



**THE REPUBLIC OF NAMIBIA**

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**ZAR3,000,000,000**  
**Medium Term Note Programme**

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Under this ZAR3,000,000,000 Medium Term Note Programme (the **Programme**), the Government of the Republic of Namibia, acting through the Namibian Minister of Finance, (the **Issuer**) may from time to time issue notes (the **Notes**), which expression shall include Senior Notes and Subordinated Notes (each as defined herein) denominated in any currency agreed by the Issuer and the relevant Dealer(s) (as defined herein) 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 Limited (the **JSE**) or such other Financial Exchange(s), 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 (as defined herein) 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 (as defined herein), the Programme Amount is ZAR3,000,000,000. This Programme Memorandum will apply to the Notes issued under the Programme in an aggregate outstanding Nominal Amount which will not exceed ZAR3,000,000,000 unless such amount is increased by the Issuer pursuant to 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, 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) and specified in the Applicable Pricing Supplement. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

This Programme Memorandum has been approved by the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE in accordance with the rules of 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 JSE or 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, 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 for all trades done through the JSE. 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 Programme" and any additional Dealer 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" shall, in the case of Notes being (or intended to be) placed by more than one Dealer, be to all Dealers agreeing to place such Notes.

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.

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*Arrangers*

**ABSA CAPITAL, a division of ABSA BANK LIMITED**  
**FIRST NATIONAL BANK OF NAMIBIA LIMITED**  
**FIRSTSTRAND BANK LIMITED, acting through its RAND MERCHANT BANK division**  
**NAMIBIA EQUITY BROKERS (PROPRIETARY) LIMITED**  
**RMB NAMIBIA (PROPRIETARY) LIMITED**

*Dealers*

**ABSA CAPITAL, a division of ABSA BANK LIMITED**  
**FIRSTSTRAND BANK LIMITED, acting through its RAND MERCHANT BANK division**

*JSE Debt Sponsor*

**FIRSTSTRAND BANK LIMITED, acting through its RAND MERCHANT BANK division**

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## GENERAL

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*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 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 (who has taken all reasonable care to ensure that such is the case) the information contained in this Programme Memorandum is in accordance with the facts and does not omit 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, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Programme Memorandum is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts, the omission of which would make this Programme Memorandum or any of such information or expression of any such opinions or intentions misleading in any material respect.

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

The Arrangers, the Dealers, the JSE Debt Sponsor or any of their respective subsidiary or holding companies or a subsidiary of their holding company (**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 Arrangers, 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 Arrangers, the Dealers, the JSE Debt Sponsor 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 not consistent with this Programme Memorandum or any other document entered into in relation to the Programme or any other information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers, the Dealers, the JSE Debt Sponsor 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 Arrangers, the Dealers, the JSE Debt Sponsor 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 affairs and operations, 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 Arrangers, or any of the Dealers to any Person to subscribe for or to purchase any Notes.

Neither the delivery of this Programme Memorandum nor any Applicable Pricing Supplement 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 accounts or other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same. The Arrangers, the Dealers, the JSE Debt Sponsor and other professional advisers expressly do not undertake to review the financial affairs and operations of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent accounts, 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 Arrangers, the Dealers, the JSE Debt Sponsor 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 materially relating to the Notes, see the section headed "*Subscription and Sale*".

None of the Issuer, the Arrangers, the Dealers, the JSE Debt Sponsor nor other professional advisers 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 Arrangers, the Dealers, the JSE Debt Sponsor 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

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*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 supplements to this Programme Memorandum prepared by the Issuer from time to time;
- (b) as at the Programme Date, the published annual report (incorporating the Issuer's audited annual accounts, together with reports and the notes thereto) of the Issuer for the three financial years ended 31 March 2008, 2009 and 2010 and in respect of any issue of Notes after the Programme Date, the published annual report of the Issuer in respect of further financial years, as and when such published annual report becomes available;
- (c) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme; and
- (d) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which will be electronically submitted through the Securities Exchange News Service (**SENS**) or similar service established by the JSE, to SENS subscribers, if required,

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

The Issuer will, for as long as any Note remains Outstanding, provide at its office and the registered office of the Transfer Agent, each as set out at the end of this Programme Memorandum, without charge, to any Person, upon request of such Person, 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.

This Programme Memorandum, any amendments and/or supplements thereto, the Applicable Pricing Supplements relating to any issue of listed Notes and the published annual report of the Issuer are also available on the website of the Bank of Namibia (the central bank of the Issuer) and the Namibian Ministry of Finance, at [www.bon.com.na](http://www.bon.com.na) and [www.mof.gov.na](http://www.mof.gov.na), respectively. In addition, this Programme Memorandum, any amendments and/or supplements hereto, 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](http://www.jse.co.za). This Programme Memorandum does not constitute an offer or invitation by or on behalf of the Issuer, the Arrangers and the Dealers or their Affiliates, the JSE Debt Sponsor or 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:

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

(d) this Programme Memorandum no longer contains all the material correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (c) and (d) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's audited annual accounts if such audited annual accounts are incorporated by reference into this Programme Memorandum and such audited annual accounts are published and submitted to the JSE within 18 (eighteen) months after the financial year end of the Issuer.

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## GENERAL DESCRIPTION OF THE PROGRAMME

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*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 from time to time does not exceed the Programme Amount.

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

This Programme Memorandum and any supplement will only be valid for the issue of Notes in an aggregate Nominal Amount which does not exceed ZAR3,000,000,000 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 Arrangers, 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.

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 any Notes. A rating of the Issuer and/or the Programme and/or a rating of a Tranche of Notes may be subject to revision, suspension or withdrawal at any time by the rating agency.

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

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

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## SUMMARY OF THE PROGRAMME

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

### **PARTIES**

<b>Issuer</b>	The Government of the Republic of Namibia, acting through the Namibian Minister of Finance.
<b>Arrangers</b>	<p>Absa Capital, a division of Absa Bank Limited (<b>Absa Capital</b>) (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;</p> <p>First National Bank of Namibia Limited (registration number 2002/0180), a company with limited liability duly incorporated in accordance with the company laws of Namibia;</p> <p>FirstRand Bank Limited, acting through its Rand Merchant Bank division (<b>RMB</b>) (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;</p> <p>Namibia Equity Brokers (Proprietary) Limited (registration number 98/463), a company with limited liability duly incorporated in accordance with the company laws of Namibia; and</p> <p>RMB Namibia (Proprietary) Limited (registration number 2012/0319), a company with limited liability duly incorporated in accordance with the company laws of Namibia.</p>
<b>Dealers</b>	<p>Absa Capital; and</p> <p>RMB,</p> <p>and any additional Dealers appointed by the Issuer from time to time, which appointment may be for a specific issue or on an ongoing basis.</p>
<b>Transfer Agent</b>	Absa Capital, or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement.
<b>Paying Agent</b>	Absa Capital, or such other entity appointed by the Issuer as Paying Agent, in which event that other entity will act as Paying Agent, as specified in the Applicable Pricing Supplement.
<b>Calculation Agent</b>	Absa Capital, or such other entity appointed by the Issuer as Calculation Agent, in which event that other entity will act as Calculation Agent, as specified in the Applicable Pricing Supplement.
<b>JSE Debt Sponsor</b>	RMB, or such other entity appointed by the Issuer from time to time.



<b>CSD</b>	Strate Limited (registration number 1998/022242/06), registered as a central securities depository in terms of the South African Securities Services Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s).
<b>JSE</b>	the JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the South African Securities Services Act or any exchange which operates as a successor exchange to the JSE.
<b>GENERAL</b>	
<b>Blocked Rands</b>	Blocked Rands may be used to subscribe for, or purchase, Notes, subject to the South African Exchange Control Regulations.
<b>Clearing and Settlement</b>	Each Tranche of Notes which is held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. The CSD acts as the approved electronic clearing house, and carries on the role of matching, clearing and facilitation of settlement of all transactions carried out on the JSE. Each Tranche of Notes which is held in the CSD will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD (see the section of this Programme Memorandum headed " <i>Settlement, Clearing and Transfers of Notes</i> ").
<b>Cross-Default</b>	The terms of the Notes will contain a cross-default provision relating to External Indebtedness (as defined in the section of this Programme Memorandum headed " <i>Terms and Conditions of the Notes</i> " on page 30) having an aggregate outstanding amount which equals or exceeds ZAR160,000,000 (one hundred and sixty million South African Rand) (or its equivalent in any other currency) from time to time, or any guarantee of or indemnity in respect of any such Indebtedness as further described in Condition 16.1.1.4 ( <i>Cross Default</i> ).
<b>Denomination</b>	Notes will be issued in such denominations as may be agreed by the Issuer and the relevant Dealer(s) and as indicated in the Applicable Pricing Supplement, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank or regulator or any laws or regulations applicable to the Notes.
<b>Description of Programme</b>	The Republic of Namibia ZAR3,000,000,000 Medium Term Note Programme.
<b>Distribution</b>	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.
<b>Form of Notes</b>	Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Notes will be issued in uncertificated form, and will be held in the

CSD. The holder of a Beneficial Interest may exchange such Beneficial Interest for Notes in certificated form represented by an Individual Certificate (see the section of this Programme Memorandum headed “*Form of the Notes*”).

<b>Governing Law</b>	The Notes will be governed by and construed in accordance with the laws of South Africa in force from time to time.
<b>Interest</b>	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.
<b>Interest Period(s)/Interest Payment Date(s)</b>	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.
<b>Issue and Transfer Taxes</b>	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>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.
<b>Issue Price</b>	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.
<b>Listing</b>	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).
<b>Maturities of Notes</b>	Such maturity(ies) as specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum maturity.
<b>Negative Pledge</b>	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.
<b>Notes</b>	Notes may comprise: <b>Fixed Rate Notes</b> Fixed Rate interest will be payable in arrears on such date or dates as may be agreed between the Issuer and the relevant Dealer(s), as indicated in the Applicable Pricing Supplement and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s). <b>Floating Rate Notes</b> 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.

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.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both, as indicated in the Applicable Pricing Supplement.

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.

**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 Rate Notes**

Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, 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 Paid Notes**

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

**Rating**

As at the Programme Date the Issuer 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.

**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 for tax reasons and/or following the occurrence of a change in law as set out in Condition 10.2 (*Redemption for Tax Reasons*) and Condition 10.3 (*Early Redemption following the occurrence of a Change in Law*), respectively, or 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 10.4 (*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), or 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 10.5 (*Redemption at the option of the Senior Noteholders*) and the Applicable Pricing Supplement.

**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 ZAR3,000,000,000. This Programme Memorandum will only apply to Notes issued under the Programme 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 unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves (subject to Condition 7 (*Negative Pledge*)) 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 of Subordinated Notes**

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.

**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 "*Taxation*". The summary does not constitute tax advice. Potential investors in the Notes should, before making an investment in the Notes, consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.

**Terms and Conditions**

The terms and conditions of the Notes are set out in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*". 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 budgetary purposes, or as may otherwise be described in the Applicable Pricing Supplement.

**Withholding Taxes**

As at the Programme Date, all payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa. In the event that withholding tax or such other deduction is required by law, then the Issuer will, subject to certain exceptions as provided in Condition 11 (*Taxation*), 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.

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## FORM OF THE NOTES

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*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 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 may, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 37 of the South African Securities Services Act.

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

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

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will 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's Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche.

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

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

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

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

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

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

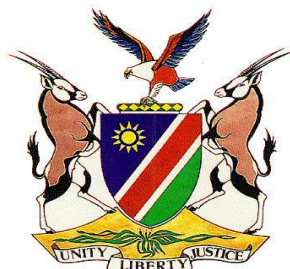


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**PRO FORMA APPLICABLE PRICING SUPPLEMENT**

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



## THE REPUBLIC OF NAMIBIA

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

Under its ZAR3,000,000,000 Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 2 November 2012, prepared by the Government of the Republic of Namibia, acting through the Namibian Minister of Finance in connection with the Republic of Namibia ZAR3,000,000,000 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	The Government of the Republic of Namibia, acting through the Namibian Minister of Finance
2.	Dealer(s)	[       ]
3.	Managers	[       ]
4.	Debt Sponsor	[       ]
5.	Paying Agent	[       ]
	Specified Address	[       ]
6.	Calculation Agent	[       ]
	Specified Address	[       ]
7.	Transfer Agent	[       ]
	Specified Address	[       ]

### PROVISIONS RELATING TO THE NOTES

8.	Status of Notes	[Senior/Subordinated]
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		[Secured/Unsecured]
9.	Form of Notes	[Listed/Unlisted] Notes
10.	Series Number	[       ]
11.	Tranche Number	[       ]
12.	Aggregate Nominal Amount:	
	(a) Series	[       ]
	(b) Tranche	[       ]
13.	Interest	[Interest-bearing/Non-interest-bearing]
14.	Interest Payment Basis	[[Fixed Rate/Floating Rate/Zero Coupon/Index-Linked/Dual Currency/Partly Paid /Instalment] Notes/other]
15.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	[Insert details including date for conversion]
16.	Form of Notes	The Notes in this Tranche are issued in uncertificated form and held by the CSD
17.	Issue Date	[       ]
18.	Nominal Amount per Note	[       ]
19.	Specified Denomination	[       ]
20.	Specified Currency	[       ]
21.	Issue Price	[       ]
22.	Interest Commencement Date	[       ]
23.	Maturity Date	[       ]
24.	Applicable Business Day Convention	[Floating Rate Business Day / Following Business Day / Modified Following Business Day / Preceding Business Day / other convention – insert details]
25.	Final Redemption Amount	[       ]
26.	Last Day to Register	[       ]
27.	Books Closed Period(s)	The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date
28.	Default Rate	[       ]
<b>FIXED RATE NOTES</b>		
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) Determination Date(s)	[       ] in each year
	(g) Day Count Fraction	[       ]

(h) Any other terms relating to the particular method of calculating interest [ ]

**FLOATING RATE NOTES**

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

(b) Interest Period(s) [ ]

(c) Definition of Business Day (if different from that set out in Condition 1) (*Interpretation*) [ ]

(d) Minimum Rate of Interest [ ] 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. Manner in which the Rate of Interest is to be determined [ISDA Determination / Screen Rate Determination/other – insert details]

32. Margin [(...) basis points to be added to/subtracted from the relevant ISDA Rate / Reference Rate]

33. If ISDA Determination

(a) Floating Rate [ ]

(b) Floating Rate Option [ ]

(c) Designated Maturity [ ]

(d) Reset Date(s) [ ]

(e) ISDA Definitions to apply [ ]

34. If Screen Determination:

(a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated) [ ]

(b) Interest Rate Determination Date(s) [ ]

(c) Relevant Screen Page and Reference Code [ ]

35. If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/ Fallback provisions [ ]

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

**ZERO COUPON NOTES**

37. (a) Implied Yield [ ]

(b) Reference Price Percent[NACA] [NACM] [NACQ] [NACS] [other

method of compounding]

- (c) Any other formula or basis for determining amount(s) payable [ ]

**PARTLY PAID NOTES**

38. (a) Amount of each payment comprising the Issue Price [ ]
- (b) Dates upon which each payment is to be made by Noteholder [ ]
- (c) Consequences (if any) of failure to make any such payment by Noteholder [ ]
- (d) Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments [ ] 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 (*Interpretation*)) [     ]
- (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 Currency Redemption Amount] Notes
- (b) Rate of Exchange/method of calculating Rate of Exchange [     ]
- (c) Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable [     ]
- (d) Person at whose option Specified Currency(ies) is/are payable [     ]

**EXCHANGEABLE NOTES**

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

**OTHER NOTES**

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

**PROVISIONS REGARDING REDEMPTION/MATURITY**

47. Redemption at the option of the Issuer: [Yes/No]
- If yes:
- (a) Optional Redemption Date(s) [ ]
  - (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) [ ]
  - (c) Minimum period of notice (if different from Condition 10.4 (*Redemption at the option of the Issuer*)) [ ]
  - (d) If redeemable in part: [ ]
    - Minimum Redemption Amount(s) [ ]
    - Higher Redemption Amount(s) [ ]
  - (e) Other terms applicable on Redemption
48. Redemption at the option of the Senior Noteholders: [Yes/No]
- if yes:
- (a) Optional Redemption Date(s) [ ]
  - (b) Optional Redemption Amount(s) [ ]
  - (c) Minimum period of notice (if different from Condition 10.5 (*Redemption at the option of the Senior Noteholders*))) [ ]
  - (d) If redeemable in part: [ ]
    - Minimum Redemption Amount(s) [ ]
    - Higher Redemption Amount(s) [ ]
  - (e) Other terms applicable on Redemption [ ]
  - (f) Attach *pro forma* put notice(s)
49. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). [Yes/No]
- If no:
- (a) Amount payable; or [ ]
  - (b) Method of calculation of amount payable [ ]

- |     |  |          |
|-----|--|----------|
| 50. | Early Redemption Amount(s) payable on redemption following the occurrence of a Change in Law | [Yes/No] |
|     | (a) Amount payable; or   | [     ]  |
|     | (b) Method of calculation of amount payable  | [     ]  |

**GENERAL**

- |     |  |   |
|-----|--|---|
| 51. | Financial Exchange   | [     ]   |
| 52. | Additional selling restrictions                                | [     ]   |
| 53. | ISIN No.   | [     ]   |
| 54. | Stock Code   | [     ]   |
| 55. | Stabilising manager  | [     ]   |
| 56. | Provisions relating to stabilisation                           | [     ]   |
| 57. | Method of distribution   | [Auction/Bookbuild/Private Placement]   |
| 58. | Credit Rating assigned to the [Issuer]/[Programme]/[Notes]     | [     ] <i>[issue date and renewal date of rating to be specified]</i>  |
| 59. | Applicable Rating Agency                                       | [     ]   |
| 60. | Governing law (if the laws of South Africa are not applicable) | [     ]   |
| 61. | Other provisions   | <i>[Other Events of Default in addition to the Events of Default referred to in Condition 16 (Events of Default)]</i><br><i>[Other covenants, provisions]</i> |

**Responsibility:**

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Applicable Pricing Supplement is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement contains all information required by law and the debt listings requirements of the JSE.

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  
**THE GOVERNMENT OF THE REPUBLIC OF NAMIBIA,**  
**acting through the Namibian Minister of Finance**

\_\_\_\_\_  
Name:  
Capacity: Minister of Finance  
Who warrants his/her authority hereto

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## TERMS AND CONDITIONS OF THE NOTES

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

Before the Issuer issues any Tranche of listed Notes, the Issuer shall complete, sign and deliver to the JSE or such other or further 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:

<b>Absa Capital</b>	Absa Capital, 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;
<b>Applicable Laws</b>	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;
<b>Applicable Pricing Supplement</b>	in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Notes, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the <i>pro forma</i> pricing supplement which is set out in the section of the Programme Memorandum headed " <i>Pro Forma Applicable Pricing Supplement</i> ";
<b>Applicable Procedures</b>	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;
<b>Beneficial Interest</b>	in relation to a Tranche of Notes which is held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 41(1) of the South African Securities Services Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the proportion that the aggregate outstanding Nominal Amount of such number of Notes bears to the aggregate outstanding Nominal Amount of all of the Notes in that Tranche, as provided in section 41(3) of the South African Securities Services Act;



<b>BESA Guarantee Fund Trust</b>	the guarantee fund trust established and operated by the Bond Exchange of South Africa Limited ( <b>BESA</b> ), prior to its merger with the JSE on 22 June 2009 and, as at the Programme Date, operated by the JSE as a separate guarantee fund, in terms of sections 9(1)(e) and 18(2)(x) of the South African Securities Services Act or any successor fund;
<b>Books Closed Period</b>	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;
<b>Business Day</b>	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) on which commercial banks settle ZAR payments in Johannesburg, save further that if the Applicable Pricing Supplement so provides, " <i>Business Day</i> " shall include a Saturday;
<b>Calculation Agent</b>	Absa Capital, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
<b>Change in Law</b>	in relation to any Series of Notes, an event where, as a result of (a) the adoption of change in any applicable law or regulation (including, without limitation, any tax law), or (b) the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority), the Issuer determines in good faith that it will incur a materially increased cost in performing its obligations under the applicable Terms and Conditions of any Tranche of Notes in that Series (including, without limitation, due to any tax liability, decrease in tax benefit or other adverse effect on its tax position) which adoption, change or promulgation is announced on or after the Issue Date of the first Tranche of Notes in that Series;
<b>Class of Noteholders</b>	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
<b>CSD</b>	Strate Limited (registration number 1998/022242/06), or its nominee, licensed as a central securities depository in terms of the South African Securities Services Act or any successor depository, or any additional or alternate depository approved by the Issuer;
<b>CSD's Nominee</b>	a wholly owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the South African Securities Services Act, and any reference to " <i>CSD's Nominee</i> " shall, whenever the context permits, be deemed to include any successor nominee operating in terms of the South African Securities Services Act;
<b>Day</b>	a Gregorian calendar day unless qualified by the word " <i>Business</i> ";
<b>Day Count Fraction</b>	in relation to a Tranche of Notes (where applicable) and the calculation of an amount for any period of time (the <b>Calculation Period</b> ), the Day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and: <ul style="list-style-type: none"> <li>(a) if <b>Actual/365</b> or <b>Act/365</b> is so specified, means the actual number of Days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of</li> </ul>

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

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

Day Count Fraction =

where:

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

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

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

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the first

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

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

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

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

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

Day Count Fraction =

where:

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

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

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

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

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

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

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

Day Count Fraction =

where:

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

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

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

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the Day immediately following the last Day included in the Calculation

Period falls;

$D_1$  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  $D_1$  will be 30; and

$D_2$  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  $D_2$  will be 30;

<b>Dealers</b>	Absa Capital and RMB and/or any other entity appointed as a Dealer by the Issuer, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any such Dealer, as indicated in the Applicable Pricing Supplement;
<b>Default Rate</b>	in relation to a Tranche of Notes, the default rate specified as such in the Applicable Pricing Supplement;
<b>Determination Date</b>	in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Determination Period</b>	in relation to a Tranche of Notes, the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);
<b>Dual Currency Notes</b>	Notes which pay interest in a base currency and the principal in a non-base currency or <i>vice versa</i> , as indicated in the Applicable Pricing Supplement;
<b>Early Redemption Amount</b>	in relation to a Tranche of Notes, the amount, as set out in Condition 10.6 ( <i>Early Redemption Amounts</i> ), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Conditions 10.2 ( <i>Redemption for Tax Reasons</i> ), 10.3 ( <i>Early Redemption following the occurrence of a Change in Law</i> ), 10.4 ( <i>Redemption at the option of the Issuer</i> ), 10.5 ( <i>Redemption at the option of the Senior Noteholders</i> ) and/or Condition 16 ( <i>Events of Default</i> );
<b>Encumbrances</b>	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 and any security interest arising by operation of law;
<b>Event of Default</b>	in relation to a Series of Notes, any of the events described in Condition 16 ( <i>Events of Default</i> );
<b>Exchangeable Notes</b>	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
<b>Exchange Period</b>	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;

<b>Exchange Price</b>	in relation to a Tranche of Exchangeable Notes, the amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
<b>Exchange Securities</b>	in relation to a Tranche of Exchangeable Notes, the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of the Exchangeable Notes to the value of the Exchange Price;
<b>External Indebtedness</b>	any Indebtedness expressed or dominated or payable or which, at the option of the relevant creditor may be payable, in any currency other than the lawful currency from time to time of the Republic of Namibia;
<b>Extraordinary Resolution</b>	a resolution passed at a meeting (duly convened) of the Noteholders or a Class of Noteholders, as the case may be, by a majority consisting of not less than 66.67% (sixty-six point sixty-seven percent) of the Persons voting at such meeting upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 66.67% (sixty-six point sixty-seven percent) of the votes given on such poll;
<b>Final Broken Amount</b>	in relation to a Tranche of Notes, the final broken amount specified as such in the Applicable Pricing Supplement;
<b>Final Redemption Amount</b>	in relation to a Tranche of Notes, the amount of principal specified in the Applicable Pricing Supplement payable in respect of such Tranche of Notes upon the Maturity Date;
<b>Financial Exchange</b>	the JSE and/or such other or additional financial exchange(s) as may be determined by the Issuer and the relevant Dealer, subject to Applicable Laws, and upon which the Notes are listed as specified in the Applicable Pricing Supplement;
<b>Fixed Coupon Amount</b>	in relation to a Tranche of Fixed Rate Notes (where applicable), the amount specified as such in the Applicable Pricing Supplement;
<b>Fixed Interest Payment Date</b>	in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Fixed Interest Period</b>	in relation to a Tranche of Fixed Rate Notes, the period from (and including) a Fixed Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Fixed Interest Payment Date or as otherwise set out in the Applicable Pricing Supplement;
<b>Fixed Rate Notes</b>	Notes which will bear interest at the Fixed Rate of Interest, as indicated in the Applicable Pricing Supplement;
<b>Fixed Rate of Interest</b>	in relation to a Tranche of Notes, the fixed rate of interest specified as such in the Applicable Pricing Supplement;
<b>Floating Rate Notes</b>	Notes which will bear interest at a Floating Rate Interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 8.2 ( <i>Floating Rate Notes and Indexed Interest Notes</i> );
<b>Floating Rate</b>	in relation to a Tranche of Notes, the floating rate of interest specified as such in the Applicable Pricing Supplement;
<b>Guarantee</b>	any obligation of a Person to pay the Indebtedness of another Person including, without limitation, an obligation to pay or purchase such Indebtedness; an obligation to lend money to purchase or subscribe to shares or other securities or to purchase

	assets or services in order to provide funds for the payment of such Indebtedness; or any other agreement to be responsible for such Indebtedness;
<b>Higher Redemption Amount</b>	in relation to a Tranche of Notes, the higher redemption amount specified as such in the Applicable Pricing Supplement;
<b>Implied Yield</b>	in relation to a Tranche of Zero Coupon Notes, the yield accruing on the Issue Price of such Notes, as specified in the Applicable Pricing Supplement;
<b>Indebtedness</b>	any obligation (whether present or future, actual or contingent) for the payment or repayment of monies borrowed or raised (including money raised by acceptances and leasing);
<b>Indexed Interest Notes</b>	Notes in respect of which the Interest Amount is calculated by reference to an index and/or a formula as indicated in the Applicable Pricing Supplement;
<b>Index-Linked Notes</b>	an Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable and as indicated in the Applicable Pricing Supplement;
<b>Indexed Redemption Amount Notes</b>	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as may be indicated in the Applicable Pricing Supplement;
<b>Individual Certificate</b>	a Note in the definitive registered form of a single certificate and being a certificate exchanged for Beneficial Interest in accordance with Condition 12 ( <i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i> ) and any further certificate issued in consequence of a transfer thereof;
<b>Initial Broken Amount</b>	in relation to a Tranche of Notes, the initial broken amount specified as such in the Applicable Pricing Supplement;
<b>Instalment Amount</b>	in relation to a Tranche of Instalment Notes, the amount expressed (in the Applicable Pricing Supplement) as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
<b>Instalment Notes</b>	Notes issued on the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as specified in the Applicable Pricing Supplement;
<b>Instalment Dates</b>	in relation to a Tranche of Instalment Notes, the dates specified as such in the Applicable Pricing Supplement;
<b>Interest Amount</b>	in relation to a Tranche of Notes, the amount of interest payable in respect of each Nominal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Interest Notes, as determined by the Calculation Agent in accordance with Condition 8 ( <i>Interest</i> );
<b>Interest Commencement Date</b>	in relation to a Tranche of Notes (where applicable) the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
<b>Interest Determination Date</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Interest Payment Date</b>	in relation to a Tranche of Notes, the Interest Payment Date(s) specified in the Applicable Pricing Supplement or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last Day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;

<b>Interest Period</b>	in relation to a Tranche of Notes, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;
<b>Interest Rate and Rate of Interest</b>	in relation to a Tranche of Notes, the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
<b>Interest Rate Market of the JSE</b>	the separate platform or sub-market of the JSE designated as the “ <i>Interest Rate Market</i> ”, or such other platform or sub-market designated by the JSE from time to time, and on which Notes (and other debt securities) may be listed;
<b>ISDA</b>	the International Swaps and Derivatives Association Inc.;
<b>ISDA Definitions</b>	the 2006 ISDA Definitions published by ISDA (as amended, supplemented, revised or republished from time to time) as specified in the Applicable Pricing Supplement;
<b>Issue Date</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Issue Price</b>	in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
<b>Issuer</b>	the Government of the Republic of Namibia, acting through the Namibian Minister of Finance;
<b>JSE</b>	the JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the South African Securities Services Act or any exchange which operates as a successor exchange to the JSE;
<b>Last Day to Register</b>	with respect to a particular Tranche of Notes (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Tranche of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;
<b>Mandatory Exchange</b>	in relation to a Tranche of Exchangeable Notes, the mandatory exchange specified as such in the Applicable Pricing Supplement;
<b>Margin</b>	in relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;
<b>Maturity Date</b>	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
<b>Minimum Redemption Amount</b>	in relation to a Tranche of Notes, the minimum redemption amount specified as such in the Applicable Pricing Supplement;
<b>Mixed Rate Notes</b>	Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Index-Linked Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 8.4 ( <i>Mixed Rate Notes</i> );
<b>NACA</b>	nominal annual compounded annually;
<b>NACM</b>	nominal annual compounded monthly;
<b>NACQ</b>	nominal annual compounded quarterly;
<b>NACS</b>	nominal annual compounded semi-annually;
<b>Nominal Amount</b>	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;
<b>Noteholders</b>	the registered holders of the Notes as recorded in the Register;
<b>Noteholders' Exchange Right</b>	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;
<b>Notes</b>	secured or unsecured registered notes issued or to be issued by the Issuer under the Programme, pursuant to this Programme Memorandum;
<b>Outstanding</b>	<p>in relation to the Notes, all the Notes issued under the Programme other than:</p> <ul style="list-style-type: none"> <li>(a) those which have been redeemed in full;</li> <li>(b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefor (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Individual Certificates (if any);</li> <li>(c) those which have been purchased and cancelled as provided in Condition 10 (<i>Redemption and Purchase</i>);</li> <li>(d) those which have become prescribed under Condition 15 (<i>Prescription</i>);</li> <li>(e) those represented by worn-out, mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 12 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>); or</li> <li>(f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by 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 (<i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i>),</li> </ul> <p>provided that for each of the following purposes:</p> <ul style="list-style-type: none"> <li>(i) the right to attend and vote at any meeting of the Noteholders; and</li> <li>(ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 19 (<i>Amendment of these Conditions</i>) and 20 (<i>Meetings of Noteholders</i>),</li> </ul> <p>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), shall be deemed not to be Outstanding;</p>
<b>Optional Redemption Amount</b>	in relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;



<b>Participant</b>	a Person accepted by the CSD as a participant in terms of section 34 of the South African Securities Services Act, and who is approved by the JSE, in terms of the debt listings requirements of the JSE, as a Settlement Agent to perform electronic settlement of funds and scrip;
<b>Partly Paid Notes</b>	Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments as indicated in the Applicable Pricing Supplement;
<b>Paying Agent</b>	Absa Capital, unless the Issuer elects to appoint another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
<b>Payment Day</b>	any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;
<b>Permitted Encumbrances</b>	<p>(a) any Encumbrance upon property to secure Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other Person incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Encumbrance which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;</p> <p>(b) any Encumbrance securing Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other Person incurred for the purpose of financing all or part of the costs of acquisition, construction or development of a project; provided that (A) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the sole source of repayments of such Public External Indebtedness; and (B) the property over which such Encumbrance is granted consists solely of such assets and revenues; and</p> <p>(c) any Encumbrance securing the Public External Indebtedness of the Issuer or any Guarantee by the Issuer of Public External Indebtedness of any other Person which was in existence as at the Programme Date;</p>
<b>Person</b>	shall be construed as a reference to any natural person, firm, company, corporation, association, organisation, trust or other juridical entity, government, state or agency of a state or partnership of two or more of the foregoing, whether or not having separate legal personality, as the context requires;
<b>Programme</b>	the Republic of Namibia ZAR3,000,000,000 Medium Term Note Programme under which the Issuer may from time to time issue Notes;
<b>Programme Amount</b>	the maximum aggregate outstanding Nominal Amount of all of the Notes that may be issued under the Programme at any one point in time, being ZAR3,000,000,000 or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed " <i>General Description of the Programme</i> ";
<b>Programme Date</b>	the date of this Programme Memorandum being 2 November 2012;

<b>Public External Indebtedness</b>	any External Indebtedness which is in the form of, or is represented by, bonds, notes, or other securities with a stated maturity of more than one year from the date of issue which are, or are capable of being, quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system, over the counter or other securities market;
<b>Redemption Date</b>	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> );
<b>Reference Banks</b>	four leading banks in the South African inter-bank market selected by the Calculation Agent;
<b>Reference Rate</b>	in relation to a Tranche of Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;
<b>Reference Price</b>	in relation to a Tranche of Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;
<b>Register</b>	the register of Noteholders maintained by the Transfer Agent in terms of Condition 13 ( <i>Register</i> ), including any Uncertificated Securities Register, as the case may be;
<b>Regular Period</b>	<p>(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;</p> <p>(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 “<b>Regular Date</b>” means the Day and the month (but not the year) on which any Interest Payment Date falls; and</p> <p>(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;</p>
<b>Relevant Date</b>	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;
<b>Relevant Screen Page</b>	in relation to a Tranche of Notes (where applicable), the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the Applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the

	Reference Rate;
<b>Representative</b>	a Person duly authorised to act on behalf of a Noteholder, the Transfer Agent 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;
<b>RMB</b>	FirstRand Bank Limited, acting through its Rand Merchant Bank division (registration number 1926/001225/06) a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
<b>Senior Noteholders</b>	the Noteholders of Senior Notes;
<b>Senior Notes</b>	Notes issued with the status and characteristics set out in Condition 5 ( <i>Status of Senior Notes</i> ), as indicated in the Applicable Pricing Supplement;
<b>Series</b>	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: <ul style="list-style-type: none"> <li>(i) expressed to be consolidated and form a single series; and</li> <li>(ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;</li> </ul>
<b>Settlement Agent</b>	a Participant, approved by the JSE in terms of the Applicable Procedures to perform electronic settlement of both funds and scrip on behalf of market participants;
<b>Specified Currency</b>	in relation to each Note in a Tranche of Notes, subject to all Applicable Laws, the currency specified in the Applicable Pricing Supplement;
<b>Specified Denomination</b>	in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement;
<b>Specified Office</b>	the office of the Transfer Agent, the Paying Agent and/or the Calculation Agent as specified in the Applicable Pricing Supplement;
<b>South Africa</b>	the Republic of South Africa;
<b>South African Banks Act</b>	the Banks Act, 1990;
<b>South African Companies Act</b>	the Companies Act, 2008;
<b>South African Exchange Control Regulations</b>	the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933;
<b>South African Income Tax Act</b>	Income Tax Act, 1962;
<b>South African Securities Services Act</b>	the Securities Services Act, 2004;
<b>Subordinated Notes</b>	Notes issued with the status and characteristics set out in Condition 6 ( <i>Status of Subordinated Notes</i> ), as indicated in the Applicable Pricing Supplement;

<b>Sub-unit</b>	with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;
<b>Terms and Conditions</b>	the terms and conditions incorporated in this section headed “ <i>Terms and Conditions of the Notes</i> ” and in accordance with which the Notes will be issued;
<b>Tranche</b>	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
<b>Transfer Agent</b>	Absa Capital, unless the Issuer elects to appoint another entity as a Transfer Agent in which event that other entity shall act as a Transfer Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
<b>Transfer Form</b>	the written form for the transfer of a Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
<b>Uncertificated Securities Register</b>	an Uncertificated Securities Register as contemplated in section 1 of the South African Companies Act;
<b>ZAR</b>	the lawful currency of South Africa, being South African Rand, or any successor currency;
<b>ZAR-JIBAR-SAFEX</b>	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
<b>Zero Coupon Notes</b>	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 does not exceed the Programme Amount.
- 2.2. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the applicable Terms and Conditions of a Tranche of Notes which are 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 whether issued in certificated form or in uncertificated form, will be held in the CSD, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*) and Condition 3.2.2 (*Notes issued in uncertificated form*), respectively. A Tranche of unlisted Notes may also be held in the CSD, as contemplated in Condition 3.2.3 (*Beneficial Interests in Notes held in the CSD*).

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

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 may, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 37 of the South African Securities Services Act. Notes issued in uncertificated form will be held in the CSD. Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 37 of the South African Securities Services Act.

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

- (i) A Tranche of Notes which is listed on the Interest Rate Market of the JSE will 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 South African Securities Services Act and the Applicable Procedures.
- (iii) All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Notes.
- (iv) A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Notes represented by 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 JSE or 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.

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

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

4.3.1. While a Tranche of Notes is held in the CSD, the CSD's Nominee will be named in the Register as the sole Noteholder of the Notes in that Tranche.

4.3.2. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

4.3.3. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants.

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

4.3.5. Beneficial Interests in Notes may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the registered holder of such Notes, notwithstanding such transfers.

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

### 5. **STATUS OF SENIOR NOTES**

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

### 6. **STATUS OF SUBORDINATED NOTES**

Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those which have been accorded preferential rights by law, or as otherwise set out in the Applicable Pricing Supplement.

### 7. **NEGATIVE PLEDGE**

For so long as any Tranche of the Senior Notes remains Outstanding, the Issuer undertakes that it shall not create or permit the creation of any Encumbrances other than Permitted Encumbrances over any of its present or future undertakings, assets or revenues to secure:

7.1. any of its Public External Indebtedness;

- 7.2. any Guarantees in respect of Public External Indebtedness; or
- 7.3. the Public External Indebtedness of any other Person,

without at the same time or prior thereto securing the all Senior Notes equally and ratably with such Indebtedness or providing such other security or arrangement as shall be approved by an Extraordinary Resolution of Noteholders, unless the provision of any such security is waived by an Extraordinary Resolution of the Senior 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. The first payment of interest will be made on the Fixed Interest Payment Date next following the Interest Commencement Date.
- 8.1.3. Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Note on each Fixed Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount, provided that:
  - 8.1.3.1. if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and
  - 8.1.3.2. if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.
- 8.1.4. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

### 8.2. Floating Rate Notes and Indexed Interest Notes

#### *Interest Payment Dates*

Each Floating Rate Note and Indexed Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement, and such interest will be payable in 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).

#### *Rate of Interest*

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

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

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

determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

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

*Interest Determination, Screen Rate Determination including Fallback Provisions*

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

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

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

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

- (a) if the Relevant Screen Page is available,
  - (i) the offered quotation (if only 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 (i) above, no such offered quotation appears or, in the case of (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.

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

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the JSE and the CSD and/or every other relevant exchange or authority as soon as possible after their determination but in any event no later than the 4<sup>th</sup> (fourth) Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the JSE, the CSD and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 18 (*Notices*).

#### *Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this subparagraph 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' Nominees 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's Nominees 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.

## 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 (*Method of Payment*).

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

## 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 10.6.3); 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 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), 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 (*Redemption for Tax Reasons*) 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 10.4 (*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 (*Redemption for Tax Reasons*) will be redeemed at their Early Redemption Amount referred to in Condition 10.6 (*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. Early Redemption following the occurrence of a Change in Law

Any Tranche of Notes in a Series may be redeemed, at the option of the Issuer, in whole but not in part, subject to the Issuer having given not less than 30 (thirty) Days notice (or such other period as may be specified in the Applicable Pricing Supplement) to the Paying agent, the Calculation Agent, Transfer Agent and to relevant Noteholders at the early Redemption Amount if a Change in Law has occurred and is continuing.

From the date of publication of the notice to Noteholders of the redemption referred to in this Condition 10.3 (*Early Redemption following the occurrence of a Change in Law*), the Issuer

shall make available at the Specified Office of the Transfer Agent, for inspection by the relevant Noteholders (i) a certificate signed by 2 (two) authorised signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to effect such redemption and setting forth such redemption have occurred and (ii) a copy of a legal opinion from a reputable firm of attorneys in South Africa to the effect that a Change in Law has occurred.

Notes redeemed following the occurrence of a Change in Law pursuant to this Condition 10.3 (*Early Redemption following the occurrence of a Change in Law*) will be redeemed at their Early Redemption Amount referred to in Condition 10.6 (*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.

#### 10.4. **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:

- (a) in the case of Redeemed Notes represented by Individual Certificates, individually by lot; and
- (b) in the case of Redeemed Notes issued in uncertificated form, in accordance with the Applicable Procedures,

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 15 (fifteen) 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.

#### 10.5. **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.

#### 10.6. **Early Redemption Amounts**

For the purpose of Condition 10.2 (*Redemption for Tax Reasons*), Condition 10.3 (*Early Redemption following the occurrence of a Change in Law*) and/or Condition 16 (*Events of Default*), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- 10.6.1. in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- 10.6.2. in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or
- 10.6.3. in the case of Zero Coupon Notes, at an amount (the **Amortised Face Amount**) equal to the sum of: (i) the Reference Price; and (ii) the product of the Implied Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable; or
- 10.6.4. 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.

**10.7. Instalment Notes**

Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Condition 10.2 (*Redemption for Tax Reasons*), Condition 10.3 (*Early Redemption following the occurrence of a Change in Law*) and/or Condition 16 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 10.6 (*Early Redemption Amounts*).

**10.8. Partly Paid Notes**

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 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 (*Early Redemption following the occurrence of a Change in Law*) and/or Condition 16 (*Events of Default*), the Early Redemption Amount will be determined pursuant to Condition 10.6 (*Early Redemption Amounts*).

**10.9. Exchangeable Notes**

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

**10.10. Purchases**

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

**10.11. Cancellation**

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

**10.12. Late Payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 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 10.6.3 as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of: (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and (ii) 5 (five) Days after the date on which the full amount of the moneys payable has been received by the CSD, and notice to that effect has been given to the Noteholder in accordance with Condition 18 (*Notices*).

**10.13. Applicable Procedures**

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

## 11. TAXATION

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

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

- 11.1. 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. 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
- 11.3. 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 South African Income Tax Act) or taxable capital gain (as defined in paragraph 1 of Schedule 8 to the South African Income Tax Act) of any Noteholder; or
- 11.4. 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
- 11.5. if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters.

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



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

- 12.1.3. In the case of the exchange of a Beneficial Interest in Notes issued in uncertificated form:
  - 12.1.3.1. the CSD's Nominee will surrender (through the CSD system) such uncertificated Notes to the Transfer Agent at its Specified Office; and
  - 12.1.3.2. the Transfer Agent will obtain the release of such uncertificated Notes from the CSD in accordance with the Applicable Procedures.
  - 12.1.3.3. 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 (*Death and sequestration or liquidation of Noteholder*), 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 (*Death and sequestration or liquidation of Noteholder*) 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 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's Nominee 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 (*Transfer of Notes represented by Individual Certificates*), 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 10.4 (*Redemption at the option of the Issuer*), the Transfer Agent shall not be required in terms of Condition 10.4 (*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 on its due date for payment thereof and any such failure continues for a period of 21 (twenty one) Days, after receiving written notice from any of the Senior Noteholders demanding such payment; 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 clause 16.1) under or in respect of any of the Senior Notes and such failure continues for a period of 30 (thirty) 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**

the Issuer (i) defaults on the payment of the principal or interest, or any obligations in respect of any External Indebtedness of, or assumed or guaranteed by the Issuer when and as the same shall become due and payable and where notice has been given to the Issuer of the default and if such default shall have continued for more

than the notice period (if any) applicable thereto and the time for payment of such interest or principal or other obligation has not been effectively extended or waived, or (ii) if any such obligations in respect of any External Indebtedness of, or assumed or guaranteed by, the Issuer shall have become repayable before the due date thereof as a result of acceleration of maturity by reason of the occurrence of any event of default thereunder, provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or sub-paragraph (ii) above, individually or in aggregate, exceeds ZAR160,000,000 (one hundred and sixty million South African Rand) (or its equivalent in any other currency); or

16.1.1.5. **Moratorium**

a moratorium on the payment of the principal, or interest, in respect of any External Indebtedness of the Issuer shall be declared by the Issuer; or

16.1.1.6. **Authorisation and Consents**

any action or condition, including obtaining any consent, licence approval or authorisation now or in future necessary to enable the Issuer to comply with its obligations under the Notes is not fulfilled or in place 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 payment or other obligations in terms of the Notes and the Issuer fails to take reasonable steps to remedy such circumstances within 7 (seven) Business Days of receiving written notice from the Noteholders demanding such remedy; or

16.1.1.7. **Other**

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

then in the case of an Event of Default specified in Condition 16.1.1.1 (*Non-payment*) 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 10.6 (*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 any such payment in order to comply with any law or regulation of South Africa or to comply with any order of a court of competent jurisdiction.

In the case of any other Event of Default, Senior Noteholders holding not less than 25% (twenty five percent) of the aggregate Nominal Amount of the Outstanding Notes in a Series may declare all the Senior Notes in that Series to be forthwith due and payable at the Early Redemption Amount (as described in Condition 10.6 (*Early Redemption Amounts*)), together with accrued interest (if any) to the date of repayment, or as specified in the Applicable Pricing Supplement, provided that no such action may be taken by a holder of Senior Notes if the Issuer withholds or refuses to make any such payment in order to comply with any law or regulation of South Africa or to comply with any order of a court of competent jurisdiction.

16.1.2. For the purposes of Condition 16.1.1.4 (*Cross Default*), 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, 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 to pay any sum or sums sooner than the same would otherwise have been payable by it.

**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), the Calculation Agent, the Transfer Agent, the Paying Agent and the JSE in writing.

**17. CALCULATION AGENT, TRANSFER AGENT AND PAYING AGENT**

17.1. 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.

17.2. If the Issuer elects to appoint another entity (not being the Issuer) as Calculation Agent, Transfer Agent or Paying Agent, that other entity, on execution of an appropriate agency agreement or an appropriate accession letter to the agency agreement entered into amongst the Issuer and the original Calculation Agent, Transfer Agent and Paying Agent as the case may be, shall serve in that capacity in respect of the Notes. The Issuer shall notify the Noteholders (in the manner set out in Condition 18 (*Notices*)) of any such appointment, if any Notes are listed on the Interest Rate Market of the JSE, the Issuer shall notify the JSE of any such appointment.

**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 seventh Day after the Day on which it is mailed.

18.2. In the event of there being any Individual Certificates in issue, such notices shall be published, not earlier than 4 (four) Days after the date of posting of such notice in terms of this clause:

18.2.1. in an English language daily newspaper of general circulation in South Africa; and

18.2.2. for so long as the Notes are listed on the Financial Exchange, a daily newspaper of general circulation in the city in which the Financial Exchange is situated, and any such notices shall be deemed to have been given on the date of first publication.

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, all notices in respect of such Notes shall be by way of delivery by the Issuer via the Participant of the relevant notice to the CSD's Nominee (as the registered holder of such Notes) and the JSE or such other 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's Nominee.

18.4. Any notice to the Issuer shall be deemed to have been received by the Issuer, if delivered to the Specified Office of the Transfer Agent, 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.

18.5. 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 (*Amendment of these Conditions*), 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 relevant Class of Noteholders, any modification of the Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is established, provided that the JSE or such other Financial Exchange, as the case may be, shall be notified. Any such modification shall be binding on the relevant Class of Noteholders and any such modification shall be communicated to the relevant Class of Noteholders in accordance with Condition 18 (*Notices*) as soon as is practicable thereafter.
- 19.3. The Issuer may with the prior sanction of an Extraordinary Resolution of Noteholders or with the prior written consent of Noteholders holding not less than 66.67% (sixty-six point sixty-seven 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

### 20.1 Convening of meetings

- 20.1.1 The Issuer may at any time convene a meeting of Noteholders (a **meeting** or **the meeting**).
- 20.1.2 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**).
- 20.1.3 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.
- 20.1.4 All meetings of Noteholders shall be held in Johannesburg.
- 20.1.5 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.

### 20.2 Requisition

- 20.2.1 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.
- 20.2.2 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

### 20.3 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.

## 20.4 **Notice of meeting**

20.4.1 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*).

20.4.2 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.

## 20.5 **Quorum**

20.5.1 A quorum at a meeting shall for the purposes of considering:

20.5.1.1 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;

20.5.1.2 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.

20.5.2 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.

20.5.3 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.

## 20.6 **Chairman**

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

## 20.7 **Adjournment**

20.7.1 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.

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

20.7.3 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 0, the notice shall state that the Noteholders present in person or by proxy at the adjourned meeting will constitute a quorum.

## 20.8 **How questions are decided**

20.8.1 At a meeting, a resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the chairman or by any one of the Noteholders present in person or by proxy.

20.8.2 Unless a poll is demanded, a declaration by the chairman that on a show of hands 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.

20.8.3 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.

20.8.4 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

## 20.9 **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 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 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 or its nominee from the holders of Beneficial Interests conveyed through the Settlement Agents in accordance with the Applicable Procedures.

## 20.10 **Proxies and representatives**

20.10.1 Noteholders may:

20.10.1.1 present in person; or

20.10.1.2 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.

20.10.2 A Person appointed to act as proxy need not be a Noteholder.

20.10.3 The form of proxy shall be deposited at the registered office of the Issuer 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.

20.10.4 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.

20.10.5 A proxy shall have the right to demand or join in demanding a poll.

20.10.6 Notwithstanding Condition 20.10.4 the form of proxy shall be valid for any adjourned meeting, unless the contrary is stated thereon.

20.10.7 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.

20.10.8 Any Noteholder which is a juristic person may by resolution of its directors or other governing body authorise any Person to act as its representative in connection with any meeting or proposed meeting 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 which is a juristic person.

## 20.11 **Binding effect of resolutions**

A resolution passed at a meeting of Noteholders duly convened and held in accordance with the provisions of this Condition 20 (*Meetings of Noteholders*) shall be binding upon all Noteholders whether or not present at such meeting and whether or not voting, and each



Noteholder shall be bound to give effect to it accordingly.

**20.12 Signed Resolution**

A resolution in writing signed by or on behalf of all Noteholders shall be as valid and effectual as an Extraordinary Resolution passed at a meeting of such Noteholders duly convened and held in accordance with the provisions of this Condition 20 (*Meetings of Noteholders*).

**20.13 Minutes**

20.13.1 The Issuer shall cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.

20.13.2 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.

**20.14 *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.

**23. WAIVER OF IMMUNITY**

To the extent that the Issuer may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to the Issuer or its assets or revenues, the Issuer agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction (and consents generally for the purposes of the South African Foreign States Immunities Act, 1981 to the giving of any relief or the issue of any process in connection with any proceedings). The Issuer does not hereby waive such immunity from execution or attachment, or like process, in respect of property, including any bank account, used by a diplomatic or consular mission of the Issuer or its special mission or delegations to international organizations, property of a military character and under the control of a military authority or defence agency of the Issuer or property located in the territory of the Republic of Namibia of which the ownership vests in the government of the Republic of Namibia.

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## **USE OF PROCEEDS**

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*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 budgetary purposes, or as may otherwise be described in the Applicable Pricing Supplement.

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## DESCRIPTION OF THE REPUBLIC OF NAMIBIA

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Source: U.S. Department of State

### 1. INTRODUCTION AND SUMMARY

The Republic of Namibia (**Namibia**) is the second largest economy after South Africa in the Common Monetary Area (the **CMA**) and occupies 824,292 square kilometres. Namibia is bordered in the north by Angola and Zambia, in the north east by Zimbabwe, in the east by Botswana, in the south by South Africa and in the West by the Atlantic Ocean on a 1,572 kilometre coastline. Namibia is rich in natural resources, particularly diamonds, uranium, zinc and gold.

Below is some salient information on Namibia:

- Namibia has a population of approximately 2.2 million people and is the least densely populated country in Africa.
- Namibia gained independence in 1990 and has been a politically stable democracy since its independence.
- As a member of the CMA, the Namibia Dollar is pegged on parity to the South African Rand, with no intention by the Government of the Republic of Namibia (the **Government**) and the Bank of Namibia, the central bank of Namibia (**BoN**), to change this arrangement over the long-term.
- According to the International Monetary Fund (the **IMF**), Namibia has one of the most sophisticated and highly developed financial systems in Africa. This view is supported by the World Economic Forum 2012, which ranked Namibia twenty-fourth in the World in terms of its financial market development. Namibia has five private commercial banks, approximately 30 insurance companies and 500 pension funds. The banking assets are approximately N\$63 billion and Namibia's contractual savings amounted to in excess of N\$80 billion at the end of June 2012. This approximates Namibia's estimated GDP in 2012 of N\$99.0 billion. The Namibian Stock Exchange (**NSX**) has 32 listed companies of which more than half are large companies dual listed on the JSE Limited (**JSE**) London stock Exchange (**LSE**) and mining companies with a primary listing in Canada, UK or Australia.
- GDP growth over the medium term is expected to average 4.4%. Growth is expected to be principally driven by expansion in the mining sector although there is also a positive outlook on the manufacturing and construction sector with national objective focusing on value addition.

- South Africa is an important economic partner of Namibia. In 2011 over 75% of imports originated from South Africa and approximately 20% of Namibia's exports were to South Africa.
- The central government foreign debt is quite low at N\$7.9 billion (8.7% as percentage of GDP), at the end of the 2011 fiscal year and N\$7.5 billion at the end of June 2012 (7.5% as percentage of GDP), given the country's ample resources and strong capacity for generating foreign exchange earnings. Looking at the overall balance sheet of the country, the net asset position of Namibia stood at N\$30.3 billion at December 2011. Similar to its two neighbouring Southern African Customs Union (**SACU**) peers, Botswana and South Africa, Namibia enjoys a relatively strong solvency and liquidity profile, attributable to its low external debt burden and a reputation for prudent use of external financing. A U.S.\$500 million Eurobond issued in October 2011 broadened the Government's non-concessional external debt portfolio.
- In 2011 the Government introduced a three year fiscal initiative in the form of Targeted Intervention Programme for Employment and Economic Growth (**TIPEEG**) under its Vision 2030 development agenda (**Vision 30**) with the twin objective of creating job opportunities and stimulating long-term growth in the priority sectors agriculture, tourism, transport and sanitation.
- Namibia recently has released its National Development Plan 4 (**NDP4**) which sets out Government's strategies to reduce unemployment while focusing on sustainable economic growth and a more equalised distribution of income. NDP4 focuses on developing infrastructure, an integrated transportation system, tourism and manufacturing and agriculture.
- The Government established a policy framework for the management of strategic minerals. Pursuant to this initiative the Government established a state-owned enterprise, Epangelo Mining Company (Pty) Ltd, aimed at participation in the exploration and mining of strategic minerals. Existing Mining and Exploration Licences were not affected. Recent tax changes were implemented and further tax changes aimed at the mining sector are proposed, and discussions are underway with the industry.
- In 2010 the Government implemented a number of revenue enhancing initiatives, including the strengthening of the revenue collection and administration, the implementation of forensic tax audits, the strengthening of internal audit functions and tax assessment as well as strategies to further diversify the revenue base.
- Namibia is a member of the following International Organisations: SACU, Southern African Development Community, the CMA, United Nations, the World Bank, the IMF and the World Trade Organisation, African Union and New Partnership for Africa's Development, African, Caribbean and Pacific Group of States, Egmont Group of Financial Intelligence Units, International Atomic Energy Agency.

## 2. THE ECONOMY

### 2.1 Introduction

The Namibian economy has become more diversified with manufacturing becoming more prominent. The mining sector continues to play an important role in the Namibian economy. Diamonds and uranium are key export commodities accounting for a significant share of value added. Mining accounted for 9.5% of GDP in 2011 and provided for 41% of foreign exchange earnings. Rich alluvial diamond deposits make Namibia a primary source of gem quality diamonds, and in 2011 approximately 1.3 million carats were mined from the local operations. Namibia currently is the fourth largest uranium producer globally and also produces large quantities of zinc and smaller amounts of gold and copper and lead.

However, like most transitional economies the services sector is significant and accounted for nearly 57% of nominal GDP in 2011. Manufacturing accounted for 12.1% of nominal GDP over the same period. Through NDP4, the Government aims to increase manufacturing's contribution to nominal GDP to 18% by 2017.

The continued weakness in the global trading environment has impacted the growth outlook for Namibia. Real GDP growth slowed in 2011 based on the preliminary national accounts from 6.6% in 2010 to 4.9%. The mining sector experienced negative growth of 8.5% during

2011 as they are most exposed to risk emanating in the global trading environment.

Unemployment remains Namibia's key economic policy challenge with constraints on employment creation, including limited economic diversification possibilities, shortage in skills. The Government remains committed to diversifying its economy and investment as a strategy to reduce unemployment and in 2011 introduced TIPEEG under Vision 2030 to address the high level of unemployment through labour intensive programmes.

Namibia is in the process of drafting a comprehensive Private-Public Partnership (PPP) framework which is expected to pave the way for future PPP programmes with particular focus on infrastructure projects.

Vision 2030 remains the long term roadmap for Namibia's developmental agenda. The five year NDP4 was recently launched are key steps in operationalising this long-term vision. The major objectives of Vision 2030 are to:

- transform Namibia into an industrialised country of equal opportunities, which is globally competitive, realising its maximum growth potential in a sustainable manner, with improved quality of life for all Namibians;
- achieve stability, full regional integration and democratised international relations: the transformation from an aid-recipient country to that of a provider of development assistance;
- ensure that Namibia is a fair, gender-responsive, caring and committed nation, in which all citizens are able to realise their full potential, in a safe and decent living environment;
- create and consolidate a legitimate, effective and democratic political system, and an equitable, tolerant and free society that is characterized by sustainable and equitable development and effective institutions, which guarantee peace and political stability; and
- develop a diversified, competent and highly productive human resources and institutions, fully utilizing human potential, and achieving efficient and effectively delivery of customer-focused services which are competitive not only nationally, but also regionally and internationally.

Vision 2030 represents the long-term planning framework of the Government, and is based on the concept of total and balanced development. It will guide all planning mechanisms, which consist of the national development plans, medium term reviews and the national budget.

## 2.2 **SACU revenue**

SACU is a custom union, recognised by the World Trade Organisation, established with the primary goal of promoting economic development through regional coordination of trade achieved through the implementation of common external tariffs, custom procedures and revenue pools. SACU membership consists of Botswana, Lesotho, Namibia, South Africa and Swaziland. The Mission of SACU is to maintain the free interchange of goods between the member countries and to promote economic integration. The members form a single custom territory in which tariffs and other barriers are eliminated on substantially all the trade between the member states for products originating in these countries. Tariffs are pooled and paid out to member countries on an agreed formula. Total income from SACU's receipts fell in the 2010/2011 fiscal year, mainly because South Africa, a major economy in the union, went into a recession during the global economic crisis. Revenue from SACU, though volatile in recent years, accounted for 27% of government revenue in the 2011/12 fiscal year.

SACU members are currently negotiating proposed amendments to the existing revenue sharing formula. The revenue sharing formula in its present form will continue to be in force until the negotiations are concluded. Namibia does not expect that the revised formula will significantly impact its revenue as reflected in its budget.

## 2.3 **Gross Domestic Product**

Namibia's nominal GDP for 2011 was N\$92.2 billion and is estimated to amount to N\$99.0 billion in 2012. Real GDP growth is estimated at 4.2%, down from 4.9% in 2011 and down from 6.6% in 2010. Growth in 2012 was principally subdued because of slowdown in mining

production. The table below provides information regarding Namibia's nominal GDP by sector for the periods indicated as well as sector growth for 2011:

	For the year ended 31 December			Real GDP Growth 2011
	2009	2010	2011	
	(N\$ million)			
<b>Agriculture and forestry</b>	2,989	3,360	3,771	8.6%
Livestock Farming	1,527	1,805	2,165	7.8%
Crop framing and forestry	1,462	1,555	1,607	9.0%
<b>Fishing and fish processing on board</b>	2,428	2,539	2,709	6.2%
<b>Mining and quarrying</b>	8,002	6,882	8,659	-8.5%
Diamond mining	2,749	4,042	6,567	-2.6%
Other mining and quarrying	5,254	2,840	2,092	-24.4%
<b>TOTAL PRIMARY INDUSTRY</b>	<b>13,420</b>	<b>12,781</b>	<b>15,140</b>	<b>-0.9%</b>
<b>Manufacturing</b>	10,142	10,582	11,000	1.3%
Meat Processing	229	181	189	-6.9%
Fish processing on shore	951	60	548	-1.6%
Other food products and beverages	4,211	4,410	4,790	1.2%
Other manufacturing	4,751	5,930	5,473	2.5%
<b>Electricity and water</b>	1,850	2,077	2,509	4.5%
<b>Construction</b>	2,465	2,709	3,224	16.1%
<b>TOTAL SECONDARY INDUSTRY</b>	<b>14,456</b>	<b>15,367</b>	<b>16,734</b>	<b>4.2%</b>
<b>Wholesale and retail trade, repairs</b>	8,610	9,711	10,538	3.3%
<b>Hotels and restaurants</b>	1,399	1,449	1,573	2.0%
<b>Transport and communications</b>	3,800	4,526	4,533	3.2%
Transport and storage	1,671	2,261	1,952	3.5%
Post and telecommunications	2,129	2,265	2,581	2.9%
<b>Financial intermediation</b>	3,648	4,262	4,717	5.0%
<b>Real estate and business services</b>	5,987	6,363	7,164	3.1%
Real estate activities	4,166	4,468	5,160	3.1%
Other business services	1,820	1,895	2,004	3.3%
<b>Community, social and personal service activities</b>	2,446	2,510	2,800	7.1%
<b>Public administration and defence</b>	7,100	8,180	9,264	5.4%
<b>Education</b>	5,948	6,825	7,291	8.5%
<b>Health</b>	2,437	2,721	2,853	0.6%
<b>Private household with employed persons</b>	559	597	643	2.5%

<b>TOTAL TERTIARY INDUSTRY</b>	<b>41,933</b>	<b>47,145</b>	<b>51,377</b>	<b>4.4%</b>
<b>Less: Financial intermediation services from indirect sources</b>	<u>1,014</u>	<u>1,180</u>	<u>1,261</u>	<u>5.8%</u>
<b>All industries at basic prices</b>	<b><u>68,795</u></b>	<b><u>74,114</u></b>	<b><u>81,989</u></b>	<b><u>3.6%</u></b>
<b>GDP at market prices<sup>(1)</sup></b>	<b><u>75,070</u></b>	<b><u>81,120</u></b>	<b><u>90,835</u></b>	<b><u>4.9%</u></b>

Source: Central Bureau of Statistics (2009-2011)

Basic prices refer to the prices of products as received by producers. Market prices are the prices as paid by consumers. As used in the table above basic prices are equal to market prices minus taxes plus subsidies on applicable items.

### 3. PRINCIPLE SECTORS OF THE ECONOMY

#### 3.1 Manufacturing

Namibia's manufacturing sector comprises primarily meat, fish processing, zinc and copper smelting, diamond processing and beverages. In 2011, the manufacturing sector contributed 12.1% to nominal GDP down slightly from 13% the previous year. The sector grew only marginally (1.3%) in real terms during 2011 after recording a relatively high growth of 10.8% which was the highest since 2003. The outlook is largely positive in view of the greater focus that the sector will receive under the NDP4.

#### 3.2 Mining

The mining sector, in particular diamonds and uranium, accounts for a meaningful portion of the Namibian economy. The mining sector has been going through a boom-bust cycle since the advent of the global financial crisis. It contracted in 2011 by 8.5% in real terms after a significant recovery in growth during 2010 when it grew by 32.7%. In 2009, growth collapse by 42.2% as a result of challenges in the diamond environment. However, the outlook for this sector is largely positive given the pipeline of large mining projects that will kick-off in the uranium environment. The Husab project which is majority owned by a Chinese mining parastatal, China Guangdong Nuclear Power Group, will likely make Namibia a top three producer of uranium within the next few years. The project is expected to be a significant job creator with a potential producing over 6,000 tonnes of uranium oxide per annum.

#### 3.3 Agriculture

Agriculture and forestry only contributes about 4.2% to nominal GDP but accounts for significant part of the rural communities' livelihood through subsistence farming. In the commercial sector, agriculture consists primarily of livestock and game farming.

#### 3.4 Tourism

Tourism is a growing sector of the Namibian economy and significant generator of employment. It is the third largest source of foreign exchange after mining and fisheries. Growth has slowed as a result of the Euro debt crisis.

### 4. FOREIGN TRADE AND BALANCE OF PAYMENTS

#### 4.1 Foreign Trade and balance of payments

Namibia's current account weakened during 2011 on account of high imports. The merchandise trade balance continued to be negative at N\$8.8 billion, translating into a merchandise trade balance of -9.8% of GDP. However, the overall balance remains positive on account of the strong capital and financial accounts. The table below sets out certain information regarding flows to and from the balance of payment.

**For the year ended 31 December**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	(N\$ million)			
<b>Exports</b>				
Diamonds	6,544	4,558	6,056	6,398
Uranium	5,171	4,671	5,048	4,980

Other commodities	2,583	1,475	1,823	1,745
Food and live animals	3,011	3,145	3,615	4,702
Manufactured products	7,151	6,234	6,525	7,110
Other <sup>1</sup>	1,895	6,193	7,033	7,001
<b>Total export earnings</b>	<b><u>26,355</u></b>	<b><u>26,276</u></b>	<b><u>30,100</u></b>	<b><u>31,936</u></b>
<b>Imports</b>				
<b>Total expenditure on imports</b>	<b><u>31,789</u></b>	<b><u>36,614</u></b>	<b><u>35,874</u></b>	<b><u>40,836</u></b>

Source: Bank of Namibia

Namibia's export earnings during 2011 improved relative to 2010 as the global economic outlook improved. However, the cost of imports grew much faster than export earnings reaching N\$41 billion in 2011.

## 4.2 Trade Policy

Namibia's economy while very open remains dependant on international trade. The country continues to strive to increase regional trade and in the process diversify its trade structure.

## 5. PUBLIC FINANCE

### 5.1 Overview

At the onset of the global economic crisis, Namibia benefitted from strong macroeconomic fundamentals and fiscal position. Three years of budget surpluses up to 2008/2009 provided fiscal space to effect a counter-cyclical fiscal support to the economy. In particular, the development budget allocation, which provides funding to rehabilitate roads and construct railway infrastructure, as well as capital injections in the energy sector for enhanced power generation increased from N\$2.1 billion to over N\$5 billion at the height of the financial crisis. During the 2010/2011 fiscal year government launched the TIPEEG. This programme is aimed at addressing economic growth and the high levels of unemployment in the economy. In total nearly N\$15 billion was set aside to kick-start the TIPEEG over the next three years.

Total revenue and grants for 2010/2011 amounted to N\$23.2 billion which is 4.5% higher than the prior fiscal year. However, total expenditure stood at N\$27.4 billion which resulted in a deficit of N\$4.3 billion. Over the 2012/13 fiscal period government has budgeted to spend N\$40.2 billion compared to budgeted revenue of N\$35.3 billion which will result in a deficit of N\$4.7 billion, much lower than the estimated deficit of N\$10.3 billion for the previous fiscal year.

Fiscal policy measures will be further complemented by the following policy interventions in all sectors of the economy as envisaged in the national development plans:

- maintaining fiscal benchmarks at adopted levels. In particular, the budget deficit is estimated to average 3.6% of GDP over the current medium term expenditure framework ("MTEF"), while public debt is expected to average 28% with an overall cap of 35% over the same period;
- improving the targeting, execution and monitoring of public expenditure aimed at creating growth enhancing infrastructure and employment. In particular, Government will accelerate tax policy, public procurement and investment climate reforms to enhance domestic economic development for a more private sector-led growth;
- improving the composition of expenditure with emphasis on development budget as the node for countercyclical fiscal policy. A large share of incremental fiscal expansion will be targeted towards the development budget and the provision of critical social services in education, health and energy sectors;
- implementing a revenue mobilization strategy aimed at broadening the tax base and improving tax administration and revenue collection capacity as well as simplifying taxes to enhance compliance;



- in order to strengthen public finance management, improve the quality of expenditure and ensure value for money, public expenditure review and tracking will be rolled-out to all votes commencing in 2012/13 fiscal year. Programme budgeting has been rolled out to all votes during the MTEF;
- to further reinforce the impact of fiscal expansion on economic activity, the Government will undertake a suite of legislative reforms, aimed at improving the general business environment and investment climate;
- finalization of the PPP policy and encouraging state-owned entities to participate and investment in critical infrastructure and services;
- to support local economic and enterprise development and create a conducive environment for mobilizing domestic savings, amendments to the national procurement and institutional investor's legal framework will come into operation;
- increased support will be given to investment in research and development (**R&D**) and strengthening the capacity of the Scientific Research Council. Government will streamline the design and implementation of R&D programmes to provide increased support to R&D and innovation activities in all sectors;
- a financial sector strategy (the **Financial Sector Strategy**) aimed at the development of the financial sector will be implemented in the 2012/13 for a ten-year period. The Financial Sector Strategy will operationalise financial sector development and empowerment goals enshrined in the national development plans and empowerment framework.

## 5.2 Taxation

The following key tax changes were implemented for the 2012/2013 fiscal year:

- raw materials such as minerals, unprocessed fish, game, crude oil and gas will be subject to an export levy of between 0% to 2%. Depending on the type of raw material, the specific rate applicable is subject to further stakeholder discussion;
- proceeds from transfers of mining rights including the sale of shares will be subject to income tax;
- non-resident shareholder's tax on income of either 10% or 20% will be imposed, depending on applicable double taxation treaties and the level of shareholding;
- withholding tax of 25% will be imposed on certain services imported, including management fees, consultancy fees, directors and entertainment fees paid to non-resident persons;
- a transfer duty will be imposed on the acquisition of company shares or membership interests by non-natural persons.

## Revenue and Expenditure

	Actual 2010/11	Estimates 2011/12	Budget 2012/13
<b>Current Expenditure to be Voted:</b>			
Personnel Expenditure	10,801,492	11,979,156	14,346,643
Goods and Other Services	3,950,244	5,253,173	5,880,849
Subsidies and Other Current Transfers	6,305,766	8,201,153	9,260,342
<b>Total Recurrent Expenditure to be Voted</b>	<b>21,057,502</b>	<b>25,433,483</b>	<b>29,487,834</b>
<b>Statutory Expenditure</b>	<b>998,662</b>	<b>1,294,674</b>	<b>2,396,287</b>
<b>Total Recurrent Expenditure</b>	<b>22,056,164</b>	<b>26,728,156</b>	<b>31,884,121</b>
<b>Current Revenue and Grants:</b>		<b>23,243,585</b>	<b>35,420,414</b>
<b>26,852,777</b>			
Taxes on Income and Profits	9,910,412	10,412,083	11,593,827
Taxes on Property	138,517	233,107	282,437
Taxes on Goods and Services	5,284,697	7,393,861	7,850,707
Taxes on International Trade Transactions	5,975,941	7,136,965	13,795,784
Other Taxes	208,392	229,764	288,458
Entrepreneurial and Property Income	1,232,751	926,338	1,039,972
Fines and Forfeitures	40,597	61,472	70,254
Administrative Fees	424,515	414,554	454,317
Return of Capital from Lending and Equity	4,248	20,413	19,711
External Grants	23,516	24,221	24,948
<b>Surplus Over Recurrent Expenditure</b>	<b>1,187,422</b>	<b>124,621</b>	<b>3,536,292</b>
<b>Capital Expenditure to be Voted:</b>			
Acquisition of Capital Assets (Operational):	742,235	974,120	929,708
Acquisition of Capital Assets (Development):	2,702,461	4,093,970	3,907,357
Other Operational Capital	153,732	550,225	261,654
Capital Transfers	1,320,787	3,459,809	2,580,694
Lending and Equity Participation	577,343	1,359,498	593,457
<b>Total Capital Expenditure to be voted</b>	<b>5,496,557</b>	<b>10,437,622</b>	<b>8,272,870</b>
<b>Budget Balance</b>	<b>-4,309,135</b>	<b>-10,313,002</b>	<b>-4,736,578</b>
	-4,309,135	-10,313,002	-4,736,578
	-37,873	-245,381	-860,000
	0	-187,489	0
<b>Net Borrowing Requirement</b>	<b>-4,347,009</b>	<b>-10,745,871</b>	<b>-5,596,578</b>
<b>Financing:</b>			
Cash Balances	2,744,438	0	2,600,000
Domestic Securities	1,439,570	6,600,490	2,136,577
<b>Net Domestic Borrowing</b>	<b>4,184,008</b>	<b>6,600,490</b>	<b>4,736,577</b>
Foreign Loans	37,873	245,381	860,000
Foreign Securities	0	3,900,000	0
<b>Net Foreign Borrowing</b>	<b>37,873</b>	<b>4,145,381</b>	<b>860,000</b>

<b>Total Financing</b>	<b>4,221,881</b>	<b>10,745,871</b>	<b>5,596,577</b>
Domestic Debt Stock	10,639,510	17,240,000	19,376,577
Foreign Debt Stock	3,253,927	7,681,747	8,925,835
<b>Total Debt</b>	<b>13,893,437</b>	<b>24,921,747</b>	<b>28,302,411</b>

Source: MoF 2012/13 Budget and MTEF Framework

## 6. PUBLIC DEBT

Namibia's central government debt at 31 December 2011 was N\$23.9 billion or 26% of GDP, compared to 24.7% of GDP at the end of June 2012. About a third of the debt is owed to bilateral and multilateral foreign creditors, while the rest is domestic debt. The Government has accessed the international lending markets in October 2011 with the issuance of a U.S.\$500 million Eurobond. The primary purpose of the foreign debt raising exercise was to set an international liquid benchmark for Namibia's debt and create a credit record with international lenders. Since 2005, domestic debt has declined gradually from approximately 23.1% of GDP to 17.9% at the end of 2011 and 17.4% at the end of June 2012 due to strong fiscal consolidation and prudent fiscal policies. Moreover, the Government paid certain external debts and redeemed maturing domestic debts in 2009/2010, which also reduced the public debt ratio. Given the expansionary stance of fiscal policy in 2009/2010 and 2010/2011 and the projected drop in SACU revenue, the debt to GDP ratio is expected to average approximately 28.6% during the remainder of 2012/13 to 2014/15 fiscal years.

Public debt is now rising from a low base. Namibia intends to unwind the fiscal expansions in 2014. Namibia fully recognises the need to ensure internal and external balance in the economy. Namibia intends to keep public debt below 35% of GDP in order to keep an adequate fiscal buffer to safeguard from shocks, particularly those that would arise from a deteriorating global outlook. The projected total debt for 2012/13 fiscal year will stand at N\$28.3 billion. It is expected that the budget deficit metrics would continue to remain at sustainable levels.

## 7. POLITICAL SYSTEM

Namibia operates under a parliamentary democracy and follows a multiparty system. Under the constitution, the President of Namibia is both the head of state and head of government, but limits the presidency to two five-year terms. The next parliamentary and presidential elections are scheduled to take place in 2014 where the current President Hifikepunye Pohamba will stand down as his constitutional term comes to an end.

The current ruling party, the SWAPO Party, has dominated the political scene since Namibia's first elections in 1989 and has since consistently obtained an overwhelming majority in the polls. The SWAPO Party is expected to retain this support for the foreseeable future as the key opposing factions remain significantly fragmented and under-represented in the National Assembly and National Council to successfully weaken the SWAPO Party's control.

According to Business Monitor International (**BMI**), Namibia ranks highly on its political stability rankings in sub-Saharan Africa, lower only to four other countries in the short-term rankings and seventh in the long-term rankings. This is underscored by the overwhelming dominance of the ruling party and the entrenchment of democratic institutions, as well as the absence of any serious regional or internal security threats.

## 8. MONETARY SYSTEM

### 8.1 Monetary policy

As a member of the CMA Namibia's monetary system is unified with South Africa, Lesotho and Swaziland with the Namibia Dollar pegged to the South African Rand on a one-to-one basis. However, the country retains autonomy on capital controls and prudential requirements and BoN maintains a repo rate differential to that of the South African Reserve Bank when required. BoN maintains responsibilities normally performed by such institutions, such as regulating commercial banks and acting as a lender of last resort. Under an agreement with South Africa, Namibia is required to fully back the Namibia Dollar with foreign exchange reserves. The maintenance of the fixed currency peg ensures that the

ultimate goal of price stability is achieved by importing stable inflation from South Africa as the anchor country of the CMA. This arrangement aims to keep inflation stable in Namibia.

In line with the SARB and other central banks, BoN continued to pursue an accommodative monetary policy during 2011 to support the steady recovery observed in the domestic economy. BoN started lowering its repurchase rate from 10.5% in December 2008 until it reached 7.0% in December 2009 and 6.0% in December 2010 and 5.5% in August 2012, respectively, the lowest rate recorded since independence, to support the recovery and further stimulate domestic demand. The low interest rate environment that prevailed since 2010 coupled with low inflation has provided a positive stimulus to domestic demand. Despite the fact that interest rates were reduced beginning in December 2008, credit extension only increased during the latter part of 2010, due to the lag between monetary easing and credit growth in Namibia, which BoN estimates to be between 18 and 24 months. The slow responsiveness to monetary easing is also attributed to low household spending due to the economic recession as well as stricter lending criteria applied by commercial banks.

Growth in credit extended to the private sector at the end of 2011 indicates that the finances of individuals which account for the largest portion of total private sector credit have been gradually restored. In addition, net foreign assets of the banking system contracted significantly at the end of December 2010, as economic agents reduced their foreign asset holdings due to the more appealing investment environment brought about by improved economic conditions in Namibia. Net foreign assets of the banking system stood at N\$9.3 billion as at the end of first quarter of 2012 which is approximately 10% of GDP.

Government has adopted a policy of stemming capital outflows from Namibia to other countries and encouraging investments in the local economy. To achieve this aim the Government introduced domestic investment requirements for pension funds and registered insurers by amending the Pension Funds Act, 1956 and the Long-term Insurance Act, 1998. Pension funds are required to invest a minimum 35% domestically. On 24 May 2011 the Long-term Insurance Amendment Act came into force, which gives the Minister of Finance the power to make regulations prescribing the minimum or maximum amount which a registered insurer can invest in or outside Namibia. The Pension Funds Amendment Act, 2011 empowers the Minister of Finance to make regulations prescribing the minimum or maximum amount or both the minimum or maximum amounts which a pension fund may invest in or outside Namibia or in particular assets or particular kinds or categories of assets whether in Namibia or elsewhere and prescribes a framework for the investment of pension fund assets in unlisted investments.

## 8.2 Regulation and supervision of banking institutions

The supervision and regulation of banking institutions in Namibia is undertaken by BoN. BoN has legislative authority to authorize persons to conduct business as a banking institution, to control, supervise and regulate banking institutions so as to protect the interests of persons making deposits with banking institutions. BoN is also responsible for the winding up or judicial management of banking institutions and for the cancellation of banking authorisations.

In order to achieve the role of protecting the interests of depositors, BoN has crafted a number of prudential requirements to be complied with by banking institutions. The prudential requirements imposed on banking institutions are designed to limit risk taking to levels that are manageable and that do not place the individual banking institution and the banking system at risk. BoN also regularly issues circulars and directives to banking institutions to address changes and new developments that require supervisory intervention.

BoN implemented Basel II as a regulatory standard for capital adequacy in January 2010. All banking institutions in Namibia have since implemented the Standardised Approach for the measurements and calculation of capital charges for credit, operational and market risks.<sup>1</sup> Banking institutions in Namibia are therefore compelled to keep a risk weighted

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<sup>1</sup> The Standardised Approach refers to a set of techniques proposed under Basel II for the measurement and calculation of capital charges for credit risk, operational risk and market risk.

capital adequacy ratio (**RWCR**) of at least 10.0% of which 7.0% should be Tier 1 risk weighted capital ratio. In addition, banking institutions are required to maintain a minimum Tier 1 leverage ratio of 6.0% at all times. As at 30 June 2011, RWCR for the banking sector stood at 14.7% (December 2011: 15.3%).

The asset quality of the banking sector remained strong, which is underpinned by the low non-performing loans ratio, which decreased since December 2008 from 3.1% to 1.4% in June 2012.

BoN is currently in the process of analysing the impact and changes that would be required for the implementation of Basel III in Namibia.

The supervision and regulation of institutions that are captured under the anti-money laundering legislation in Namibia is undertaken by the Financial Intelligence Centre of the Bank of Namibia, which is also the national centre for receiving, analysing and, if necessary, disseminating intelligence to law enforcement agencies. The supervisory and regulatory function is currently shared between BoN and designated supervisory bodies.

Namibia's anti-money laundering legal framework consists of the Prevention of Organised Crime Act, 2004 and the Financial Intelligence Act, 2007. Both pieces of legislation are more or less aligned with the Financial Action Task Force - 40 Recommendations on Money Laundering. Financing of terrorism is not yet a criminal offence in Namibia, but a bill criminalising same is currently in the legislative process; to be passed in the last half of 2012.

### 8.3 **Capital Markets**

The Namibian capital market is closely linked to South Africa. The NSX, which opened in 1992, has 32 listed companies, across various sectors including financial, mining, industrial retail and fishing. The majority are South African companies that are dual listed on the JSE and LSE. The NSX is regulated by the Stock Exchange Association and the Executive Committee of the NSX. This is the custodian of the licence to operate the stock exchange. It is made up of 43 founding members (including banks, listed companies and investment institutions) and right holders and each year the members elect an Executive Committee of nine members plus a representative from the Namibia Financial Institution Supervisory Authority, to oversee the activities of the exchange. The NSX is regulated by the Stock Exchanges Act of 1985 (amended in 1992) and overseen by the Registrar of Financial Institutions. As at 31 December 2011 the total market capitalisation (including capitalisations of dual listed companies on both the NSX and the JSE and/or the LSE) was N\$1.1 trillion or U.S.\$136.0 billion, making the NSX the second largest stock exchange by total market capitalisation in Africa, after the JSE. Total market capitalisation for the NSX index excluding dual listed companies was N\$9.3 billion or approximately 10.2% of GDP.

### 8.4 **The Financial Sector**

The financial sector consists of five private commercial banks, approximately 30 insurance companies, 500 pension funds, the Namibian Stock Exchange, a number of asset management and unit trust management companies, several specialized lending institutions, and a large number and variety of micro-lending institutions. The Namibian financial services sector has been historically characterised by dominance of foreign ownership. Most of the financial service providers operating in the country are majority owned by South African parent companies, with no, or very little, local ownership. Government policy now encourages financial institutions to localise their ownership. Additionally, commercial banks are required to maintain at least 100% of their liabilities in local assets situated in Namibia.

Namibia's commercial banking sector is mature and well established. Financial intermediation, as measured by private sector credit to GDP, is over 50%. Approximately 50% of Namibian bank loans are in the form of mortgages loans. The most significant sectors to which the banks were exposed (31 March 2012) were residential sectors and others, commercial and services, and agricultural sectors with percentage share of 54.8%, 33.0% and 4.8%, respectively. Deposits comprise more than 90% of total liabilities and are highly concentrated among four major commercial institutions: Bank Windhoek, Standard Bank, First National Bank and Nedbank. These five banks account for 100% of all domestic

bank loans and deposits, although further competition is expected from SME Bank, which was granted a provisional banking licence.

Fides Bank Namibia Ltd, a micro finance bank, was granted a banking licence in 2010 and provides unique banking services in terms of group savings and group loans schemes, mainly to communities in the rural parts of Namibia. In addition, the bank also provides loans to micro, small and medium size enterprises specifically targeting semi-formalised and formalised businesses, usually not catered for by conventional commercial banks which currently operate in Namibia. However, lack of collateral and distance between rural villages and urban centres, where most commercial banks are located, limits access to credit for small-and medium-sized enterprises (**SMEs**) and rural borrowers. Namibia suffers from very high economic inequality and from a huge disparity between its formal and informal sectors. The financial system serves the formal sector very well, but has been unable to achieve a satisfactory level of access for the urban poor and the rural population. Owing to limited domestic investment opportunities, institutional investors invest heavily overseas. In addition, Namibia has an acute deficit of skilled financial professionals.

On 16 August 2012, the Financial Sector Strategy was launched which, amongst other things, is aimed at improving access to banking for individuals and SMEs. The Financial Sector Strategy is to serve as a reference document to guide the development of Namibia's financial institutions and the Ministry of Finance, BoN and Namibian Financial Institutions Supervisory Authority have been instructed to formulate a long-term strategy.

#### 9. CONTACT DETAILS OF OFFICERS OF THE ISSUER

The details of the Director: Strategic Communication & Financial Sector Development and the Director: Financial Markets at BoN are:

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## INVESTOR CONSIDERATIONS

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

Notes issued under the Programme will be new securities which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial affairs and operations 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 may, 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's Nominee 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' Nominee 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. Unlisted notes are not regulated by the JSE.



## **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 Note 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 Republic of Namibia**

#### ***Namibia's economy is significantly influenced by the mining sector, which can be very volatile***

A significant proportion of Namibia's GDP comes from the export of primary commodities, which makes the Namibian economy vulnerable to external shocks. In 2011, the mining sector is estimated to have accounted for approximately 9.5% of nominal gross domestic product (**GDP**) and over 40% of export earnings. The main minerals produced are uranium, diamonds, gold and zinc. The mining sector contracted sharply by 42.2% in 2009, mainly because of a decrease in demand in diamonds caused by the global economic crisis, before recovering in 2010, when it grew by 32.7% and contracted again in 2011.

Maintaining current mineral production levels requires substantial investment in exploration and development from mineral companies which Namibia may not be able to attract. Furthermore the mining industry generally is subject to high capital and labour costs and production can be disrupted by accidents, equipment failure and poor weather conditions among other things.

The high reliance on mining also makes the Namibian economy vulnerable to adverse commodity price fluctuations. The failure to maintain current levels of production or a fall in commodity prices may result in lower economic growth in the country than anticipated.

#### ***Namibia may experience limited economic growth***

Prospects for economic growth in Namibia may be limited by a number of factors. These include the global recession, which has affected sub-Saharan Africa despite its minimal exposure to the international financial markets. In particular, the region has been affected by the consequent decline of prices for raw materials, decreased demand for metal and mineral exports and declines in construction activity and tourism. Namibia also has a relatively low number of skilled workers and a significant portion of the population is exposed to health risks associated with HIV/AIDS.

#### ***Namibia is highly dependent on foreign imports, in particular food and oil***

Namibia is highly dependent on foreign imports, primarily food and fuel. According to the African Development Bank (**AfDB**), Namibia imports approximately 65% of its food requirements. While approximately 80% of the rural population in Namibia are engaged in agricultural activities, the share of agriculture in nominal GDP is estimated at 4.2% for 2011, as most rural agricultural activities constitute subsistence farming and are not included in Namibia's GDP, and approximately 60% of food produced commercially is exported. The country will continue to rely heavily on food imports in the near future and any future droughts or other adverse conditions may affect Namibia's internal production of food and therefore increase its dependence upon foreign imports. Namibia's high reliance on food imports in an environment of rising prices may lead to significant increases in inflation which could have a negative impact on the economy or potentially lead the Government to increase or create new subsidies, resulting in unplanned budgetary outlays.

Namibia does not produce any crude oil and relies on imports for all of its refined crude oil needs. In addition to the mining, transport and infrastructure sectors' requirements for crude oil, Namibia's electricity sector, in particular the national electricity company (**NamPower**), relies on hydrocarbon imports for a portion of its power demand. As a result, continued volatility in the price of crude oil and other commodities could have an adverse effect on Namibia's economy.

#### ***Namibia is dependent on Southern African Customs Union (SACU) revenue***

Namibia is a member of the SACU together with South Africa, Botswana, Lesotho and Swaziland. The SACU provides for a common external tariff and guarantees free movement of goods between the member states. For this reason, a high proportion of Namibia's trade is conducted with SACU members. Overall SACU revenue can be volatile and could be further affected by planned revisions to the revenue-sharing formula, which could lead to a further decline in revenue for Namibia. Furthermore, the current 2002 revenue sharing formula is being renegotiated by the member states. The outcome of this renegotiation is likely to have negative implications on members' revenues from the common pool. Although for budgetary purposes SACU revenue is capped at 25%, any excess would be considered as a windfall. A significant decline in revenue from SACU could lead to a widening of the fiscal deficit and have a negative impact on the Namibian economy as a whole if the newly introduced tax measures do not strengthen tax collection and broaden the tax base.

#### ***Namibia conducts the majority of its trade with South Africa***

As a former mandate of South Africa, Namibia has very close trade relations with South Africa and on average approximately 30% of its exports and over 70% of its imports are destined for and originate from South Africa, respectively. In addition to Namibia's membership of the Common Monetary Area (**CMA**) and SACU, this reliance on South Africa for such a significant portion of its trade means that any disruptions to economic stability or growth in South Africa could have a knock-on or spill-over effect on the economy of Namibia.

***Namibia's monetary policy is dependent on that of South Africa, which may affect its ability to react to stresses in its economy and may subject it to economic policies that are not in its best interests***

Namibia is a member of the CMA alongside South Africa, Lesotho and Swaziland. Membership has achieved price stability and has helped integrate Namibia into the South African money and capital markets. However, it has also pegged the Namibia Dollar to the South African rand, which precludes the use of the exchange rate as an instrument for the promotion of export competitiveness, since Namibia is unable to unilaterally devalue the Namibia Dollar. The promotion of export competitiveness will become increasingly important if Namibia tries to diversify its export structure to non-resource based products, as well as the fact that current tariffs are expected to decrease over time as more trade pacts are agreed. Given the limited size of Namibia's domestic market, any significant economic growth will be driven to a large part by the export sector. The dependence on South Africa's monetary policy may therefore not always be in the best interest of Namibia and may pose an impediment to its economic growth.

***Namibia has a low level of foreign direct investment***

Foreign direct investment (FDI), which comprises equity capital, re-invested earnings and other capital inflows, was relatively low for a country the size of Namibia at N\$6.3 billion in 2010 and it decreased in the first quarter of 2011 and has fluctuated in the past. Absent a decrease in the perceived risks associated with investing in Namibia, including those described herein, there may not be any appreciable increase in FDI, which could adversely affect the Namibian economy and limit sources of funding for infrastructure and other projects requiring significant investment by the private sector.

***Namibia suffers from electricity shortages***

Namibia does not have any of its own reserves of fossil fuels and has to import up to 80% of its electricity requirement during the winter months of the year. Lack of sufficient and reliable electricity supply remains an impediment to Namibia's economic growth and development. In recent years Southern Africa, including Namibia, has experienced an electricity crisis. The Government has implemented an action plan for the development of the energy sector to ensure security of energy supply and to support Namibia's development agenda. Pursuant to the action plan, in 2010 the Government invested N\$250 million in NamPower for the construction of the Anixas emergency diesel power plant in Walvis Bay. In addition, the Government invested N\$1 billion to further capitalise NamPower and assist it in obtaining external financing for its planned transmission and generation projects. However, NamPower's planned capacity increases have not yet been installed and these projects could still take several years to complete and may be subject to delays or even cancellation. There can therefore be no assurance that Namibian power supplies will not experience future interruptions as the Namibian economy expands and new mining and other industrial projects proceed, thereby potentially increasing the demand on the national grid system. Furthermore, Namibia relies on other countries for a significant portion of its electricity, and certain of those countries, including South Africa, have also experienced electricity shortages in the past and such countries may in the future be obliged to meet domestic demand in favour of Namibian demand, which could result in further shortages of electricity in Namibia. Finally, certain of Namibia's agreements with foreign power suppliers are due to expire in the medium term, and there can be no guarantee that these agreements will be renewed on the same terms or at all. All of these factors could threaten the regular and adequate supply of electricity in Namibia, which could have an adverse effect on Namibia's economy and its level of economic growth if the planned investment in power generation does not come on stream.

***Namibia has limited water resources***

Namibia has limited water resources and industrial and domestic demand for water has grown rapidly in recent years. Industrial development and concentration around Windhoek have resulted in increased usage rates and higher costs for water throughout the country. Government estimates based on historic rates of water demand indicate that Namibia could face water shortages within three to five years if planned reforms are not implemented. In the event that water demand in Namibia was to significantly exceed available supply, the country could suffer serious economic and social repercussions. In particular, Namibia's mining industry, which contributes a significant portion of GDP, requires significant amounts of water for its operations and any shortage could have an adverse impact on the mining industry's economic growth and prospects. In addition, water shortages among the general public, particularly a shortage of potable water, could result in social unrest.

The Government's planned reforms (the **Water Security Plan**), which are currently under review by the Namibian cabinet, seek to address water scarcity and water quality issues through the development of desalination plants and the transfer of surface water to underground aquifers. However, these processes are timely and expensive and funding requires participation from the private sector, which may be difficult to obtain. There can be no assurance that the Water Security Plan will be implemented successfully or at all. Any shortage of water in Namibia could have an adverse effect on Namibia's economy and its level of economic growth.

A significant water reservoir has recently been discovered in the Northern part of the country, this however still needs to be developed for utilisation.

***SWAPO Party has a majority that allows him to pass legislation with limited opposition***

SWAPO Party, has more than a two-thirds majority in the National Assembly and the National Council. As a result of the current constitutional system which allows the majority of laws to be passed by a simple majority in both houses, and constitutional changes to be affected by a two-thirds majority, the President may rely on the SWAPO Party to ensure that a high proportion of any new laws proposed to Parliament will be passed. If the SWAPO Party were to abuse these powers, despite a history of low levels of popular unrest in Namibia, the opposition parties and the disaffected population may rally against the President and the SWAPO Party. In addition, public disaffection with the ruling party concerning its parliamentary majority could result in a degree of political instability. Any such popular unrest or political instability could have an adverse affect on Namibia's economy and therefore on its ability to make payments under the Notes.

***Namibia has an informal economy which is not recorded***

A significant portion of Namibia's economy, estimated to be approximately 37% of recorded GDP, is comprised of the informal, or shadow, economy. The informal economy is not recorded and therefore cannot be effectively taxed, resulting in not only a lack of revenue for the Government but also ineffective regulation, unreliability of statistical information (including the understatement of GDP and the contribution of various sectors to GDP) and the inability to monitor or otherwise regulate a large portion of the economy. Lack of effective regulation and enforcement in this sector also gives rise to other issues including health and safety issues. Although the Government is attempting to address the informal economy by streamlining certain regulations, there can be no assurances that such reforms will adequately address the issues and bring the informal economy into the formal sector.

***Stability in Namibia may be threatened if the Government fails to address the high levels of poverty, unemployment and inequality in income***

Namibia has been largely stable and peaceful since independence and overall wealth has risen. However, wealth in Namibia is not equally distributed and in 2009 the AfDB estimated that 28% of the population were living under the poverty line. The apartheid system that prevailed in Namibia before independence has led to a high level of income inequality, which is amongst the highest in the world when measured by the Gini coefficient, an academic measure of the inequality of the distribution of wealth. In addition to this, unemployment is a serious problem estimated to be as high as 51.2% as per the labour force survey 2008 (broad definition) and 38% as per the household expenditure survey (broad definition), with unemployment particularly high amongst young people. Despite numerous programmes to address unemployment, to date the Government has been unable to improve overall employment levels. If these issues are not addressed they could become a source of political and social instability in Namibia, which could have a serious negative impact on economic growth.

***Government initiatives to address issues in agriculture, transport, health and sanitation may not be effective***

Namibia faces significant challenges in the areas of agriculture (where a significant portion of the population is engaged in subsistence farming), transport (where railways, ports and road systems require upgrading and expansion to support economic growth) and health and sanitation (HIV infection rates are high compared to most countries). The Government has undertaken various projects to improve each of these challenges. Projects are underway to improve water-related issues and to aid in agricultural development, to upgrade ports and railways, and to increase supply and distribution of HIV-related medicines. If these projects and initiatives do not succeed, the challenge presented in these areas could have an adverse effect on the economy. If health or agricultural issues become significantly more acute and are sustained over significant periods of time, they could

also have adverse effects on the social stability of Namibia.

***There is a concentration of residential mortgages on the balance sheets of the four major banks***

Approximately 40% of Namibian bank loans are in the form of individual mortgages and are highly concentrated among five major commercial institutions: Bank Windhoek, Standard Bank, First National Bank and Nedbank. These four banks account for nearly 100% of all domestic commercial bank loans and deposits. Concentration of residential mortgages on balance sheets is observed in the Namibian banking sector. The Bank of Namibia has implemented Basel II as a regulatory standard for capital adequacy. A worsening of general economic conditions in Namibia or deterioration in the residential housing market could have a material adverse effect on the five major banks, which could in turn affect the integrity of the banking system and economic growth.

***Initiatives to raise additional revenues through new and/or increased taxes, as well as other budgetary initiatives, may not be successful, which may adversely affect the Government's efforts to narrow the budget deficit***

The shortfall between the Government's budgeted revenues and expenses is expected to decline in 2012 relative to 2011 due increase in revenue, while spending remains flat. The Government has implemented certain tax reforms and is in the process of instituting further reforms and other initiatives to narrow the deficit and otherwise improve the economy. Tax reforms include efforts to improve the clarity of applicable legislation and additional educational efforts to improve the percentage of the population paying taxes appropriately. Other tax reform efforts will seek to widen the tax base by causing enterprises and individuals whose activities are currently part of the unrecorded economy to pay taxes on the profits of those activities. It is worth noting that Namibia's recent and prospective developments remain strongly subject to developments of the world economy, which is characterised by a number of uncertainties. In addition, although the Government has announced its intention to pursue a series of economic and fiscal reform initiatives, including the Targeted Intervention Programme for Employment and Economic Growth and a series of taxation amendments to increase revenues, no assurance can be given that such initiatives will maintain the necessary long term political support, be fully implemented or prove successful in achieving their objectives. Some planned reforms may disadvantage certain existing stakeholders who may seek to curtail such reforms, for example through strikes or threats of strikes in anticipation of job losses and increased prices. Tax increases may also lead some companies to curtail their operations or future investment. Any failure by the Government to successfully implement these reforms could have a negative impact on the country's economic growth and could create social problems.

***Namibia is a sovereign state. Consequently, it may be difficult for investors to obtain or realise judgments of courts in other countries against Namibia***

Namibia is a sovereign state. As a result, it may be difficult for investors to obtain judgment against Namibia in foreign or Namibian courts or to enforce foreign judgments, including judgments obtained in South African courts. Although Namibia will consent in the Terms and Conditions of the Notes to the giving of any relief or the issue of any process in connection with proceedings in South Africa arising out of any dispute arising from or connected with the Notes and will agree to waive any immunity it may have in a suit, execution, claim or other legal process in respect of any such proceedings, the waiver or immunity does not extend to any other proceedings and excludes from its scope certain diplomatic, military and other government properties situated within the territory of Namibia. Investors may however have a claim against the Central Revenue Fund of Namibia. Moreover, the enforcement of foreign judgments is subject to the conditions and limitations described under "*Enforcement of Civil Liabilities*" below and such limitations and conditions may make it difficult for investors to obtain or realise upon judgments of courts outside Namibia.

***Enforcement of Civil Liabilities***

A judgment by a Namibian court will ordinarily be awarded in Namibia Dollar, but may be awarded in a foreign currency. Similarly, when enforcing a foreign judgment awarded in a currency other than Namibia Dollar, a Namibian court may convert such award into Namibia Dollar. In that event, there may be a discrepancy between the rate of exchange used by the Namibian court to convert such award into Namibia Dollar, and the rate of exchange which may be obtained in the market to convert such award from Namibia Dollar back into another currency. A Noteholder who is awarded a judgment may therefore incur a loss as a result of such exchange rate differences.

Subject to international conventions, enforcement of foreign court judgments in Namibia is subject to the following conditions:

- the Namibian courts are not exclusively competent to hear the dispute, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- the foreign procedures were fully respected and the parties to the dispute were duly notified and properly represented in the proceedings;
- the dispute was properly resolved according to proper facts which were raised in the dispute;
- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and
- the foreign judgment does not conflict with a prior Namibian judgment on the same subject matter and is not contrary to public order in and public law principles in Namibia.

***The underlying assumptions in financial estimates, projections and statistics may be imprecise or incorrect***

Assumptions used in order to calculate projected financial and statistical data may differ from those used by other sources and may be unreliable. Many statistics are provisional figures that are subject to later review. Prospective investors should be aware that figures relating to GDP, balance of payments and other aggregate figures cited in this Programme Memorandum may become outdated relatively quickly. Although significant improvements have been made in the compilation of the financial and statistical data, errors and omissions may persist, which may complicate the assessment of such data and may result in such figures being revised in future periods. Compared to more developed countries, statistics produced by the Government may be more limited in scope, published less frequently and differ between sources. In addition, the significant size of the informal economy in Namibia means that statistics may overstate or understate the indicators to which they pertain.

***Labour disruptions and/or increased labour costs could have an adverse effect on Namibia's economy***

Trade unions have a significant impact on Namibia's labour relations sector, as well as on social and political reforms, and a significant majority of employees in the various Namibian sectors are unionised. There is a risk that strikes or other types of industrial conflict may occur at any time. It is uncertain whether labour disruptions will be used to advocate labour, political or social goals in the future. Material labour disruptions could have an adverse effect on the various sectors, which could have a negative impact on the country's economic growth.

***Namibia's mining sector may create environmental harm***

Namibia has a significant mining sector which is expected to grow rapidly in coming years. Mining activities create and increase the risk of environmental harm as a result of the processes and chemicals used in the extraction and production methods. In addition, mining companies regularly transport, use and dispose of hazardous substances, which give rise to the risk of spillage or seepage in areas where there could be damage or harm caused to the environment and/or to the public. Environmental harm may exist on mining companies' properties, or may be encountered while their products are in transit, which are currently unknown to them or may arise irrespective of such compliance. The Government has implemented rules and regulations to address the environmental impact of the mining and other industries, but there can be no guarantee that an incident causing significant environmental harm in Namibia can occur, which could have an adverse effect on the planned growth of the mining industry and the economy of Namibia.

***Disease, and in particular HIV/AIDS, could adversely affect Namibia's economy***

HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS), and (to a lesser extent) malaria are major healthcare challenges in Namibia and other countries in Southern Africa. According to research published jointly by UNAIDS and the World Health Organization, as of 2009 there were about 180,000 people living with HIV in Namibia. The infection rate among its population of adults aged between 15 and 49 years old was 13.1%, the 7th highest rate worldwide. According to the World Bank, in 2009 there were 727 cases of tuberculosis per 100,000 people, more than twice as many as the sub-Saharan African regional average. No assurance can be given that the prevalence of HIV/AIDS, tuberculosis and malaria or other diseases in Namibia will not have a material adverse effect on the economy of Namibia in the long term.

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## SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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*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 JSE, in terms of the listing requirements of the JSE, as Settlement Agents to perform electronic settlement of funds and scrip are Absa Bank Limited, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank. Euroclear, as operator of the Euroclear System, and Clearstream will settle off-shore transfers in the Notes through their Participants.

### **Settlement and clearing**

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

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

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

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



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

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

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

Beneficial Interests may be exchanged for Notes represented by Individual Certificates in accordance with Condition 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 JSE or the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of the Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund 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.

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## SUBSCRIPTION AND SALE

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*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 clearly inappropriate from the context.*

The Dealer has in terms of the programme agreement dated 2 November 2012, 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**

Prior to the issue of any Tranche of Notes under the Programme, each Dealer who has (or will have) agreed to place that Tranche of Notes will be required to represent and agree that it will not solicit any offers for subscription for or sale of the Notes in that Tranche, and will itself not sell the Notes in that Tranche of Notes, in South Africa, in contravention of the South African Companies Act, the South African Banks Act, the South African Exchange Control Regulations and/or any other Applicable Laws and regulations of South Africa in force from time to time.

#### **Namibia**

In terms of the Namibian Stock Exchanges Control Act, 1985 (the Stock Exchanges Control Act), no Person may carry on the business of buying and selling securities in Namibia unless such Person is either a registered banking institution (within the meaning of the Namibian Banking Institutions Act, 1998) or a registered stock broker. The term "*securities*" includes debentures and treasury bills issued by the Republic of Namibia. Accordingly, any Person engaging in the business of buying or selling the Notes in Namibia may be required to register as a stock broker in terms of the Stock Exchanges Control Act.

#### **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 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 legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 (two hundred and fifty) employees during the last financial year; (2) a total balance sheet of more than €43 000 000.00 and (3) an annual turnover of more than €50 000 000.00 as shown in its last annual or consolidated accounts; or
- (d) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

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

### **United Kingdom**

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

- (a) in relation to any of the Notes in that Tranche which have a maturity of less than 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 Dealers 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.

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## TAXATION

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Capitalised terms used in this section headed “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 “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.**

### South Africa

#### 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 that constitute “*debt securities*” as defined in section 2(1)(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 South African Income Tax Act) is subject to income tax on his/her worldwide income. Accordingly, all holders of Notes 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 applicable double taxation treaties). Interest income is deemed to be derived from a South African source if it is derived from the utilisation or application in South Africa by any Person of funds or credit obtained in terms of any form of “*interest bearing arrangement*”. The place of utilisation or application of funds will, unless the contrary is proved, be deemed, in the case of a juristic Person, to be that juristic Person’s place of effective management. As at the Programme Date the Issuer’s place of effective management is not in South Africa. Accordingly the interest earned by a Noteholder will not be (i) deemed to be from a South African source and (ii) subject to South African income tax.

Under section 24J of the South African Income Tax Act, any discount or premium to the Nominal Amount of a Tranche of Notes is treated as part of the interest income on the Notes. Interest income which accrues (or is deemed to accrue) to the Noteholder is deemed, in accordance with section 24J of the South African Income Tax Act, to accrue on a day-to-day basis until that Noteholder disposes of the Notes or until maturity unless an election has been made by the holder (if the holder is entitled under section 24J of the South African 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 and applying it to the capital involved for the relevant tax period. In practice, the

premium or discount is treated as interest for the purposes of the exemption under section 10(1)(h) of the South African Income Tax Act.

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

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

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

Certain entities may be exempt from income tax. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the South African Income Tax Act.

### **Capital Gains Tax**

Capital gains and losses on the disposal of Notes by residents of South Africa are subject to capital gains tax. Any discount or premium on acquisition which has already been treated as interest for income tax purposes, under section 24J of the South African Income Tax Act will not be taken into account when determining any capital gain or loss. Under section 24J(4A) of the South African Income Tax Act a loss on disposal will, to the extent that it has previously been included in taxable income (as interest), be allowed as a deduction from the taxable income of the holder when it is incurred and accordingly will not give rise to a capital loss.

Capital gains tax under the Eighth Schedule to the South African 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 advisors as to whether a disposal of Notes will result in a liability to capital gains tax.

### **Withholding Tax**

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

However, the Taxation Laws Amendment Act, 2010 introduced a withholding tax on interest as defined in section 24J of the South African Income Tax Act. The withholding tax legislation will apply in respect of interest received or accrued on or after 1 January 2013 and imposes a withholding tax of 10% (ten percent) of the amount of any interest received by or accruing to any foreign Person that is not a controlled foreign company. For the purposes of the withholding tax, a “*foreign person*” is defined as any Person that is not a resident. Accordingly, to the extent that any interest is paid to Noteholders who are South African tax residents, the withholding tax will not apply. The rate of the withholding tax on interest paid to non-residents may be reduced in terms of any double tax agreement concluded between South Africa and the Noteholder’s country of residence.

In terms of the South African Income Tax Act, interest received by or accrued to a foreign Person during any year of assessment in respect of any listed debt instrument will be exempt from the withholding tax on interest. In terms of the legislation, a “*listed debt instrument*” is a debt instrument that is listed on a recognised exchange as defined in the South African Income Tax Act. A “*debt instrument*” is defined as any loan, advance, debt, bond, debenture, bill, promissory note, banker’s acceptance, negotiable certificate of deposit or similar instrument.

### **Definition of Interest**

The references to “*interest*” above mean “*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.

***Namibia***

Under section 16(1)(1) of the Namibian Income Tax Act, 1981, interest and principal received by or accrued to any natural person or external company (not carrying on business in Namibia), from securities, including the Notes, issued by the Republic of Namibia shall be exempt from income tax, withholding tax and other similar tax in Namibia.

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## EXCHANGE CONTROL

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*Capitalised terms used in this section headed “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.*

### **South Africa**

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

For purposes of this section headed “Exchange Control”, **Common Monetary Area** means South Africa, Lesotho, Namibia, and Swaziland.

### **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 South African Exchange Control Regulations.

### **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 South African Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

### **Emigrants from the Common Monetary Area**

Any Individual Certificates issued to Noteholders who are emigrants from the Common Monetary Area will be endorsed “*emigrant*”. Such restrictively endorsed 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 an “*emigrant*” account.

Any payments of interest and/or principal due to a Noteholder who is an emigrant from the Common Monetary Area will be deposited into such emigrant Noteholder’s Blocked Rand account, as maintained by an authorised foreign exchange dealer. The amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the South African 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 South African Exchange Control Regulations, be remitted abroad only if the relevant Notes are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificate has been endorsed “*non-resident*” or the relevant securities account has been designated as a “*non-resident*” account, as the case may be.

As at the Programme Date, no exchange control approval is required in respect of the Programme and/or the Notes.



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## GENERAL INFORMATION

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*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 have been given for the establishment of the Programme and the issue of Notes and for the Issuer to undertake and perform its obligations under the Programme Memorandum and the Notes.

### **Listing**

The Programme Memorandum was approved by the JSE on 2 November 2012. Notes to be issued under the Programme will 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 Transfer Agent as set out at the end of this Programme Memorandum. This Programme Memorandum and the Applicable Pricing Supplements relating to any issue of listed Notes will also be available on the website of the Bank of Namibia and the Namibian Ministry of Finance, at [www.bon.com.na](http://www.bon.com.na) and [www.mof.gov.na](http://www.mof.gov.na), respectively, and the JSE's website at [www.jse.co.za](http://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 position of the Issuer since the date of the Issuer's latest audited financial accounts. As at the Programme Date, there has been no involvement by the Auditor-General Namibia in making the aforementioned statement.

### **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 (twelve) months preceding the Programme Date which may have or have in such period had a significant effect on the financial affairs and operations of the Issuer.

## ISSUER

**The Government of the Republic of Namibia,  
acting through the Namibian Minister of Finance**

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Contact: Director – Financial Markets

## ARRANGERS

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Contact: Ms P Nana

**First National Bank of Namibia Limited**  
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## JSE DEBT SPONSOR

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## TRANSFER AGENT, CALCULATION AGENT AND PAYING AGENT

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## LEGAL ADVISERS

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