be deposited in accordance with the Applicable Procedures, at the registered office of the Noteholder's nominated Participant or at the office where the Register is kept or at such other office as the Issuer may determine not less than 24 (twenty four) hours before the time appointed for holding the meeting or adjourned meeting at which the Person named in such form of proxy proposes to vote, and in default, the proxy shall be invalid.
- 21.10.4 No form of proxy shall be valid after the expiration of 6 (six) months from the date named in it as the date of its execution.
- 21.10.5 A proxy shall have the right to demand or join in demanding a poll.
- 21.10.6 Notwithstanding Condition 21.10.4 the form of proxy shall be valid for any adjourned meeting, unless the contrary is stated thereon.
- 21.10.7 A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the proxy or of the authority under which the form of proxy was executed or the transfer of Notes in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Issuer at the office of the Transfer Agent more than, and that the transfer has been given effect to less than, 12 (twelve) hours before the commencement of the meeting or adjourned meeting at which the proxy is to be used.
- 21.10.8 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any Person to act as its representative in connection with any meeting or proposed meeting of Noteholders. Any reference in this Condition 20 (*Meetings of Noteholders*) to a Noteholder present in person includes such a duly authorised representative of a Noteholder.

21.11 Minutes

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

21.11 *Mutatis mutandis* application

The provisions of this Condition 20 (*Meetings of Noteholders*) shall apply *mutatis mutandis* to the calling and conduct of meetings on an individual Tranche, Series or Class of Noteholders, as the case may be.

21. 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.

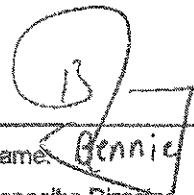
22. GOVERNING LAW

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

SIGNED at Midrand on this 13th day of March 2017.

For and on behalf of

LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA



Name: Henrie van Rooy
Capacity: Director
Who warrants his/her authority hereto



Name: T.D. Ncetoete
Capacity: Director
Who warrants his/her authority hereto

USE OF PROCEEDS

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

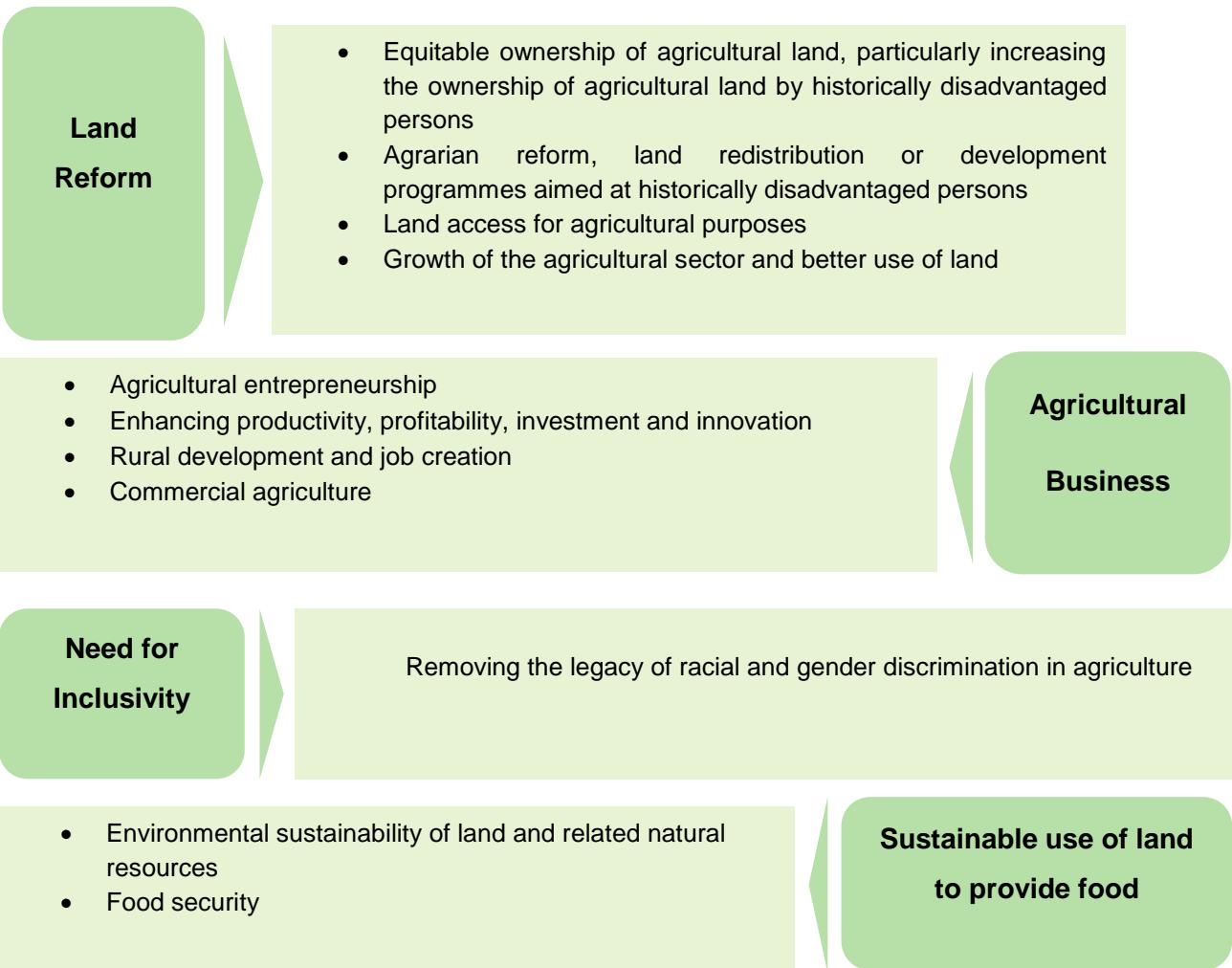
The proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes as well as the funding of the business operations within the Issuer.

DESCRIPTION OF THE LAND AND AGRICULTURAL DEVELOPMENT BANK OF SOUTH AFRICA

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.

1. BACKGROUND AND HISTORY

1.1 The Land and Agricultural Development Bank (the **Land Bank**, the **Bank** or **Issuer**) was established in 1912 to promote agricultural and rural development, and to provide a range of financial products and services to farmers and agribusinesses. Guided by the Land and Agricultural Development Bank Act, No. 15 of 2002 (the **Land Bank Act**), the Bank is expected to play a pivotal role in development with its broad mandate per the following 11 objectives as stated in the Act:



Land Reform

- Equitable ownership of agricultural land, particularly increasing the 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
- Growth of the agricultural sector and better use of land

- Agricultural entrepreneurship
- Enhancing productivity, profitability, investment and innovation
- Rural development and job creation
- Commercial agriculture

Agricultural Business

Need for Inclusivity

Removing the legacy of racial and gender discrimination in agriculture

- Environmental sustainability of land and related natural resources
- Food security

Sustainable use of land to provide food

- 1.2 The purpose of the Bank is to increase the productive capacity of emerging and commercial farmers, and agribusinesses by providing financing facilities. From time to time the Bank is also required to administer other government programs.
- 1.3 In broad terms, Land Bank has the vision *to be a leading agricultural development bank that stimulates growth; drives solid performance; and spurs innovation.*
- 1.4 More specifically, its mission is to work with all stakeholders to build an adaptive and competitive agricultural sector that drives environmental, social and economic development and contributes to food security.

- 1.5 The Bank's values constitute the following:
- *Meaningful contribution*: We continuously seek to add value in our engagements.
 - *Empowerment*: We seek to empower ourselves and each other in the way we undertake our work.
 - *Organisational synergy*: We seek to always create a sense of oneness by continuously integrating.
 - *Accountability*: We do what we say and always follow through on our promises.
 - *Pro-activeness*: We seek opportunities to improve performance at all levels, taking all conceivable measures to create new opportunities.
- 1.6 The Land Bank is a key financial player in agricultural and rural development. It provides retail and wholesale finance to emerging and commercial farmers. The Land Bank is the sole shareholder of two subsidiaries, the Land Bank Life Insurance Company (**LBLIC**) and the Land Bank Insurance Company (**LBIC**), which provides insurance product offerings to the agricultural sector in line with its approved FSB licenses.

2. OWNERSHIP AND CONTROL

- 2.1 The Land Bank is wholly owned by the Government and is a schedule 2 Public Entity in terms of the Public Finance Management Act, 1999 (**PFMA**). The Land Bank is regulated by the Land Bank Act, the PFMA, National Treasury Regulations, and the National Credit Act, 2005.
- 2.2 The National Treasury is the Executive Authority of the Land Bank and the Land Bank's business is controlled by an independent board of directors appointed by the Minister of Finance in line with the Land Bank Act.
- 2.3 The Government's support and commitment to the Land Bank is demonstrated by way of recent capital injections of R4.2 billion, R0.7 billion received in FY2008 and a further R3.5 billion received in tranches during the period FY2010 – FY 2015. The Government has to date further supported the Bank with funding guarantees which approximates R2.3 billion with regards to some of its multilateral funding sources. During FY2015 – FY2016 the Bank utilized a guarantee amounting to R2.7 billion to secure two 6 and 7 year syndicated loans.

3. NATURE OF BUSINESS

- 3.1 Land Bank is a government-owned entity, operating as a development finance institution within the full agricultural value chain. Its mandate has allowed Land Bank to build a strong franchise and expertise in lending to the agricultural sector, being the government's key delivery agency in the agricultural sector aiming to create jobs, reduce poverty, and strengthen sustainable economic performance.
- 3.2 The Bank's activities are regulated by the Land Bank Act and the PFMA as amended. The Land Bank provides a range of finance options to a broad spectrum of clients within the agricultural sector.
- 3.3 The Land Bank Act requires the Land Bank to drive transformation in the agricultural sector and promote rural development. 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.
- 3.4 Land Bank commands a market share of more than 30% in lending to the agricultural sector and is well-placed to take advantage of the strong growth opportunities within the sector.

4. CREDIT RATING OF LAND BANK

The Land Bank is currently externally rated by Moody's rating agency. Rating agencies may however change from time to time. Details of the latest rating are available on the Land Bank's website www.landbank.co.za.

5. FINANCIAL STABILITY AND PERFORMANCE

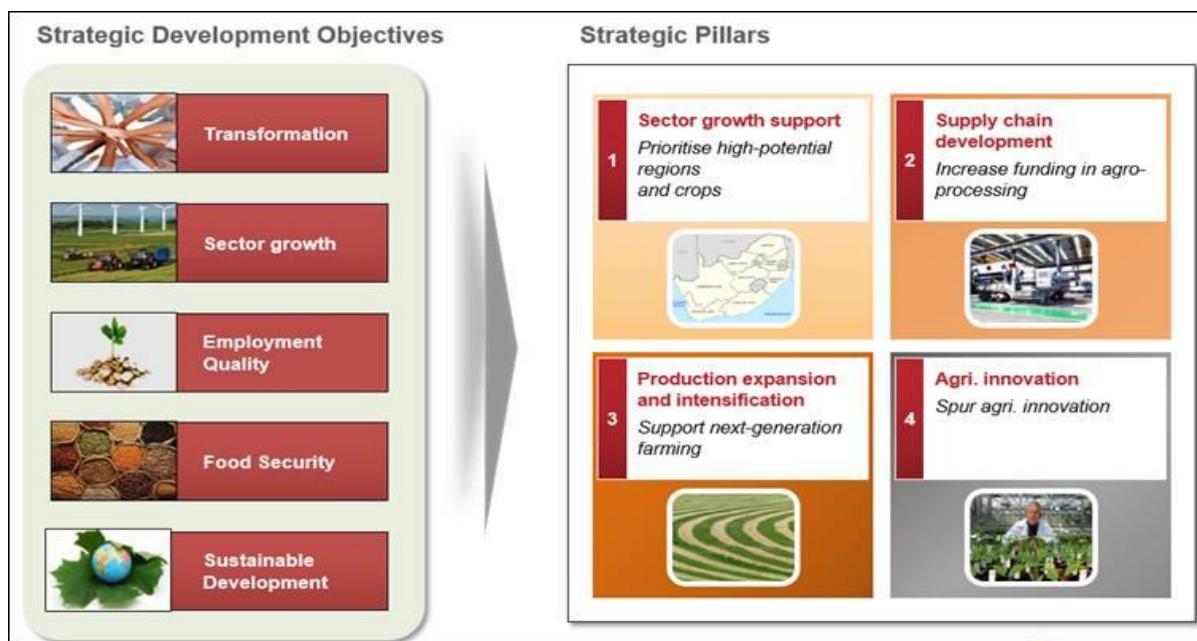
- 5.1 The Land Bank reports its financial performance in accordance with IFRS (with consent from National Treasury to all Schedule 2 Public Entities) and the interpretations issued by the International Financial Reporting Interpretations Committee (**IFRIC**), applying the accrual basis of accounting, the going-concern principle and using the historical-cost basis, except where specifically indicated in the Land Bank's accounting policies.
- 5.2 With effect 1 April 2015, the Land Bank early adopted the requirements of IFRS 9 – Financial Instruments thereby standardizing its non-performing loans rule to a banking industry 90 days past due rule (previously the Bank had very subjective and customized non-performing loan rules).
- 5.3 Furthermore, to enhance its risk management practices the Land Bank voluntary adopted certain of the Basel Capital Accord's risk management principles (but with certain deviations to cater for its unique operating model) with regard to Capital, as well as Funding and Liquidity management. To this end, the Bank voluntary adopted the following:
- Total Capital Adequacy Ratio;
 - Liquidity Coverage Ratio; and
 - Net Stable Funding Ratio.

6. MANAGEMENT STRATEGY

- 6.1 During the period 2009 - 2013, the Land Bank successfully concluded the "*Clean Up*" and "*Stabilization*" phases of its turnaround strategy to achieve:
- Emphasis on an improved governance and internal control environment;
 - Increased focus on financial sustainability;
 - Business stabilization;
 - Balance sheet growth; and
 - Operational efficiencies.
- 6.2 In 2015, the National Treasury directed Land Bank to conduct an organisational review focusing on
- Optimisation of operational efficiencies and cost reduction;
 - Development of an appropriate funding model for an agricultural DFI; and
 - Improvement of the sustainability of its capital base.
- 6.3 During 2015 – 2016 the Land Bank undertook an organizational review which resulted in the following:
- Strategically repositioned branch networks to service the agricultural sector throughout the country;
 - Organisational redesign with the introduction of a dedicated Portfolio Management Services department to proactively monitor and manage loan portfolio;
 - Review and redesign business unit structures, job profiles and resourcing;
 - Redesign and recalibration of pricing, credit risk, risk appetite and impairment models; and
 - Redesign / re-engineering of end-to-end credit processes, to improve service levels and support business growth.
- 6.4 Vision 2020
- In 2015 Land Bank articulated its corporate strategy (**Vision 2020**) to act as a catalyst for growth and transformation in the agricultural sector. This strategy is premised on a set of strategic development objectives, namely transformation, sector growth, employment quality, food security and sustainable development, built on four strategic

pillars.

- Land Bank adopted an interventionist role in the strategy and as such, it is enabled to act pre-emptively by structuring outcomes and taking charge of the spatial landscape in which activities occur. This allows the Bank to respond to its agrarian transformation mandate which calls for a “rapid and fundamental change in the systems and patterns of ownership and control of land, livestock, cropping and community”. The strategy was conceived to allow Land Bank to actively transform and increase inclusivity in the agricultural sector, to grow the economy, and to shape development. The Bank acknowledges that it should assert this interventionist role to a greater extent for a meaningful impact on the sector.



7. RISK MANAGEMENT

Enterprise Risk Management (ERM)

- 7.1 ERM is a process, effected by the Land Bank's Board of Directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events that may affect the bank, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the bank's objectives. ERM deals with risks and opportunities affecting value creation or preservation. The ERM process ensures that there is regular and continuous identification, evaluation, management, monitoring and reporting of risks which is aimed at improving the ability to reduce the incidence/impact on the bank should risks materialize. ERM also ensures that the risk process is continuously embedded into the Bank's culture.
- 7.2 ERM has critical links to all aspects of the Bank, including the following areas:
- Corporate governance;
 - Structures and processes;
 - Standards of conduct; and
 - Service delivery arrangements.
- 7.3 Risk management is also an integral part of good governance and is a process whereby:
- There is shared awareness and understanding within the Bank of the:
 - Nature and extent of the risks the bank faces;
 - Extent and categories of risks regarded as acceptable;

- Likelihood and potential impacts of the risk materialising;
 - There is regular and continuous identification, evaluation, management, monitoring and reporting of risks aimed at improving the ability to reduce the incidence/impact on the Bank that do/may materialise; and
 - An appropriate assessment is made of the cost of operating particular controls relative to the benefit obtained in managing the related risk.
- 7.4 Risk management is not about eliminating risk but about optimising operations by understanding risk and managing it more effectively.
- 7.5 The Land Bank's ERM framework takes into account the requirements of the Land Bank Act, the PFMA of and Treasury Regulations (TR).
- 7.6 The Land Bank risk management framework has been developed by considering best practices such as ISO31000, COSO, King report on Corporate Governance and relevant Basel Capital Accord principles. The Bank is of the view that a combination of these makes for a more robust ERM framework.
- 7.7 The ERM framework is geared to Land Bank achieving its objectives, which translate into four categories:
- Strategic – high-level goals, aligned with and supporting its mission;
 - Operations – effective and efficient use of its resources;
 - Reporting – reliability of reporting; and
 - Compliance – compliance with applicable laws and regulations.
- 7.8 The ERM framework also aims to ensure clear governance roles and responsibilities to maintain a robust assurance function. The bank has established policies and procedure to support this ERM framework including a board approved Risk Appetite Framework that contains qualitative statements and limit setting framework.

8. ERM MATURITY JOURNEY

- 8.1 Land Bank's risk management strategy is to build capacity and consistency, to move from simplicity to maturity, thus evolving to be world class at managing risk. The journey towards World Class is mapped on a maturity curve where the levels of maturity determines the sophistication of the Group's Risk management process.
- 8.2 The Maturity Model defines the journey towards World-Class Risk management.

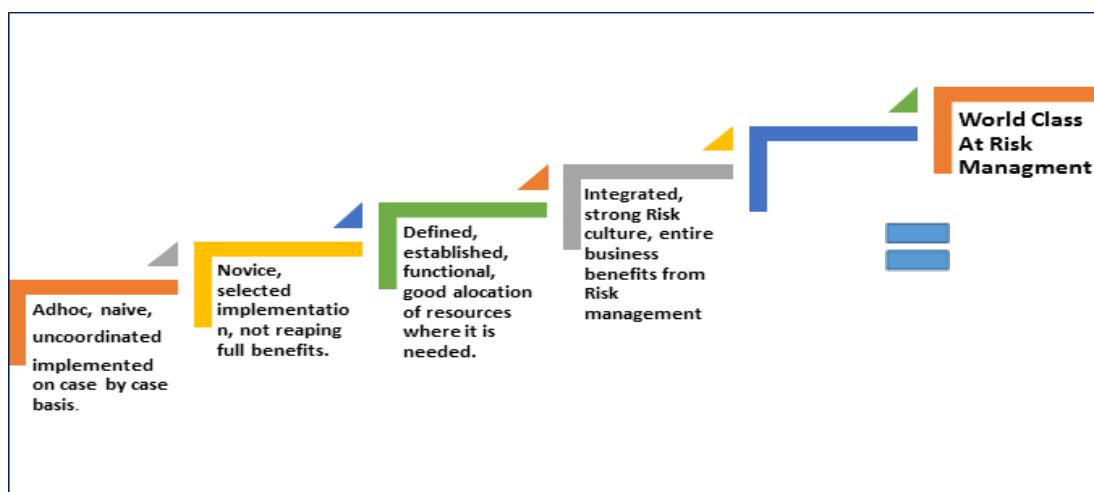


Figure 1: Risk Maturity Model

- 8.3 Land Bank's risk management strategy is to build capacity and consistency, to move from simplicity to maturity, thus evolving to be world class at managing risk. The Three Lines of Defence Model is the foundation of the Bank's risk management practices, embedding a

strong risk culture across the organisation aligned to the Bank's vision and values. Land Bank has further incorporated the 5 lines of Assurance as outlined by King IV.



9. LAND BANK BOARD OF DIRECTORS (THE "BOARD")

- 9.1 In terms of the Land Bank Act, the Minister of Finance appoints the Board and also determines the maximum period for which a director will serve on the Board. The majority of the Board members are independent non-executive directors, with the Chief Executive Officer and the Chief Financial Officer as the only executive members. The Board and its committees are all chaired by independent non-executive board members with the executive Board members attending meetings as invitees.
- 9.2 The Board is collectively and individually accountable to the Minister of Finance and National Treasury as the Executive Authority of the Land Bank. The Board is governed by a Code of Conduct which is aligned to best practice and is required to direct and control the operations and business of the Land Bank, implement policies and develop a code of good practice.
- 9.3 An independent Credit and Investment Committee consisting of an independent non-executive Chairman and four individual non-executive members supports the independence of credit granting decisions.
- 9.4 The Bank has also adopted a policy on lending to Politically Exposed Persons which has been approved by the Board.

10. BOARD COMMITTEES

- 10.1 As at 31 December 2016, the Board committees are as follows: **Audit and Finance Committee.**
- 10.2 The Committee acts independently of management in accordance with its mandate and the delegated authority of the Board as recorded in this terms of reference. The Committee has a monitoring responsibility only and has no operational or management responsibilities. The specific responsibilities and functions of the Audit Committee include, inter alias
 - 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.
- 10.3 The Committee is accountable to the Board in respect of its responsibilities.

10.4 Risk and Governance Committee

The Committee acts independently of management in accordance with its mandate and the delegated authority of the Board as recorded in this terms of reference. In addition, the Committee has the power to investigate any activity within the scope of its terms of reference. The 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. The Committee is accountable to the Board in respect of its responsibilities.

10.5 Credit and Investment Committee

The Committee acts independently of management in accordance with its mandate and the delegated authority of the Board as recorded in this terms of reference. The primary focus of the Committee is to review and approve credit and investment facilities, 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. The Committee is accountable to the Board in respect of its responsibilities.

10.6 Human Resources and Social and Ethics Committee

- 10.6.1** The Committee acts independently of management in accordance with its mandate and the delegated authority of the Board as recorded in this terms of reference. The 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. In addition, the Committee manages all social, ethics and environmental requirements and responsibilities for the Bank.
- 10.6.2** 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 Land Bank has introduced attestations to all committees for the escalation of risks.
- 10.6.3** 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 comprised of the following:

Board Membership and Qualifications

Board Members	ACADEMIC QUALIFICATIONS	Audit and Finance (AFC)	Risk and Governance (RGC)	Credit and Investment (CIC)	Human Resources and Social & Ethics (HR&SEC)
Non-Executive Directors					
Mr M A Moloto (Board Chair)	MSc (Finance and Financial Law); Postgraduate Diploma in Economic Principles; BA (Hons) Development Studies; BA Education			X	X
Ms D Hlatshwayo (Chair AFC)	Bachelor of Social Science (Hons); MBA with specialization in Advanced Corporate Finance, Senior Executive Leadership Development	X		X	X
Ms N Zwane	MSc (Agricultural Science); BSc (Chemistry and Botany)	X		X	X
Prof ASM Karaan (Chair of CIC)	PhD Agriculture; MSc Agriculture in Economics; BSc (Hons) Agriculture; BSc Agriculture	X			X
Ms S A Lund (Chair of RGC)	MA (Rural Development Planning), BA (Hons), B.Journ, Senior Executive Programme (Harvard & Wits Business Schools)	X	X		
Ms TT Ngcobo (Chair of HR&SEC)	BA (Social Science); Management Development Programme (Harvard Business School, Boston USA); Post Graduate Diploma in Management		X		X
Ms D Motau	B Com; Certificate in Business Project Management; Diploma in Advance Banking			X	X
Adv SJ H Coetzee	Baccalaureus Legum Civilium (BLC); LLB		X		X
Ms M E Makgatho	Masters in Development Finance; BComm (Hons) in Economics.	X			X
EXECUTIVE DIRECTORS					
Mr T P Nchocho (CEO)**	MSc in Development Finance and Economics; Master of Business Leadership; Bachelor of Commerce				
Mr B van Rooy (CFO)**	Chartered Accountant; Bachelor of Commerce Honours, CTA; Bachelor of Commerce				

** Executive Directors attended all Board meetings as non-voting members

Company Secretary:

Name: Mr Andile Yabo
 Telephone No.: 012 686 0714
 Email Address: ayabo@landbank.co.za
 Address: Block B, Eco Glades Office Park,
 420 Witch Hazel Road
 Eco Park
 Centurion, 0157
 South Africa

11. RISK FACTORS

The investments, business, profitability and results of operations of the Issuer may be adversely affected as a result of the difficult conditions in the Macro- and Micro-Economic Environment

11.1 Macro-economic environment

- 11.1.1 The economy continues to improve albeit at a slow pace. Macroeconomic fundaments form the foundation of positive future growth. . It is expected that the primary sectors of the economy will drive the improvement in growth in the near future. Improved weather patterns will support a better grain harvest in the 2016/17 season beyond our domestic needs.
- 11.1.2 Domestic demand for agricultural products is likely to gradually improve in line with improvements in the economy 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.
- 11.1.3 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.

11.2 Micro economic: Agribusiness

- 11.2.1 Over the past decade the gross value added to the South African economy by the agricultural sector has increased by 15% in real terms. Overall growth was influenced by a combination of global and macro-economic forces as well as the climate. A period of rapid growth, due to the commodity super cycle in 2008, was followed by a period of negative growth induced by the global recession. Following the recession, growth in the sector recovered and peaked in 2014 at more than 30% before the drought started having an impact from 2015 onwards.
- 11.2.2 Due to its volatile nature and climate dependence, it is not uncommon for the agricultural sector to have periods of negative growth and over the past decade these negative periods were always followed by periods of positive growth. However, the resilience and the ability of the sector to recover from an exogenous shock like a drought are determined by a combination of key underlying fundamentals that are linked to the long-term competitiveness of the industry.
- 11.2.3 The total number of households engaged in crop farming on less than 20 hectares increased from 1.6 million to 1.9 million between 2010 and 2015. This increase translates to an additional 75 000 hectares added during this period, most of which falls within the bottom tier who use less than half a hectare (Stats SA, 2015).
- 11.2.4 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.

11.3 Failures in risk management

- 11.3.1 The Land Bank, in common with other financial institutions in South Africa and elsewhere, is exposed to a variety of risks arising from the ordinary course of business, the most significant of which are credit risk, market risk, liquidity risk, interest rate risk and operational risk, with credit risk constituting the largest.
- 11.3.2 Whilst the Bank believes that it has implemented appropriate standards, policies, systems, processes and controls to mitigate these risks, investors should note that any failure to manage these risks adequately could have an adverse effect on the financial position and reputation of the Issuer.

11.4 Credit Risk

- 11.4.1 The Bank's lending business is subject to inherent risks relating to the credit quality of its counterparties, which may impact the recoverability of loans and advances due from these counterparties.
- 11.4.2 Changes in the credit quality of the Bank's lending counterparties or arising from systemic risk in the financial sector could reduce the value of the Bank's assets, and require increased provisions for bad debt.
- 11.4.3 Many factors affect the ability of the Bank's customers to repay their loans. Some of these factors, including adverse changes in consumer confidence levels due to local, national and global factors, consumer spending, bankcrupcy rates, increase market volatility, adverse weather conditions, might be difficult to anticipate and are completely outside the Bank's control.
- 11.4.4 The Bank continues to apply appropriate and responsible lending criteria and to manage credit risk by maintaining a culture of responsible lending and robust risk policy and control framework, in line with anticipated economic conditions and risk appetite. Despite this, if macro- and micro-economic conditions deteriorate, there can be no assurance that the rate of the Bank's non-performing loans and credit impairments will not increase. This, in turn could have an adverse effect on the Bank's financial condition or results of operations.

11.5 Credit Concentration Risk

- 11.5.1 Credit concentration risk is the risk of loss to the Bank arising from an excessive concentration to a single counterparty, sub-industry within the agricultural sector, a market or segment of a market, a product, a financial instrument or type of security, geography, or a maturity.

11.5.2 The Bank's credit portfolio is managed within a clearly defined risk appetite framework.

11.6 Liquidity Risk

- 11.6.1 The Bank as a non-regulated Bank that cannot take deposits and is heavily reliant on the debt and capital markets to raise funding of appropriate tenor and price to support its operations.
- 11.6.2 Disruptions, uncertainty or volatility in the debt and capital markets may limit the Bank's ability to refinance maturing liabilities with long-term funds and could increase the cost of funding. The availability to the Bank of any additional financing it may need, will depend on a variety of factors such as market conditions, the availability of credit generally and to borrowers in the financial services industry in particular, and the Bank's financial position, credit rating and credit capacity, as well as the possibility customers or lenders could develop a negative perception of the Bank's financial prospects.
- 11.6.3 Although the issuer believes that its access to local debt and capital markets as well as access to international markets and its liquidity management policy allows for and will continue to allow for the Bank to meet its short- and long-term liquidity needs, any maturity mismatches may have an adverse impact on its financial position and results of operations. Furthermore, there can be no assurance that the Issuer will be successful in obtaining additional sources of funds on acceptable terms for all.

11.7 Operational Risk

- 11.7.1 The Bank's business is subject to operational risk, and losses can result from:
 - 11.7.1.1 Inadequate or failed internal processes, documentation, people, systems and/ or equipment;
 - 11.7.1.2 Fraud;
 - 11.7.1.3 Natural disasters; and/ or

- 11.7.1.4 The failure of external systems, including those of the Bank's suppliers and counterparties.
- 11.7.2 The occurrence of one or more of the above, or any weakness in the Bank's internal control structures and procedures could result in a material adverse impact on the Bank's results, financial position, and prospects, as well as reputational damage, and could give rise to regulatory penalties and litigation.
- 11.7.3 The Bank's systems, processes and internal controls are designed to ensure that the operational risks associated with its activities are appropriately monitored and controlled. In addition, business resumption and disaster recovery processes have been implemented to mitigate operational risks inherent to the Bank's business.
- 11.8 The Bank's risk management policies and procedures may not have identified or anticipated all potential risk exposures**
- 11.8.1 The Bank has devoted significant resources to developing its risk management policies and procedures, particularly in connection with credit, market, liquidity, interest rate risk and operational risks and expects to continue to do so in future. Nonetheless, its risk management techniques may not be fully effective in mitigating its risk exposure in all market environments or against all types of risk, including risks unidentified or unanticipated. Any failure arising from the Bank's risk management techniques may have an adverse effect on its results of operations and financial condition.
- 11.8.2 A downgrade in the Issuer's credit rating or the credit rating of South Africa could have an adverse effect on the Issuer's access to liquidity sources, and funding costs.
- 11.8.3 The Issuer's credit rating affect the cost and other terms upon which the Issuer is able to obtain funding. Rating agencies regularly evaluate the Issuer and their ratings of its long-term debt are based on a number of factors, including capital adequacy levels, quality of earnings, credit exposure, the risk management framework and funding diversification. These parameters and their possible impact on the Issuer's credit rating are monitored closely and incorporated into its liquidity management and contingency planning considerations.
- 11.8.4 A downgrade of the Issuer's credit rating, or being placed on a negative ratings watch, may increase its cost of borrowing, limit its ability to raise capital and adversely affect its operations. A downgrade or potential downgrade of the South African sovereign rating or change in rating agency methodologies relating to the systemic support provided the South African sovereign could also negatively affect the perception by rating agencies of the Issuer's rating.
- 11.8.5 There can be no assurance that the rating agencies will maintain the Issuer's current rating or outlooks of those of South Africa. Ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organisations. Each rating should be independently evaluated.
- 11.9 The Bank may suffer a failure or interruption in or breach of its information systems**
- 11.9.1 The Bank has a high dependency on its IT systems and operations infrastructure to conduct its business. The Bank regards these systems as critical to improving productivity and maintaining the Bank's competitive edge.
- 11.9.2 Any failure, interruption or breach in security of these systems could result in failures or interruptions in its risk management, general ledger, loan servicing, debt recovery, payment custody and/or other important systems.
- 11.9.3 If the Bank's information systems fail, even for a short period of time, it could be unable to serve some or all customers' needs on a timely basis which could result in a loss of business. In addition, a temporary shutdown of the Bank's information systems could result in costs that are required for information retrieval and verification.

11.9.4 The occurrence of any failures or interruptions in the Bank's IT systems and operations infrastructure could have a materially adverse effect on the Bank's business, financial condition and/or results of operations.

11.10 Competitive Landscape

11.10.1 The Bank is subject to significant competition from other major banks operating in South Africa, including competitors such as international banks that may have greater financial and other resources. Many of these banks operating in the Bank's markets compete for substantially the same customers as the Bank.

11.10.2 Increased competition from non-bank entities in the money markets and capital markets could impact the Issuer and/or the Bank's ability to attract funding. Competition may increase in some or all of the Bank's principal markets and may have an adverse effect on its financial condition and results of operations.

11.11 **The Bank may not be able to detect money laundering and other illegal or improper activities fully or on a timely basis, which could expose it to additional liability and have a material adverse effect on it**

11.11.1 The Bank is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in South Africa. These laws and regulations require the Bank, among other things, to adopt and enforce "know your customer" policies and procedures and to report suspicious and large transactions to the applicable regulatory authorities.

11.11.2 While the Bank has adopted policies and procedures aimed at detecting and preventing the use of its banking network for money laundering activities by terrorists and terrorist-related organisations and individuals generally, such policies and procedures may not completely eliminate instances in which the Bank may be used by other parties to engage in money laundering or other illegal or improper activities.

11.11.3 To the extent that the Bank may fail to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have the power and authority to impose fines and other penalties on the Bank. In addition, the Bank's business and reputation could suffer if customers use it for money laundering or illegal or improper purposes.

11.12 **The Bank may be unable to recruit, retain and motivate key personnel it**

11.12.1 The Bank's performance is dependent on the talents and efforts of key personnel across the organisation, some of whom may have been employed by the Bank for a substantial period of time and have developed with the business.

11.12.2 The Bank's continued ability to compete effectively and further develop its businesses also depends on its ability to attract new employees. In relation to the development and training of new staff, the Bank is reliant on the continued development of the educational sector within South Africa, including access to facilities and educational programmes by its future employees.

11.13 Political Environment

11.13.1 2017 will see the implementation of the Expropriation Act and according to government this Act will give more impetus to the process of land reform. The land reform policies are being implemented and there is a resurfacing of trust between government and commercial farmers who are participating willingly in some of the land reform pilot projects, the successful launch of two 50/50 farms where government purchased a 50% equity stake on behalf workers is a clear indication that the land reform is working. This happened in North West, Zeerust at Stars Away Farm and in the Western Cape, Franschhoek at Solms Wine Estate. However, land redistribution and agricultural transformation are still below Government targets and emerging farmers are under financial distress. The Land Bank continues to deepen agricultural transformation in the agricultural sector by working on a variety of government led programmes and initiatives. It is involved in the DTI led Black Industrialists Programme and DRDR and DAFF led

AgriParks initiative and Mr. Sydney Soundy of the Commercial Development Banking serves on the Ministerial Advisory Panel. The Land Bank is also involved in the Development Finance Integration Process that is being led by DAFF and is also working on a number of SLAs with DRDLR which are aimed at further enhancing its role in agricultural development.

- 11.13.2 Positive agricultural growth is a prerequisite for successful transformation of the sector and positive growth can only occur through continued public and private sector investments. The new entrants and land reform beneficiaries will only succeed if the fundamental enabling framework (incl. farmer support in the form of access to financial services, extension, research and development, infrastructure, water, markets, property rights, etc.) of government is in place. Successful completion of the land reform program is necessary to address equality in the sector and to ensure a stable and growing agricultural and rural economy.
- 11.13.3 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.

11.14 **Environmental Issues**

- 11.14.1 Environmental issues continue to dominate the global discourse. King IV has re-emphasised the growing importance of sustainability issues locally and internationally. Agriculture needs to increase food production within the context of climate change and related climate variability impacts such as declining water resources and bio-diversity, amongst others.
- 11.14.2 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.
- 11.14.3 The National Environmental Management Act, 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.
- 11.14.4 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 has developed an Environmental and social sustainability framework and as part of the Organisational review monitoring mechanisms are being built into processes to ensure compliance with its environmental policy framework.
- 11.14.5 Sustainable development remains the nucleus at the Land Bank and sustainability (social, environmental and economic) should form an integral part of the Land Bank's business. The Bank needs to consider investing in more innovative methods of agriculture.

11.15 **Legal and institutional environment**

- 11.15.1 The legal framework under which Land Bank functions includes amongst others, the Constitution, the Land Bank Act, the National Credit Act and the PFMA.
- 11.15.2 Regulatory institutions include the Department of Agriculture, Forestry and Fisheries (**DOAFF**), Department of Trade and Industry (**DTI**), National Treasury and the Auditor General. In addition, 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 which the Bank engages with on a regular basis.

12. CORPORATE GOVERNANCE AND REGULATORY FRAMEWORK

- 12.1 The Land Bank subscribes to the principles of the King Report on Corporate Governance as well as the Protocol on Corporate Governance in the Public Sector. As such the Land Bank complies with the terms of King III.
- 12.2 In terms of King IV:
 - 12.2.1 The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the Bank being ethical and a good corporate citizen (Principle 13).
 - 12.2.2 The Board should delegate to management responsibility for implementation and execution of effective compliance management.
- 12.3 Land Bank has adopted the Compliance Risk Framework, based King IV principles, to help businesses effectively manage their compliance risks. The Framework states the roles and responsibilities for compliance risk management. The Framework also outlines the tools that employees, management and compliance officers use to manage compliance risk.
- 12.4 Compliance constantly monitors the regulatory environment and recommend appropriate responses to changes and developments.
- 12.5 The Bank continues to recognize that the governance environment within the Bank is built on proficient, embedded risk and compliance processes.
- 12.6 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.

INVESTOR CONSIDERATIONS

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

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

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

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

References below to the "Terms and Conditions", in relation to Notes, shall mean the "Terms and Conditions of the Notes" set out under the section of this Programme Memorandum headed "Terms and Conditions of the Notes".

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

Risks Relating to the Notes

The Notes may not be a suitable investment for all investors

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

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

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of

the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

There may not be an active trading market for the Notes

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

The Notes may be redeemed prior to maturity

Unless in the case of any particular Tranche of Notes the Applicable Pricing Supplement specifies otherwise, in the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of South Africa or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

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

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

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

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

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

Recourse to the BESA Guarantee Fund Trust

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

Credit Rating

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

Risks related to the structure of the particular issue of Notes

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

Notes subject to optional redemption by the Issuer

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

Index-Linked and Dual Currency Notes

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

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

Partly-paid Notes

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

Notes issued at a substantial discount or premium

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

greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Variable Rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate may at any time be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes where denominations involve integral multiples: Individual Certificates

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive an Individual Certificate in respect of such holding and would need to purchase a Principal Amount of Notes such that its holding amounts to a minimum Specified Denomination.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Modification and waivers and substitution

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

Change of law

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

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Risks Relating to the Issuer

Risks affecting the business of the Issuer are set out on page 75 above in the section headed "Description of the Land and Agricultural Development Bank of South Africa".

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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

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

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

Clearing systems

Each Tranche of Notes listed on the Interest Rate Market of the JSE will be issued, cleared and settled in accordance with the Applicable Procedures for the time being of the JSE and the CSD through the electronic settlement system of the CSD. Such Notes will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD.

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

Participants

The CSD maintains accounts only for Participants. As at the Programme Date, the Participants which are approved by the CSD, as Settlement Agents to perform electronic settlement of funds and scrip are Citibank N.A. South Africa Branch; FirstRand Bank Limited; Nedbank Limited; Standard Chartered Bank, Johannesburg Branch; Société Générale, Johannesburg Branch; The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear, as operator of the Euroclear System, and Clearstream will settle offshore transfers in the Notes through their Participants.

Settlement and clearing

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

While a Tranche of Notes is held in the CSD, the relevant Participant will be named in the Register as the sole Noteholder of the Notes in that Tranche. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD for the holders of Beneficial Interests in such Notes.

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

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

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

Transfers and exchanges

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

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*).

Records of payments, trust and voting

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

BESA Guarantee Fund Trust

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

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

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

SUBSCRIPTION AND SALE

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

The Dealer has in terms of the amended and restated programme agreement dated 13 March 2017, as may be amended, supplemented or restated from time to time (the **Programme Agreement**), agreed with the Issuer a basis upon which it may from time to time agree to subscribe for Notes or procure the subscription of the Notes.

Selling restrictions

South Africa

Each Dealer has (or will have) represented, warranted and agreed that it (i) will not offer Notes for subscription, (ii) will not solicit any offers for subscription for or sale of the Notes, and (iii) will itself not sell or offer the Notes in South Africa in contravention of the Companies Act, Banks Act, Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that it will not make an “offer to the public” (as such expression is defined in the Companies Act, and which expression includes any section of the public) of Notes (whether for subscription, purchase or sale) in South Africa. This Programme Memorandum does not, nor is it intended to, constitute a prospectus prepared and registered under the Companies Act.

Offers not deemed to be offers to the public

Offers for subscription for, or sale of, Notes are not deemed to be offers to the public if:

- (a) made only to certain investors contemplated in section 96(1)(a) of the Companies Act; or
- (b) the total contemplated acquisition cost of Notes, for any single addressee acting as principal, is equal to or greater than ZAR1,000,000, or such higher amount as may be promulgated by notice in the Government Gazette of South Africa pursuant to section 96(2)(a) of the Companies Act.

Information made available in this Programme Memorandum should not be considered as “advice” as defined in the Financial Advisory and Intermediary Services Act, 2002.

United States

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

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

- (a) the Notes in that Tranche have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act;
- (b) it has not offered, sold or delivered any Notes in that Tranche and will not offer, sell or deliver any Notes in that Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 (forty) Days after completion of the distribution, as determined and certified by the Dealer(s) or, in the case of an issue of such Notes on a syndicated basis, the relevant Lead Manager, of all Notes of the Series of which that Tranche of Notes is a part, within the United States or to, or for the account or benefit of, U.S. Persons;
- (c) it will send to each dealer to which it sells any Notes in that Tranche during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and

sales of such Notes within the United States or to, or for the account or benefit of, U.S. Persons; and

- (d) it, its Affiliates and any Persons acting on its or any of its Affiliates behalf have not engaged and will not engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) with respect to the Notes in that Tranche and it, its Affiliates and any Persons acting on its or any of its Affiliates' behalf have complied and will comply with the offering restrictions requirements of Regulation S.

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

European Economic Area

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

- (a) in the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive and/or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member State in accordance with Article 18 of the Prospectus Directive and ending on the date which is 12 (twelve) months after the date of such publication;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal Persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

United Kingdom

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

- (a) in relation to any of the Notes in that Tranche which have a maturity of less than one year, (i) it is a Person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any of such Notes other than to Persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses

where the issue of such Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act, 2000 (the **FSMA**) by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any of the Notes in that Tranche under circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any of the Notes in that Tranche in, from or otherwise involving the United Kingdom.

General

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

- (a) it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in each jurisdiction in which it purchases, subscribes or procures the subscription for, offers or sells Notes in that Tranche or has in its possession or distributes the Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, subscription, offer or sale by it of Notes in that Tranche under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscription, offers or sales; and
- (b) it will comply with such other or additional restrictions as the Issuer and such Dealer agree and as are set out in the Applicable Pricing Supplement.

Neither the Issuer nor any of the Dealer(s) represent that Notes may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction or pursuant to any exemption available thereunder nor assumes any responsibility for facilitating such subscription or sale.

SOUTH AFRICAN TAXATION

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

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

Securities Transfer Tax

The issue, transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 (the **STT Act**) because the Notes do not constitute “securities” as defined in the STT Act. Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer of Notes will be for the account of holders of the Notes.

Value-Added Tax

No value-added tax (**VAT**) is payable on the issue or transfer of the Notes. The issue, sale or transfer of the Notes constitute “financial services” as defined in section 2 of the Value-Added Tax Act, 1991 (the **VAT Act**). In terms of section 2 of the VAT Act, the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of a debt security as well as the buying and selling of derivatives constitute a financial service, which is exempt from VAT in terms of section 12(a) of the VAT Act.

However, commissions, fees or similar charges raised for the facilitation of the issue, allotment, drawing, acceptance, endorsement or transfer of ownership of Notes constitute “debt securities” as defined in section 2(2)(iii) of the VAT Act will be subject to VAT at the standard rate (currently 14 percent), except where the recipient is a non-resident as contemplated below.

Services (including exempt financial services) rendered to non-residents who are not in South Africa when the services are rendered, are subject to VAT at the zero rate in terms of section 11(2)(l) of the VAT Act.

Income Tax

Under current taxation law effective in South Africa a “resident” (as defined in section 1 of the Income Tax Act) is subject to income tax on his/her worldwide income. Accordingly, all Noteholders who are “residents” of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned in respect of the Notes. Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty).

Interest income is derived from a South African source if that amount:

- (a) is incurred by a person that is a South African tax resident, unless the interest is attributable to a foreign permanent establishment of that resident; or
- (b) is derived from the utilisation or application in South Africa by any person of any funds or credit obtained in terms of any form of “*interest-bearing arrangement*”.

The Notes will constitute an “*interest-bearing arrangement*”. The Issuer is tax resident in South Africa as at the Programme Date. Accordingly, unless the Notes are attributable to a permanent establishment of the Issuer outside of South Africa, the interest paid to the Noteholders will be from a South African source and subject to South African income tax unless such income is exempt under section 10(1)(h) of the Income Tax Act (see below).

Under section 10(1)(h) of the Income Tax Act, any amount of interest that is received or accrued by or to a Noteholder who, or which, is not a resident of South Africa during any year of assessment is exempt from income tax, unless:

- (a) that person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve month period preceding the date on which the interest is received by, or accrues to, that person; or
- (b) the debt from which the interest arises is effectively connected to a permanent establishment of that person in South Africa.

If a Noteholder does not qualify for the exemption under Section 10(1)(h) of the Income Tax Act, an exemption from, or reduction of any South African income tax liability may be available under an applicable double taxation treaty.

Furthermore, certain entities may be exempt from income tax. Purchasers are advised to consult their own professional advisers as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable double taxation treaty.

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the principal amount of a Note is treated as part of the interest income on the Note. Interest income which accrues (or is deemed to accrue) to a Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day-to-day basis until that Noteholder disposes of the Note or until maturity unless an election has been made by the Noteholder, which is a company, if the Noteholder is entitled under Section 24J(9) of the Income Tax Act to make such election, to treat its Notes as trading stock on a mark-to-market basis. This day-to-day basis accrual is determined by calculating the yield to maturity (as defined in Section 24J of the Income Tax Act) and applying this rate to the capital involved for the relevant tax period. The premium or discount is treated as interest for the purposes of the exemption under section 10(1)(h) of the Income Tax Act.

Section 24JB deals with the fair value taxation of financial instruments for certain types of taxpayers (**covered persons**). Noteholders should seek advice as to whether these provisions may apply to them.

To the extent the disposal of the Note gives rise to a gain or a loss, the normal principles are to be applied in determining whether such gain or loss should be subject to income tax in terms of the Income Tax Act.

Capital Gains Tax

Capital gains and losses of residents of South Africa on the disposal of Notes are subject to capital gains tax unless the Notes are purchased for re-sale in the short term as part of a scheme of profit making, in which case the proceeds will be subject to income 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 an adjusted loss on transfer or redemption will, to the extent that it has previously been included in the taxable income of the holder (as interest), be allowed as a deduction from the taxable income of the holder when it is incurred during the year of assessment in which the transfer or redemption takes place, and accordingly will not give rise to a capital loss.

Capital gains tax under the Eighth Schedule to the Income Tax Act will not be levied in relation to Notes disposed of by a Person who is not a resident of South Africa unless the Notes disposed of are attributable to a permanent establishment of that Person through which a trade is carried on in South Africa during the relevant year of assessment.

Purchasers are advised to consult their own professional advisers as to whether a disposal of Notes will result in a liability to capital gains tax.

Withholding Tax

A final withholding tax on interest which is levied at the rate of 15%, applying to interest payments made from a South African source to foreign persons (i.e. non-residents), subject to certain exemptions (see below). South Africa is also a party to double taxation treaties that may provide full or partial relief from the withholding tax on interest, provided that certain requirements are met.

The available exemptions apply in respect of the instrument giving rise to the interest, to the foreign person receiving the interest, or to the person liable for the interest (i.e. the Issuer).

Regarding the exemptions applicable in respect of the instrument, an amount of interest is exempt if it is paid to a foreign person in terms of "*listed debt*", being debt listed on a "*recognised exchange*", as defined in terms of paragraph 1 of the Eighth Schedule to the Income Tax Act. The Notes may be

listed on a recognised exchange. Thus, to the extent that the Notes remain listed on that exchange (and to the extent that that exchange remains a recognised exchange), any interest paid to a foreign person in respect of the Notes will be exempt from the withholding tax on interest. If the Notes are not listed on a recognised exchange, then the interest paid to a foreign person will not be exempt from the withholding tax on interest unless another exemption is applicable.

Regarding the exemptions applicable in respect of the foreign person receiving the interest, an amount of interest is exempt if—

- (a) that foreign person is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the twelve month period preceding the date on which the interest is paid;
- (b) the debt claim in respect of which that interest is paid is effectively connected with a permanent establishment of that foreign person in South Africa, if that foreign person is registered as a taxpayer in terms of Chapter 3 of the Tax Administration Act, 2011; and
- (c) The foreign person submits a declaration confirming their exemption to the person liable for the payment of the interest before payment of the interest is made.

If a foreign person does not qualify for the above exemption, then any interest paid to that foreign person will not be exempt from the withholding tax on interest unless another exemption is applicable.

Regarding the exemptions applicable in respect of the person liable for the interest, none of these will be applicable in respect of the Issuer. Thus, if the exemptions in respect of listed debt and foreign persons above are not applicable, then any interest paid to a foreign person will not be exempt from the withholding tax.

Definition of Interest

The references to “*interest*” above means “*interest*” as understood in South African tax law. The statements above do not take account of any different definitions of “*interest*” or “*principal*” which may prevail under any other law or which may be created by the Terms and Conditions or any related documentation.

SOUTH AFRICAN EXCHANGE CONTROL

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

The information below is intended as a general guide to the position under the Exchange Control Regulations as at the Programme Date. The Exchange Control Regulations are subject to change at any time without notice. The contents of this section headed “South African Exchange Control” do not constitute exchange control advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Notes. Prospective subscribers for or purchasers of any Notes should consult their professional advisers in this regard.

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

Dealings in the Notes and the performance by the Issuer of its obligations under the Notes and the applicable Terms and Conditions may be subject to the Exchange Control Regulations.

Emigrant Blocked Rands

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

Emigrants from the Common Monetary Area

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed “*non-resident*”. Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant’s blocked assets.

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

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder’s Blocked Rand account, as maintained by an authorised foreign exchange dealer. Interest payments are freely transferable and may be credited to the emigrant’s non-resident Rand account. Capital amounts in respect of principal are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations.

Non-residents of the Common Monetary Area

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

It will be incumbent on any such non-resident Noteholder to instruct the non-resident’s nominated or authorised dealer in foreign exchange as to how any funds due to such non-resident in respect of Notes are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa or Rand from a non-resident Rand account and provided that the relevant Individual Certificate has been endorsed “*non-resident*” or the relevant securities account has been designated as a “*non-resident*” account, as the case may be.

The Issuer is domiciled and incorporated in South Africa and as such is not required to obtain exchange control approval.

For purposes of this section, **Common Monetary Area** means South Africa, Lesotho, Namibia, and Swaziland.

GENERAL INFORMATION

Capitalised terms used in this section headed “General Information” shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or 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 South Africa as at the Programme Date, including but not limited to, the PFMA have been given for the update of the Programme and the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Memorandum and the Notes.

Listing

The Programme Memorandum was approved by the JSE on or about 13 March 2017. Notes to be issued under the Programme may be listed on the Interest Rate Market of the JSE or any other Financial Exchange. Unlisted Notes may also be issued under the Programme Memorandum.

Documents Available

So long as the Notes are capable of being issued under the Programme, copies of the documents incorporated under the section headed *“Documents Incorporated by Reference”* will, when published, be available at the registered office of the Issuer as set out at the end of this Programme Memorandum. This Programme Memorandum, any supplement and/or amendment hereto, the Applicable Pricing Supplements relating to any issue of listed Notes and the published audited annual financial statements of the Issuer will also be available on the Issuer’s website at www.landbank.co.za and this Programme Memorandum, any supplement and/or amendment hereto and the Applicable Pricing Supplements relating to any issue of listed Notes will be available on the JSE’s website www.jse.co.za.

Material Change

As at the Programme Date, and after due and careful inquiry, there has been no material change in the financial or trading position of the Issuer since the date of the Issuer’s respective latest published audited annual financial statements. As at the Programme Date, there has been no involvement by the Auditor General in making the aforementioned statement.

Litigation

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

Auditor

The Auditor General has acted as the auditor of the financial statements of the Issuer for the financial periods ending 31 March 2014, 2015 and 2016.

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