

Amended and Restated Programme Memorandum
Dated 1 February 2006



INFRASTRUCTURE FINANCE CORPORATION LIMITED

(Incorporated with limited liability in the Republic of South Africa)

(Registration number 1996/001482/06)

ZAR 10,000,000,000

Domestic Medium Term Note Programme

On 2 August 2000, the Issuer (as defined below) established a ZAR 10,000,000,000 Domestic Medium Term Note Programme (the “**Programme**”) which was amended and restated on 24 July 2002. This Programme Memorandum supersedes any previous Programme Memorandum. Any Notes (as defined below) issued under the Programme on or after the date of this Programme Memorandum are subject to the provisions described herein. This Programme Memorandum does not affect any Notes issued before the date of this Programme Memorandum. Under the Programme Infrastructure Finance Corporation Limited (the “**Issuer**” or “**INCA**”), may from time to time issue notes (the “**Notes**”) subject to the terms and conditions contained in this Programme Memorandum (the “**Terms and Conditions**”). Any other terms and conditions not contained in the Terms and Conditions which are applicable to any Notes will be set forth in a pricing supplement (the “**Applicable Pricing Supplement**”). Save as set out herein, the Notes will not be subject to any minimum or maximum maturity and the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed ZAR 10,000,000,000.

The Programme has been listed on the Bond Exchange of South Africa, a licensed exchange in terms of the Securities Services Act, 2004 (“**BESA**”). Notes issued under the Programme may be listed on BESA, or its successor, or such other or further exchange or exchanges as may be agreed between the Issuer and the relevant Dealer(s) (as defined below). Details of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained in the Terms and Conditions will be set forth in the Applicable Pricing Supplement. With respect to Notes to be listed on BESA, the Applicable Pricing Supplement will be delivered to BESA and STRATE Limited (the “**Central Depository**”), on or before the date of issue of such Notes and the Notes may be traded by or through members of BESA from the date specified in the Applicable Pricing Supplement.

The Programme provides that Notes may be listed on such other or further exchange as may be agreed between the Issuer and the relevant Dealer(s). Senior, Subordinated as well as unlisted Notes may also be issued under this Programme. The placement of trades of unlisted Notes under this Programme may (at the sole discretion of the Issuer) be reported through the BESA reporting system in order for the settlement of trades to take place in accordance with the electronic settlement procedures of BESA, the Participants (as defined in the Terms and Conditions) and the Central Depository. The trading and/or settlement of the unlisted Notes will not be guaranteed by the Bond Exchange Guarantee Fund.

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified under “*Summary of Programme*” and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a “**Dealer**” and together the “**Dealers**”). The Dealer or Dealers with whom the Issuer agrees or proposes to agree on the issue of any Notes is or are referred to as the “**relevant Dealer**” in respect of those Notes.

The Issuer may at any time obtain a rating from a rating agency for the Programme or any issue of Notes issued pursuant to the Programme. However, this Programme has, as at the date of this Programme Memorandum, not been rated by any rating agency.

Arranger, Dealer and Sponsoring Member
The Standard Bank of South Africa Limited

Dealers

**FirstRand Bank Limited, acting through its Rand
Merchant Bank division**

Investec Bank Limited

The Issuer accepts responsibility for the information contained in this Programme Memorandum. 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 anything likely to affect the import of such information.

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

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

The Arranger, the Dealers, BESA and other professional advisers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger, the Dealers, BESA and/or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arranger, the Dealers, BESA 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 to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, the Dealers or other professional advisers.

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

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

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Arranger and the Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, inter alia, the most recent financial statements, if any, of the Issuer when deciding whether or not to purchase any Notes.

This Programme Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Programme Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Programme Memorandum and the offer or sale of Notes in the United States of America,

the United Kingdom, European Economic Area and the Republic of South Africa. None of the Issuer, the Arranger, the Dealers, BESA or the other professional advisers represent that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealers, BESA or the 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 or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. The Dealers have represented that all the offers and sales by them will be made in compliance with this prohibition.

This Programme Memorandum is not for distribution in, and does not constitute an offer of securities for sale or subscription in, the United States of America or in any other jurisdiction in which such an offer for sale or subscription would be unlawful or would require qualification or registration. Securities may not be offered in the United States of America without registration or an exemption from registration under the securities laws of the United States of America or in any other jurisdiction, except in accordance with applicable law. Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"). Notes may not be offered, sold or delivered within the United States of America or to U.S. persons or persons resident in the United States of America, except in accordance with Regulation S under the Securities Act.

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

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

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, which is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may 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.

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE.....	5
GENERAL DESCRIPTION OF THE PROGRAMME.....	6
SUMMARY OF THE PROGRAMME.....	7
FORM OF THE NOTES.....	12
PRO FORMA PRICING SUPPLEMENT	14
TERMS AND CONDITIONS OF THE NOTES.....	19
USE OF PROCEEDS	38
THE ISSUER	39
SETTLEMENT, CLEARING AND TRANSFERS	45
SOUTH AFRICAN TAXATION.....	47
SUBSCRIPTION AND SALE	49
GENERAL INFORMATION	52

DOCUMENTS INCORPORATED BY REFERENCE

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

- (a) all supplements to this Programme Memorandum circulated by the Issuer from time to time in accordance with the undertakings given by the Issuer in the Programme Agreement (as defined in “*Subscription and Sale*” below);
- (b) in respect of any issue of Notes, the published annual report incorporating the audited annual financial statements, and notes thereto, and the published unaudited interim financial statements, to the extent applicable, of the Issuer for the three financial years prior to such issue;
- (c) the most recently prepared commercial paper memorandum (“**CP Memorandum**”) containing the disclosure requirements of the Banks Act, 94 of 1990 (the “**Banks Act**”) to the extent they are applicable;
- (d) the Revised Trust Deed entered into between the Issuer and Harrow Court Trustees on 31 July 2002, as revised, amended and/or superseded from time to time (the “**Trust Deed**”) and
- (e) the rating agency reports in respect of the Issuer as issued from time to time,

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

The Issuer will, in connection with the listing of the Notes on BESA, or its successor or on such other or further exchange or exchanges as may be agreed between the Issuer and the relevant Dealer(s), so long as any Note remains outstanding and listed on such exchange, in the event of a material adverse change in the condition (financial or otherwise) of the Issuer which is not reflected in this Programme Memorandum, prepare a further supplement to the Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of Notes to be so listed. If the terms of the Programme are modified or amended in a manner which would make this Programme Memorandum, as supplemented, inaccurate or misleading, a new Programme Memorandum will be prepared.

Any new Programme Memorandum or Programme Memorandum as supplemented shall be deemed to have been substituted for the previous Programme Memorandum from the date of its issue.

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

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may from time to time issue Notes denominated in the currency specified in the Applicable Pricing Supplement. A summary of the Programme and the Terms and Conditions of the Notes appears below.

The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions incorporated by reference into the Notes, as modified and supplemented by the Applicable Pricing Supplement incorporated by reference into such Notes, and any supplementary Programme Memorandum.

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

- (a) the ZAR equivalent of Notes denominated in another currency shall be determined at or about the time at which an agreement is reached for the issue of such Notes as between the Issuer and the relevant Dealer(s) on the basis of the spot rate at such time for the sale of such ZAR amount against the purchase of such currency or unit of account in the Johannesburg inter-bank foreign exchange market, as quoted by any leading bank selected by the Issuer and the relevant Dealer(s);
- (b) the amount of Index-Linked Notes (as defined in the Terms and Conditions) shall be calculated by reference to the original nominal amount of such Notes;
- (c) the amount of any non-interest bearing Notes and other Notes issued at a discount or premium shall be calculated by reference to the net subscription proceeds received by the Issuer for the relevant issue.

From time to time the Issuer may wish to increase the aggregate nominal amount of the Notes that may be issued under the Programme. Subject to the requirements of BESA and/or any such other exchange or exchanges on which the Notes may be listed or in terms of any law, the Issuer may, without the consent of Noteholders, increase the aggregate nominal amount of the Notes that may be issued under the Programme by delivering a notice thereof to Noteholders and the relevant exchange in accordance with Condition 16 of the Terms and Conditions. Upon such notice being given, all references in the Programme Memorandum or any other agreement, deed or document in relation to the Programme, to the aggregate nominal amount of the Notes, shall be and shall be deemed to be references to the increased aggregate nominal amount.

In the event that the Issuer issues unlisted Notes, or any Notes are listed on any exchange other than BESA, the Issuer shall, no later than the last day of the month of such issue, inform BESA in writing of the Nominal Amount and Redemption Date in respect of such Notes.

SUMMARY OF THE PROGRAMME

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

Issuer	Infrastructure Finance Corporation Limited, registration number 1996/001482/06 (“INCA”);
Arranger	The Standard Bank of South Africa Limited;
Blocked Rand	Blocked Rand may be used for the purchase of Notes, subject to South African Exchange Control Regulations;
Calculation Agent	In relation to any Tranche of Notes the Issuer or such other person as agreed by the Issuer and the relevant Dealer(s) and specified in the Applicable Pricing Supplement as the Calculation Agent;
Capital Requirement Guidelines	The capital requirement guidelines set out in the Trust Deed;
Central Depository	STRATE Limited (Registration Number 1998/022242/06), or its nominee, operating in terms of the Securities Services Act, 2004 (or any successor Act thereto), or any additional or alternate depository approved by the Issuer and the relevant Dealer(s);
Clearing and Settlement	Listed Notes will be cleared and settled in accordance with the rules of BESA, the Participants and the Central Depository. Listed Notes have been accepted for clearance through the Central Depository, which forms part of the BESA clearing system that is managed by the Central Depository and may be accepted for clearance through any additional clearing system as may be agreed between BESA, the Issuer and the relevant Dealer(s);
Cross Default	Senior Notes of the Issuer will contain a cross default in respect of Borrowed Money (as defined in Condition 11) of, or assumed or guaranteed by, the Issuer. See Condition 11 for further details;
Currency	As specified in the Applicable Pricing Supplement;
Dealers	FirstRand Bank Limited, acting through its Rand Merchant Bank Division, Investec Bank Limited and The Standard Bank of South Africa Limited;
Denomination	Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the Applicable Pricing Supplement;
Description	INCA ZAR 10,000,000,000 Domestic Medium Term Note Programme;

Distribution	Notes may be distributed by way of private placement or any other means permitted by law and in each case on a syndicated or non-syndicated basis;
Form of Notes	Notes will be issued in the form of Registered Notes, Order Notes or Bearer Notes as described in “ <i>Form of Notes</i> ”. In the case of Registered Notes which are listed on BESA each Tranche of Notes will initially be evidenced by a Global Certificate, without interest coupons, which shall be deposited before its issue date with the Central Depository and registered in the name of the nominee of the Central Depository. Beneficial Interests in a Global Certificate will not be exchangeable for Individual Certificates except in the circumstances described in this Programme Memorandum. Individual Notes will be issued in respect of unlisted Registered Notes, Bearer Notes and Order Notes;
Governing Law	The Notes will be governed by, and construed in accordance with the laws of the Republic of South Africa;
Interest Period(s) or Interest Payment Date(s)	Such period(s) or date(s) as the Issuer and the relevant Dealer(s) may agree (as indicated in the Applicable Pricing Supplement);
ISDA	International Swaps and Derivatives Association Inc;
ISDA Definitions	Definitions of words and expressions as issued by ISDA and intended for use in confirmations of individual transactions governed by agreements such as the 2002 ISDA Master Agreements published by ISDA;
Issue Price	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par (as indicated in the Applicable Pricing Supplement);
Issue and Transfer Taxes	<p>No stamp duty, marketable securities tax, uncertificated securities tax or any similar tax is payable in respect of the issue or transfer of marketable securities or securities qualifying as instruments as contemplated in Section 24J of the Income Tax Act, 1962 under current South African law.</p> <p>Accordingly, no stamp duty (as contemplated in the Stamp Duties Act, 1968) and no uncertificated securities tax (as contemplated in the Uncertificated Securities Tax Act, 1998) is payable on the issue or transfer of the Notes;</p>
Listing	The Programme has been listed by BESA. Notes issued under the Programme may be listed on BESA (or any successor exchange or such other further exchange as may be determined by the Issuer and the relevant Dealer(s) in relation to such issue). Unlisted Notes may also be issued under the Programme. The placement of trades of unlisted Notes under this Programme may (at the sole discretion of the Issuer) be reported through the BESA reporting system in order for the settlement of trades to take place in accordance with the electronic settlement procedures of BESA, the Participants and the Central Depository. The trading and/or settlement of unlisted Notes will not be guaranteed by the Bond Exchange Guarantee Fund. The Applicable

Pricing Supplement in respect of a Tranche will specify whether or not such Notes will be listed and, if so, on which exchange;

Maturities

In respect of listed Notes, such maturity(ies) that are acceptable to BESA (or such other or further exchange or exchanges as may be selected by the Issuer and the relevant Dealer(s) in relation to such issue) and, for all Notes, that are specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum maturity;

Notes

Notes may comprise:

Fixed Rate Notes which will bear interest at a fixed rate, as indicated in the Applicable Pricing Supplement;

Floating Rate Notes which will bear interest determined with reference to the rate specified in the Applicable Pricing Supplement;

Zero Coupon Notes which may 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 in the Applicable Pricing Supplement);

Index-Linked Notes in respect of which 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;

Other Notes: Terms applicable to any other type of Notes that are approved by BESA, or its successor, or such other or further exchange or exchanges as may be selected by the Issuer and the relevant Dealer(s) 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;

Participants

Persons accepted by the Central Depository as participants in terms of the Securities Services Act, 2004;

Rating

The Issuer may at any time obtain a rating from a rating agency for the Programme or any issue of Notes issued pursuant to the Programme. However, this Programme has, as at the date of this Programme Memorandum, not been rated by any rating agency;

Redemption

The Applicable Pricing Supplement relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or, in the case of Senior Notes only, the Noteholders upon giving not less than 15 nor more than 30 days' irrevocable notice (or such other notice period (if any) as is indicated in the Applicable Pricing Supplement) to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the Applicable Pricing Supplement. See Condition 7 for further details;

Register

The Transfer Secretary shall on behalf of the Issuer maintain a Register of Noteholders which shall be closed for certain periods in accordance

with the provisions of Condition 14 and the section headed “*Form of Notes*”. In respect of listed Notes, the Transfer Secretary will list in the Register, the Central Depository (or its nominee) and any holders of Individual Certificates. In addition, the Central Depository will keep records of the Participants with Notes credited to their accounts and the Participants will keep an electronic sub-register of Noteholders with a beneficial interest in Notes immobilised at the Central Depository;

Selling Restrictions

There are restrictions on the sale of Notes and the distribution of offering materials in various jurisdictions. See the section entitled “*Subscription and Sale*”, and such restrictions as may be imposed in the Applicable Pricing Supplement;

Settlement Agents

As at the date of this Programme Memorandum, the BESA recognised Settlement Agents are the South African Reserve Bank, ABSA Bank Limited, FirstRand Bank Limited, Nedcor Bank Limited and The Standard Bank of South Africa Limited. Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking société anonyme (Clearstream Luxembourg) (“**Clearstream**”) will settle offshore transfers through their Settlement Agent, The Standard Bank of South Africa Limited;

Size

Up to ZAR 10,000,000,000 may be outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement;

Stabilisation

In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer, if any, which is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any person acting for the Stabilising Manager) may 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;

Status of the Senior Notes

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

Status and Characteristics relating to Subordinated Notes

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

Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound up, then and in any such event, the claims of the persons entitled to be paid amounts due in respect of the Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for

other Subordinated Indebtedness (as defined below). Accordingly, no amount due on the Subordinated Notes shall be eligible for setting-off or shall be payable to any or all the persons entitled to be paid amounts due in respect of the Subordinated Notes until all other indebtedness of the Issuer which is admissible in any such dissolution, liquidation or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

“**Subordinated Indebtedness**” means any indebtedness of the Issuer, including any guarantee by the Issuer, under which the right of payment of the person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer in the event of the dissolution of the Issuer or if the Issuer is wound up or placed in liquidation;

Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa, subject to certain exceptions as provided in Condition 8. In the event that withholding tax or such other deduction is required by law, then, subject to certain exceptions as provided in Condition 8, 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;

Transfer Secretary

Computershare Investor Services 2004 (Proprietary) Limited;

Trust Deed

The Notes are issued with the benefit of a Trust Deed entered into between the Issuer and Harrow Court Trustees (Proprietary) Limited on 31 July 2002, as revised, amended and/or superseded;

Trustee

Harrow Court Trustees (Proprietary) Limited, or its successor appointed in terms of the Trust Deed;

ZAR-JIBAR-SAFEX

Means the mid-market rate for deposits in South African Rand for a period of the Designated Maturity which appears on the Reuters Screen SAFEX Page as at 11:00 am, Johannesburg time on the relevant date.

FORM OF THE NOTES

Words used in this section shall have the same meanings as defined in the section entitled “Terms and Conditions of the Notes” below, unless otherwise defined in this section or such meaning is clearly inappropriate from the context. The contents of this section shall not form part of the Terms and Conditions and may not be utilised in interpreting the Terms and Conditions.

Notes may be issued in registered, bearer or order form, as specified in the Applicable Pricing Supplement.

The Notes may be listed on the Bond Exchange of South Africa, a licensed financial exchange in terms of the Securities Services Act, 2004 (“**BESA**”) and/or a successor exchange to BESA or such other or further exchange or exchanges as the Issuer and the relevant Dealer(s) may select in relation to an issue. Each Tranche of Notes listed on BESA will be issued in accordance with the terms and conditions set out below in this Programme Memorandum (the “**Terms and Conditions**”) in the form of a single registered certificate, without interest coupons (the “**Global Certificate**”), which will be lodged and immobilised in STRATE Limited (Registration Number 1998/022242/06), or its nominee, operating in terms of the Securities Services Act, 2004 (or any successor legislation thereto) (the “**Central Depository**”), which forms part of the settlement system of BESA. This will entail that the Notes, represented by the Global Certificate, will be deposited with and registered in the name of, and for the account of the Central Depository.

All Notes not represented by a Global Certificate, including Bearer Notes and Order Notes (each as defined below), shall be issued in definitive form (“**Individual Certificates**”).

LISTED REGISTERED NOTES

Beneficial interests in Notes which are lodged in the form of the Global Certificate in the Central Depository (“**Beneficial Interests**”) may, in terms of existing law and practice, be transferred through the Central Depository by way of book entry in the securities accounts of the participants in the Central Depository (“**Participants**”), who are also approved by BESA to act as settlement agents and therefore perform electronic settlement of both funds and scrip on behalf of market participants. A certificate or other document issued by a Participant as to the nominal amount of such Beneficial Interest in Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest.

Beneficial Interests in Notes may be exchanged, without charge by the Issuer, for Individual Certificates in accordance with the provisions of Condition 13 of the Terms and Conditions. The Notes represented by the Global Certificate and Individual Certificates will be registered in the names of the Noteholders in the register of Noteholders maintained by the Transfer Secretary (the “**Register**”). The Issuer shall regard the Register as the conclusive record of title to the Notes. With regard to Notes listed on BESA, the Central Depository shall be recognised by the Issuer as the owner of the Notes represented by the Global Certificate and the registered holders of Individual Certificates shall be recognised by the Issuer as the owners of the Notes represented by such Individual Certificates.

UNLISTED NOTES

Unlisted Notes shall be issued in the form of Individual Certificates and may only be transferred in accordance with the provisions of Condition 12.

BEARER AND ORDER NOTES

Notes may be issued in bearer form (“**Bearer Notes**”) or in order form (“**Order Notes**”). Title to a Bearer Note will pass by delivery of the Individual Certificate in respect of such Bearer Note. Title to an Order Note, will pass by way of Endorsement and delivery of the Individual Certificate in respect of such Order Note.

UNCERTIFICATED NOTES

In the event that the Notes are issued electronically in uncertificated form and listed on BESA and/or a successor exchange to BESA or such other or further exchange or exchanges as the Issuer and the relevant Dealer(s) may select in relation to an issue, such Notes shall be registered in the name of Central Depository

Nominees (Proprietary) Limited, a wholly owned subsidiary of the Central Depository. The Issuer shall recognise Central Depository Nominees (Proprietary) Limited as the owner of all uncertificated securities issued by it.

Where Notes are issued in uncertificated form, they shall not be evidenced by a certificate and subject to the section 39(2)(h) of the Securities Services Act, 2004, no certificates shall be issued in respect thereof. Where certificates are issued in terms of this section, the Issuer shall recognize the certificate holder as the owner of such Notes.

Transfer of uncertificated Notes shall take place by the debiting and crediting of the respective accounts in the subregister of the Participants maintaining custody of such securities. Beneficial interests in uncertificated securities may be transferred by the debiting and crediting of the underlying accounts within such Participants. The nominal amount of Notes reflected in an underlying account shall be *prima facie* proof of such beneficial interest.

PRO FORMA PRICING SUPPLEMENT

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

INFRASTRUCTURE FINANCE CORPORATION LIMITED

(Incorporated with limited liability in South Africa)

(Registration number 1996/001482/06)

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

Under its ZAR 10,000,000,000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Programme Memorandum dated [] (the “**Programme Memorandum**”). This Pricing Supplement must be read in conjunction with such Programme Memorandum. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

DESCRIPTION OF THE NOTES

1. Issuer	Infrastructure Finance Corporation Limited
2. Ranking	[Senior/Subordinated]
3. Status of Notes	[Secured/Unsecured]
4. Tranche No.	[]
5. Series No.	[]
6. Aggregate Nominal Amount	[]
7. Form of Notes	[Registered/Bearer/Order]
8. Interest/Payment Basis	[Fixed Rate/Floating Rate/Index-Linked/Zero Coupon/other]
9. Issue Date	[]
10. Specified Denomination	[]
11. Issue Price	[]
12. Issue Yield to Maturity	[]
13. Interest Commencement Date	[]
14. Redemption Date	[]
15. Final Redemption Amount	[]
16. Last Date to Register	[]
17. Books Closed Period(s)	The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Redemption Date)

18. Default Rate []
19. Specified Currency []
20. Applicable Business Day Convention [Following Business Day/ other convention – insert details]

FIXED RATE NOTES

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

FLOATING RATE NOTES

22. (a) Interest Payment Date(s) []
- (b) Interest Period(s) []
- (c) Definition of Business Day (if different from that set out in Condition 5) []
- (d) Rate of Interest []
- (e) Minimum Rate of Interest [] per cent. per annum
- (f) Maximum Rate of Interest [] per cent. per annum
- (g) Other terms relating to the method of calculating interest (e.g. day count fraction, rounding up provision, if different from Condition 5) []
23. Manner in which the Rate of Interest is to be determined [ISDA Determination/Screen Rate Determination/other (insert details)]
24. Margin [(+/-) () per cent. per annum to be added to/subtracted from the relevant (ISDA Rate/Reference Rate)]
25. If ISDA Determination
- (a) Floating Rate []
- (b) Floating Rate Option []
- (c) Designated Maturity []
- (d) Reset Date(s) []
26. If Screen Determination
- (a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated) [e.g ZAR-JIBAR-SAFEX]
- (b) Interest Rate Determination Date(s) []
- (c) Relevant Screen page and Reference Code []

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

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

ZERO COUPON NOTES

29. (a) Implied Yield []
(b) Reference Price []
(c) Any other formula or basis for determining []
amount(s) payable

INDEX-LINKED NOTES

30. (a) Type of Index-Linked Notes [Indexed Interest Notes / Indexed
Redemption 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) Calculation Agent []
- (g) Provisions where calculation by reference []
to Index and/or Formula is impossible or
impracticable
- (h) Definition of Business Day (if different []
from that set out in Condition 5)
- (i) Minimum Rate of Interest []
- (j) Maximum Rate of Interest []
- (k) Other terms relating to the method of []
calculating interest (e.g.: Day Count Fraction,
rounding up provision)

OTHER NOTES

31. If Notes are not Fixed Rate Notes, Floating Rate []
Notes, Zero Coupon Notes or Index-Linked Notes,
set out the relevant description and any additional
Terms and Conditions relating to such Notes

**PROVISIONS REGARDING REDEMPTION/
MATURITY**

32. Issuer's Optional Redemption: [Yes/No]

If yes

(a) Optional Redemption Date(s) []

(b) Optional Redemption Amount(s) and method, if any, of calculation of such amount []

(c) If redeemable in part:

Minimum Redemption Amount(s) []

Higher Redemption Amount(s) []

(d) Other terms applicable on Redemption []

33. Redemption at the Option of the Senior Noteholders: [Yes/No]

If yes

(a) Optional Redemption Date(s) []

(b) Optional Redemption Amount(s) []

(c) If redeemable in part: []

Minimum Redemption Amount(s)

Higher Redemption Amount(s)

(d) Other terms applicable on Redemption []

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

GENERAL

35. Calculation Agent []

36. Transfer Secretary []

37. Paying Agent []

38. Stabilising Manager (if any) []

39. Provisions relating to stabilisation (if any) []

40. Additional selling restrictions []

41. (a) International Securities Identification Number (ISIN) []

(b) Stock Code []

42. Exchange []

43. Governing law (if the laws of the Republic of South Africa are not applicable) []

44. If syndicated, names of Managers []

45. Credit Rating assigned to Notes (if any) []

If yes, rating agency and credit rating []

46. Commercial Paper Disclosure Requirements
- (a) Amount of commercial paper already issued []
 - (b) Estimate of commercial paper to be issued []
during the current financial year
47. Other provisions []

Application is hereby made to list this issue of Notes as from (date of Issue of Notes).

Signed at on

INFRASTRUCTURE FINANCE CORPORATION LIMITED

Issuer

By:
Director duly authorised

By:
Director duly authorised

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of Notes to be issued by the Issuer which will be incorporated by reference into each Note. The Applicable Pricing Supplement in relation to any Tranche of Notes supplements these Terms and Conditions and may specify other terms and conditions which shall to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The Applicable Pricing Supplement will be attached to each Note. Capitalised terms not separately defined herein shall bear the meaning given to them in the Applicable Pricing Supplement.

The Notes are issued by Infrastructure Finance Corporation Limited (the “**Issuer**” or “**INCA**”) in Tranches (as defined below). References herein to the “**Notes**” shall mean any Note issued pursuant to this Programme subject to these Terms and Conditions.

The Notes also have the benefit of an Agency Agreement (such agreement as from time to time modified, supplemented and/or restated the “**Agency Agreement**”) dated 24 July 2002 and made between, INCA and Computershare Investor Services 2004 (Proprietary) Limited as transfer secretary (the “**Transfer Secretary**”, which expression shall include any successor transfer secretary) and the benefit of a Trust Deed (such deed as from time to time modified, supplemented and/or restated the “**Trust Deed**”) dated 31 July 2002 and made between INCA and Harrow Court Trustees (Proprietary) Limited as trustee (the “**Trustee**”, which expression shall include any successor trustee).

Before the Issuer issues any listed Tranche of Notes, the Issuer shall complete, sign and deliver to the Bond Exchange of South Africa (“**BESA**”) and STRATE Limited (the “**Central Depository**”) a pricing supplement based on the Pro Forma Pricing Supplement included in the Programme Memorandum (the “**Applicable Pricing Supplement**”) setting out details of such Notes.

If there is any conflict or inconsistency between the provisions set out in the 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.

As used herein, “**Tranche**” means Notes which are identical in all respects (including as to listing) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices. The term “**Nominal Amount**” means, 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.

Copies of the Trust Deed, the Agency Agreement and the Applicable Pricing Supplement are available for inspection at the specified offices of the Issuer. The Noteholders are deemed to have notice of, and are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the Applicable Pricing Supplement.

Words and expressions defined in the Trust Deed, the Agency Agreement or 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.

References to the Central Depository shall, whenever the context so requires, be deemed to include a reference to any additional, alternative or successor depository approved by the Issuer and the relevant Dealer(s). References to BESA shall include any exchange which operates as a successor exchange to BESA.

1 **FORM AND DENOMINATION**

1.1 **General**

The Notes may be in registered order or bearer form (“**Notes**”) as specified in the Applicable Pricing Supplement and the certificates evidencing Notes (“**Certificates**”, which may, as the

context requires, include Global Certificates and/or Individual Certificates) shall be serially numbered.

A Note may be a Senior Note or a Subordinated Note, as indicated in the Applicable Pricing Supplement.

A Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Note or such other type of Note as may be agreed by the Issuer and the relevant Dealer(s), as indicated in the Applicable Pricing Supplement.

The Notes will be issued in such minimum denominations as set out in the Applicable Pricing Supplement.

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

1.2 **Registered Notes**

Each Tranche of Notes issued in registered form (“**Registered Notes**”) and listed on BESA will be transferable in accordance with Condition 12.1 and will be issued in the form of a Global Certificate, which will be deposited with and registered in the name of, and for the account of the Central Depository or its nominee. An owner of a Beneficial Interest in the Notes represented by the Global Certificate shall be entitled to exchange such Beneficial Interest for an Individual Certificate in accordance with Condition 13.

Unlisted Registered Notes may be issued under the Programme.

1.3 **Bearer Notes and Order Notes**

Individual Certificates will be issued in respect of Notes payable to the bearer of the Individual Certificate in respect thereof, transferable by way of delivery in accordance with Condition 12.2 (“**Bearer Notes**”) or Notes payable to the person reflected (either as the subscriber or by way of Endorsement) as the payee on an Individual Certificate in respect of an Order Note and to whom such Individual Certificate has been delivered (the “**Payee**”) on the Individual Certificate issued in respect thereof transferable by way of Endorsement (as defined below) and delivery in accordance with Condition 12.3 (“**Order Notes**”).

2 **TITLE**

2.1 **Registered Notes**

Subject to the provisions set out below, title to Registered Notes will pass upon registration of transfer in the register of Noteholders kept by or on behalf of the Issuer in accordance with these Conditions (the “**Register**”).

The Issuer may deem and treat the person reflected in the Register as the holder of any Registered Note as the absolute owner of the Note (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Certificate, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes are represented by a Certificate registered in the name of, and held by the Central Depository (a “**Global Certificate**”), each holder of a beneficial interest in Notes represented by a Global Certificate (“**Beneficial Interests**”) (in which regard any certificate or other document issued by a depository institution accepted by the Central Depository as a participant in terms of the Securities Services Act, 2004 (or any successor Act) (a “**Participant**”), as to the Nominal Amount of such Beneficial Interest in Notes standing to the account of any person shall be *prima facie* proof of such Beneficial Interest), shall be treated by the Issuer as the Noteholder of such Nominal Amount of such Notes (represented by such Beneficial Interest) for all purposes, other than with respect to the payment of principal or interest on the Notes and with respect to notices in respect of meetings. For the purposes of the payment of principal or interest on the Notes, the registered holder of the Notes reflected in the

Register shall be treated by the Issuer as the holder of such Notes in accordance with and subject to these Conditions.

Should an Event of Default (as defined in Condition 11) occur, then for the purposes of pursuing a remedy against the Issuer pursuant to Condition 11, the holder of a Beneficial Interest shall be deemed to be in the same position as a holder of an individual certificate (an “**Individual Certificate**”) whose name was entered in the Register.

2.2 **Bearer Notes**

Title to Bearer Notes will pass by delivery of the Individual Certificate in respect of such Note, in accordance with Condition 12.2. The Issuer and the Transfer Secretary may deem and treat the Bearer of any such Certificate as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes.

2.3 **Order Notes**

Title to Order Notes will initially pass by “indorsement”, *mutatis mutandis*, within the meaning of the Bills of Exchange Act, 1964 (“**Endorsement**”) and delivery of the Individual Certificate in respect of such Note, in accordance with Condition 12.3. Any Individual Certificate in respect of an Order Note upon which the last Endorsement is an Endorsement which specifies no named Payee shall be treated as a Bearer Note, for so long as not subject to further Endorsement. The Issuer and the Transfer Secretary may deem and treat the person who from the face of the Certificate relating to an Order Note appears to be the Payee thereto as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or notice of any previous loss or theft thereof) for all purposes and payment to such person or their duly authorised representative shall discharge the Issuer from all liability to the Payee in relation to such Individual Certificate, even if such Endorsement has been forged or made without authority. Provided the Issuer pays any amount due upon presentation and surrender of an Individual Certificate in respect of an Order Note, in good faith, it shall not be incumbent upon the Issuer or the Transfer Secretary to determine or prove that the Endorsement of the Payee making such Endorsement was made by or under the authority of the person whose Endorsement it purports to be.

2.4 **Noteholders**

In these Conditions a “**Noteholder**” and “**holder**” means a person whose name is recorded in the Register as the holder of the Note, in relation to a Registered Note, and/or the Bearer of a Bearer Note and/or the Payee of an Order Note.

3 **SENIOR NOTES**

The Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

4 **STATUS AND CHARACTERISTICS RELATING TO SUBORDINATED NOTES**

Notes issued with the status and characteristics set out in this Condition 4 (“**Subordinated Notes**”) constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those that have been accorded by law preferential rights.

Subject to applicable law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound-up the claims of the persons entitled to be paid amounts due in respect of the Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness (as defined below). Accordingly, no amount due on the Subordinated Notes shall be eligible for setting-off or shall be payable to any or all the persons entitled to be paid amounts due in respect of the Subordinated Notes in respect of the obligations of the

Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution, insolvency or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

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

5 INTEREST

5.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its Nominal Amount from (and including) the Interest Commencement Date to (but excluding) the Redemption Date at the rate(s) per annum equal to the Fixed Rate(s) of Interest so specified in the Applicable Pricing Supplement payable in arrear on the Fixed Interest Date(s) in each year and on the Redemption Date so specified in the Applicable Pricing Supplement if that does not fall on a Fixed Interest Date. The first payment of interest will be made on the Fixed Interest Date following the Interest Commencement Date and, if the first anniversary of the Interest Commencement Date is not a Fixed Interest Date, will amount to the Initial Broken Amount specified in the Applicable Pricing Supplement. If the Redemption Date is not a Fixed Interest Date, interest from (and including) the preceding Fixed Interest Date (or the Interest Commencement Date, as the case may be) to (but excluding) the Redemption Date will amount to the Final Broken Amount. Unless otherwise specified and subject to specification of the Initial Broken Amount or the Final Broken Amount, the interest in respect of any six-monthly period shall be calculated by dividing the Fixed Rate of Interest by two and multiplying the product by the Nominal Amount.

Unless otherwise specified and subject to specification of the Initial Broken Amount or the Final Broken Amount, if interest is required to be calculated for a period of other than one year (in the case of annual interest payments) or other than six months (in the case of semi-annual interest payments), as the case may be, such interest shall be calculated on the basis of the actual number of days in such period divided by 365.

5.2 Interest on Floating Rate Notes

General

Floating Rate Notes will bear interest (i) on the same basis as the floating rate note under a notional interest rate swap transaction in South African Rand governed by an agreement incorporating the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) and as amended and updated as at the issue date of the first Tranche of the Notes of the relevant Series (the “**ISDA Definitions**”), or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation 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).

Interest Payment Dates

Each Floating Rate Note bears interest on its Nominal Amount from (and including) the Interest Commencement Date to (but excluding) the Redemption Date at the rate equal to the Rate of Interest payable in arrear on the Interest Payment Date(s) specified in the Applicable Pricing Supplement.

Rate of Interest

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

ISDA Determination

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 a notional interest rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option is as specified in the Applicable Pricing Supplement;
- (b) the Designated Maturity is the period specified in the Applicable Pricing Supplement; and
- (c) the relevant Reset Date is either: (i) if the applicable Floating Rate Option is based on the mid-market rate for deposits in South African Rand which appears on the Reuters Screen SAFEX page as at 11:00 am Johannesburg time (“**ZAR-JIBAR-SAFEX**”) on the first day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.

For the purposes of this sub-paragraph “**Floating Rate**”, “**Floating Rate Option**”, and “**Reset Date**” have the meanings given to those terms in the ISDA Definitions.

Screen Rate Determination for Floating Rate Notes and Fallback

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 as provided 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 11.00 a.m. (or as otherwise specified in the Applicable Pricing Supplement) (Johannesburg time) on the Interest Determination Date in question plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If, five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or
- (b) If the Relevant Screen Page is not available or if, in the case of (a)(i) above, no such offered quotation appears or, in the case of (a)(ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks (as defined below) to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (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 11.00 a.m. (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 11.00 a.m. (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).

“**Reference Banks**” means four leading banks in the South African inter-bank market selected by the Calculation Agent.

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 (as defined below), the Rate of Interest in respect of such Notes will be determined as provided in the Applicable Pricing Supplement.

“**ZAR-JIBAR-SAFEX**” means the mid-market rate for deposits in South African Rand for a period of the Designated Maturity which appears on the Reuters Screen SAFEX Page as at 11:00 a.m., Johannesburg time on the relevant date.

Minimum and/or Maximum Rate of Interest

If the Applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be less than such Minimum Rate of Interest and/or if it specifies a Maximum Rate of Interest for any Interest Period, then the Rate of Interest for such Interest Period shall in no event be greater than 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 will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the amount of interest payable in respect of each Note (each an “**Interest Amount**”) for the relevant Interest Period. The Calculation Agent shall notify the Issuer of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Nominal Amount of

the Note, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest cent, half a cent being rounded upwards.

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

- (a) if “**Actual/365**” is specified in the Applicable Pricing Supplement, the actual number of elapsed days in the Interest Period divided by 365; or
- (b) such other calculation method as is specified in the Applicable Pricing Supplement.

Notification of Rate of Interest and Interest Amount

The Calculation Agent (or such other agent as is specified in the Applicable Pricing Supplement) 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 Issuer, the Central Depository, and any exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 16, as soon as possible after their determination but in no event later than the fourth Business Day (as defined in Condition 5.5) 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 each exchange on which the relevant Floating Rate Notes are for the time being listed (to the extent applicable), the Issuer, the Central Depository (to the extent applicable), and to the Noteholders in accordance with Condition 16.

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 5.2, by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest 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.

5.3 Interest on Index-Linked Notes

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

5.4 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.

5.5 Business Day Convention

If any Interest Payment Date or Fixed Interest Date (or other date) which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is the “**Following Business Day Convention**”, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day.

In these Terms and Conditions “**Business Day**” means a day (other than a Saturday or Sunday or public holiday in the Republic of South Africa) which is a day on which commercial banks

and foreign exchange markets settle payments in Johannesburg, or as defined in the Applicable Pricing Supplement.

6 PAYMENTS

Method of Payment

Payments will be made in ZAR by electronic funds transfer, to the account of the Noteholder as set forth in the Register on the Last Date to Register, or in the case of joint registered Noteholders, the account of that one of them that is first named in the Register in respect of that Note.

A registered holder of an Individual Certificate may make a written request to the Issuer at its registered address as set out herein for payment of interest or principal to be made by cheque. The consent of the Issuer to such request shall not be unreasonably withheld. All cheques shall be collected by the Noteholder or, in the case of a joint Noteholder, by the Noteholder named first in the Register at the office of the Transfer Secretary, provided that such Noteholder shall be required to present such valid form of identification and/or evidence of authority to the Transfer Secretary as the Transfer Secretary may in its sole discretion decide. All such written requests for payment by cheque by a holder of Individual Certificates shall reach the Transfer Secretary at least 14 days prior to the relevant due date for payment.

If several persons are entered in the Register as joint Noteholders then, without affecting the aforementioned, payment to any one of them of any monies payable on or in respect of the relevant Note shall be an effective and complete discharge by the Issuer of the amount so paid notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other person to or in any Note or interest therein.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

Presentation of Notes

Payments of interest and principal on an Individual Certificate shall be made to the registered holder of such Note, as shown in the Register on the close of business on the Last Date 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 Date to Register prior to the Redemption Date, to surrender such Individual Certificate at the offices of the Transfer Secretary.

Payments of interest and principal in respect of a Note represented by a Global Certificate will be made to the Central Depository, or such other registered holder of the Note represented by a Global Certificate, as shown in the Register on the Last Date to Register and the Issuer will be discharged by proper payment to, or to the order of the registered holder of the Note represented by a Global Certificate in respect of each amount so paid. Each of the persons shown in the records of the Central Depository and the Participants, as the case may be, shall look solely to the Central Depository or the Participant, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the registered holder of such Global Certificate(s).

Payment Day

If the date for payment of any amount in respect of any Note is not a Business Day and is not subject to adjustment in accordance with a Business Day Convention, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes (unless otherwise specified in the Applicable Pricing Supplement), “**Payment Day**” means any day which is a Business Day (as defined in Condition 5.5 above).

Interpretation of Principal and Interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 8;
- (b) the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- (c) the Optional Redemption Amount(s) (if any) of the Notes;
- (d) in relation to Zero Coupon Notes, the Amortised Face Amount (determined in accordance with Condition 7); and
- (e) 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 8.

7 REDEMPTION AND PURCHASE

At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Redemption Date, or, if the Redemption Date is not a Business Day, then on the next day which is a Business Day.

Redemption for Tax Reasons

If the Issuer, immediately prior to the giving of the notice referred to below, is of the reasonable opinion that:

- (a) as a result of any change in, or amendment to, the laws or regulations of the Republic of South Africa or any political sub-division of, or any authority in, or of, the Republic of South Africa having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment 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 8; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

then the Issuer may at its option, at any time (in the case of Notes other than Floating Rate Notes and Index-Linked Notes) or on any Interest Payment Date (in the case of Floating Rate Notes or Index-Linked Notes), having given not less than 30 nor more than 60 days' notice to Noteholders in accordance with Condition 16 (which notice shall be irrevocable), redeem all Notes, but not some only, at their Early Redemption Amount referred to in the paragraph headed "*Early Redemption Amounts*" below, together (if appropriate) with interest accrued to (but excluding) the date of redemption, provided that no notice of redemption shall be given earlier than 90 days before the earliest date on which the Issuer would be required to pay such additional amounts were a payment in respect of the Notes due.

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 15 nor more than 30 days' irrevocable notice to the Noteholders in accordance with Condition 16, redeem all or some of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a Nominal Amount equal to or greater than the Minimum Redemption Amount or equal to or less than the Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement. In the case of a partial redemption of Notes, the Notes to be redeemed (“**Redeemed Notes**”) will be selected individually by lot, in the case of Redeemed Notes represented by Individual Certificates, and in accordance with the rules of Central Depository, the Settlement Agents and BESA, in the case of Redeemed Notes represented by a Global Certificate, and in each case not more than 30 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 16 not less than 15 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 represented by a Global Certificate shall be equal to the balance of the Redeemed Notes. No exchange of the Beneficial Interests 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 16 at least five days prior to the Selection Date.

Holders of Redeemed Notes shall surrender the Certificates in respect thereof in accordance with the provisions of the notice given by the Issuer specified above. Where only a portion of the Notes represented by such Certificate are redeemed, the Transfer Secretary shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

“**Settlement Agent**” means a settlement agent as envisaged in the rules of BESA. References in these Terms and Conditions to the relevant Settlement Agent shall be a reference to the Settlement Agent appointed to act as such by the Issuer.

Redemption at the Option of the Noteholders of Senior Notes

If Noteholders of Senior Notes are specified in the Applicable Pricing Supplement as having an option to request the redemption of Notes, such holders may exercise such option, in the case of Individual Certificates, by delivering to the Transfer Secretary, in accordance with Condition 16, a duly executed notice (“**Put Notice**”), at least 15 days but not more than 30 days, prior to the Optional Redemption Date.

The redemption of Notes represented by Global Certificate shall take place in accordance with the Applicable Procedures (defined in Condition 12 below) as set out by BESA, the Central Depository and the Settlement Agents.

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

In the event that the redeeming Noteholder is the holder of an Individual Certificate, then such Noteholder shall deliver the Individual Certificate (attached to the Put Notice) to the Transfer Secretary for cancellation. A holder of an Individual Certificate shall in his 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 of the Transfer Secretary. Put Notices shall be available from the specified offices of the Transfer Secretary.

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 Noteholder, at its option, may elect by notice to the Issuer and the Transfer Secretary to withdraw the notice given pursuant to this paragraph and instead to declare such Senior Note forthwith due and payable pursuant to Condition 11.

Early Redemption Amounts

For the purpose of the paragraph headed “*Redemption for Tax Reasons*” above and Condition 11, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

- (a) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (b) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, or determined in the manner specified in, the Applicable Pricing Supplement at that Final Redemption Amount or, if no such amount or manner is so specified in the Pricing Supplement, at their Nominal Amount; or
- (c) in the case of Zero Coupon Notes, at an amount (the “**Amortised Face Amount**”) equal to the sum of: (i) the Reference Price; and (ii) the product of the Accrual 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 such other amount as is provided in the Applicable Pricing Supplement.

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

Purchases

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

Cancellation

All Notes which are redeemed will forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to the paragraph headed “*Purchases*” above shall be forwarded to the Transfer Secretary and cannot be re-issued or resold. Where only a portion of the Notes represented by such Certificate are redeemed, the Transfer Secretary shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

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 the paragraphs headed “*Method of Payment*”, “*Presentation of Notes*”, “*Payment Day*”, or “*Interpretation of Principal and Interest*” above or upon its becoming due and repayable as provided in Condition 11 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 the paragraph headed “*Early Redemption Amounts, sub-paragraph (c)*” above 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) five days after the date on which the full amount of the moneys payable has been received by the Central Depository, and notice to that effect has been given to the Noteholder in accordance with Condition 16.

8 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 the Republic 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:

- (a) 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 the Republic of South Africa other than the mere holding of such Note or the receipt of principal or interest in respect thereof; or
- (b) held by or on behalf of a Noteholder who would not be liable or subject to the withholding or deduction by making a declaration of non-residency or other similar claim for exemption to the relevant tax authority; or
- (c) where (in the case of payment of principal or interest which is conditional on the surrender of the relevant Certificate) such Certificate is surrendered for payment more than 30 days after the Relevant Date (as defined below) 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
- (d) if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters.

As used herein, the “**Relevant Date**” means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Central Depository on or prior to such due date, it means the date on which the full amount of such moneys having been so received, and notice to that effect is duly given to the Noteholders in accordance with Condition 16.

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.

9 **PRESCRIPTION**

The Notes will become void unless presented for payment of principal and interest within a period of 3 years after their Redemption Date, save that any Certificate constituting a “*bill of exchange or other negotiable instrument*” in accordance with section 11 of the Prescription Act, 1969 will become void unless presented for payment of principal and interest within a period of 6 years after their Redemption Date.

10 **TRUST DEED AND THE CAPITAL REQUIREMENT GUIDELINES**

In addition to the rights set out in these Terms and Conditions, the Noteholders shall have all of the rights afforded to them in the Trust Deed, and the Notes are issued subject to the terms of the Trust Deed. The primary purpose of the Trust Deed is to ensure that for so long as there are Notes in issue, the Issuer shall pursue its main object and business (being the providing finance for the development and maintenance of infrastructure in South Africa) in accordance with the capital requirement guidelines set forth in the Trust Deed (the “**Capital Requirement Guidelines**”).

11 **EVENTS OF DEFAULT**

Senior Notes

If any one or more of the following events (each an “**Event of Default**”) shall have occurred and be continuing:

- 11.1 the Issuer fails to pay any amount in respect of the Senior Notes, whether in respect of interest or principal, on the due date for payment thereof and the Issuer remains in default for

- more than fourteen days after the date of a written demand therefor by any Senior Noteholder; or
- 11.2 the Issuer fails to perform or observe any of its other obligations under any Senior Notes and such failure has continued for the period of fourteen days following the service on the Issuer of a notice requiring the same to be remedied and the holder cannot be adequately compensated for such failure by an order for specific performance or damages; or
- 11.3 the Issuer or any of its Material Subsidiaries defaults in the payment of the principal or interest on any obligations in respect of Borrowed Money of, or assumed or guaranteed by, the Issuer or any of its Material Subsidiaries when and as the same shall become due and payable or capable of being declared due and payable, if such default shall have continued for more than the period of grace (if any) applicable thereto and the time for payment of such interest or principal has not been effectively extended or if any such obligations of, or assumed or guaranteed by, the Issuer or any of its Material Subsidiaries 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 provisions of this Condition shall not apply to the failure of the Issuer to make any payment in respect of Subordinated Indebtedness (as defined in Schedule 1 to the Trust Deed) if such failure to pay was as a result of compliance by the Issuer with restrictions on it contained in the Trust Deed; or
- 11.4 any action, condition or thing including the obtaining of any material consent, license, approval or authorisation now or hereafter necessary to enable the Issuer to comply with its obligations contained in the Senior Notes is not taken, fulfilled or done, or any such consent, license, approval or authorisation, shall be revoked, modified, withdrawn or withheld or shall cease to remain in full force and effect; or
- 11.5 the Issuer or any of its Material Subsidiaries is placed in liquidation, dissolved or is wound-up, whether provisionally or finally; or is placed under judicial management, whether provisionally or finally or any process similar thereto, or an order is made or an effective resolution is passed for the winding-up, dissolution or liquidation of the Issuer or any of its Material Subsidiaries save for the purposes of a merger, amalgamation, consolidation, reconstruction or reorganisation on terms approved by an Extraordinary Resolution of Noteholders (as defined in Condition 17); or
- 11.6 any mortgage, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries in respect of Borrowed Money of the Issuer or any of its Material Subsidiaries becomes enforceable and the holder thereof takes any steps to enforce it; or
- 11.7 if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, or otherwise as approved by an Extraordinary Resolution of the Noteholders, or the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits to being unable to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts (or any class of its debts) pursuant to or for the purposes of any applicable law; or
- 11.8 any step is taken by or under any authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of the Issuer or all or any of its Material Subsidiaries or a material part of the assets of the Issuer or any of its Material Subsidiaries or any of the securities issued by the Issuer or any of its Material Subsidiaries; or
- 11.9 the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable compromise with creditors, liquidation, winding-up or insolvency or other similar laws or compromises or attempts to compromise with, its creditors generally (or any significant class of creditors) or any meeting of creditors is convened by the Issuer or any of its Material Subsidiaries to consider a proposal for an arrangement of compromise with its creditors generally (or any significant class of its creditors); or

11.10 if proceedings are initiated against the Issuer or any of its Material Subsidiaries such that a person takes possession of the whole or a material part of the undertaking or assets of any of them, or an execution or attachment or other process is levied, enforced upon, sued out or put in force against the whole or a material part of the undertaking or assets of any of them and such is not discharged within 30 days,

then any Senior Noteholder may, by written notice to the Issuer at the registered office of the Issuer, effective upon the date of receipt thereof by the Issuer, declare the Senior Notes held by the holder to be forthwith due and payable whereupon the same shall become forthwith due and payable at the Early Redemption Amount (as described in Condition 7), together with accrued interest (if any) to the date on which such Event of Default first occurs, or if such date is not a Business Day, on the next succeeding Business Day, and interest at the Default Rate as set out below provided that no such action may be taken by a Senior Noteholder if the Issuer withholds or refuses to make any such payment in order to comply with a law or regulation of the Republic of South Africa or to comply with any order of a court of a competent jurisdiction.

Upon the occurrence of an Event of Default, interest on the amount outstanding in respect of such Notes, whether in respect of principal or interest, will accrue at the Default Rate specified in the Applicable Pricing Supplement from the date on which such Event of Default first occurs, or if such date is not a Business Day, on the next succeeding Business Day, until the date on which all amounts due in respect of such Note have been paid.

For the purposes of this Condition, -

- (i) **“Borrowed Money”** means any present or future borrowed money or other arrangement with the same commercial effect as borrowed money denominated or containing a right or requirement for any payment in respect thereof to be made in any currency and amounting in aggregate to not less than ZAR 100,000,000 (or its equivalent in other currencies);
- (ii) **“Material Subsidiary”** means a Subsidiary of the Issuer (as defined below) and which represents more than 30% of the total consolidated assets of the Issuer, or accounts for more than 30% of the Issuer’s total consolidated attributable income before tax, as the case may be, as reflected in the Issuer’s most recent audited annual financial statements;
- (iii) **“Subsidiary”** means a subsidiary as defined in section 1(3) of the Companies Act, 1973.

Subordinated Notes

If a failure is made by the Issuer in relation to Subordinated Notes in the payment of any amount due and payable in respect of such Notes, and such failure to pay continues for at least fourteen days after notice is given to the Issuer by any Subordinated Noteholder, any holder of a Subordinated Note may, subject as provided below, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under such Subordinated Notes provided that the Issuer shall not be obliged, save in the case of the institution of liquidation or winding up proceedings, to pay any sum or sums sooner than the same would otherwise have been due and payable by it.

In the event of the winding-up or liquidation, whether finally or provisionally, of the Issuer, otherwise than for the purposes of an amalgamation, merger, consolidation or re-organisation not involving liquidation or winding-up proceedings against the Issuer, then any holder of Subordinated Notes issued by the Issuer may by written notice to the registered office of the Issuer require that the Subordinated Notes are immediately due and repayable at their Early Redemption Amount together with the accrued interest to the date of payment, whereupon the Subordinated Notes shall become forthwith due and payable, subject to the subordination.

12 TRANSFER OF NOTES

12.1 Registered Notes

Beneficial Interests in Notes registered in the name of the Central Depository or its nominee may be transferred only in accordance with the applicable rules and operating procedures of the Central Depository, the Participants and BESA, as the case may be (the “**Applicable Procedures**”). Such transfers will not be recorded in the Register. In order for any transfer of Notes to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Note:

- 12.1.1 must be in writing and in the usual form or in such other form approved by the Transfer Secretary;
- 12.1.2 must be signed by the relevant Noteholder and the transferee, or any authorised representatives of that registered Noteholder or transferee;
- 12.1.3 shall only be in respect of the Specified Denomination or integral multiples thereof, and consequently the Issuer will not recognise any fraction of the stated denomination;
- 12.1.4 must be delivered to the Transfer Secretary together with the Certificate in question for cancellation (if only part of the Notes represented by a Certificate is transferred, a new Certificate for the balance will be issued to the transferor and the cancelled Certificate will be retained by the Transfer Secretary).

The transferor of any Registered Notes represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

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

No transfer will be registered whilst the Register is closed. In the event of a partial redemption of Notes under Condition 7, the Issuer and the Transfer Secretary shall not be required (i) to register the transfer of any Notes during any Book Closed Periods (as set out in the Applicable Pricing Supplement) or (ii) to register the transfer of any Note or part of a Note called for partial redemption.

If a transfer is registered then the transfer form and cancelled Certificate will be retained by the Transfer Secretary.

12.2 Transfer of Bearer Notes

Bearer Notes may be transferred by the delivery of the Individual Certificate in respect of such Bearer Note. Where the last Endorsement on an Individual Certificate in respect of an Order Note is an Endorsement which specified no named Payee, then such Individual Certificate shall be treated as being in respect of a Bearer Note.

12.3 Transfer of Order Notes

Order Notes may be transferred by the Endorsement of the Individual Certificate in respect of such Order Note by the old Payee and the delivery of such Certificate to the new Payee.

13 CERTIFICATES

13.1 Listed Registered Notes will initially be evidenced by (and in the sole discretion of the Issuer, unlisted Registered Notes may be evidenced by) a single Global Certificate which will be lodged with the Central Depository. The Central Depository or its nominee will be reflected in the Register as the holder of the Global Certificate.

13.2 A Beneficial Interest in Notes represented by a Global Certificate will be exchangeable for an Individual Certificate if (i) a written request for Notes in definitive form is submitted by the holder of the Beneficial Interest to the relevant Participant not later than 14 days (or such

number of days as the Books Closed Period) prior to the requested date of such exchange, (ii) the Applicable Procedures for obtaining such a Certificate from the Transfer Secretary are followed, and (iii) an equivalent number of Notes are transferred in accordance with the provisions of Condition 12.1 from the Central Depository or its nominee to the holder of such Beneficial Interest. If only part of the Notes represented by a Global Certificate are exchanged, a new Global Certificate for the balance will be issued and the cancelled Global Certificate will be retained by the Transfer Secretary.

- 13.3 A Noteholder shall be entitled to receive a Certificate evidencing the Notes transferred to that Noteholder within 7 days after registration of that transfer in accordance with Condition 12 (and which will apply *mutatis mutandis* to such Certificate), provided that joint Noteholders will be entitled to receive only one Certificate in respect of that joint holding, and the delivery to one of those Noteholders shall be delivery to all of them.
- 13.4 If a Certificate is worn out, mutilated or defaced then, within 14 days (or such number of days as the Books Closed Period) of its presentation to the Transfer Secretary, the Transfer Secretary shall cancel that Certificate and issue a new Certificate in its place, 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 Secretary may reasonably require.
- 13.5 If a Certificate is lost or destroyed then upon proof thereof to the satisfaction of the Transfer Secretary, a new Certificate in lieu thereof may be issued to the person entitled to that lost or destroyed Certificate, provided that the Noteholder shall provide the Transfer Secretary and the Issuer with an indemnity and pay any out-of-pocket expenses for investigating the loss. The person providing the indemnity and the form of the indemnity shall be to the satisfaction of the Issuer and the Transfer Secretary. The new Certificate shall be issued within 14 days from the date that the conditions for issuing such Certificate have been fulfilled.
- 13.6 An entry as to the issue of a new Certificate and indemnity (if any) shall be made in the Register upon the date of issue of the new Certificate.
- 13.7 Certificates to be provided by the Issuer to Noteholders shall be collected by the Noteholders from the Transfer Secretary. Certificates shall be provided by the Issuer without charge, save as otherwise provided in these Terms and Conditions. Separate costs and expenses relating to the provision of Certificates may be levied by other persons, such as the Settlement Agents, which shall be for the account of the Noteholder. The costs and expenses of delivery of the Certificates other than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.

14 REGISTER

- 14.1 The Register of Noteholders:
- 14.1.1 shall be kept at the office of the Issuer or such other person as may be appointed for the time being by the Issuer to maintain the Register (the “**Transfer Secretary**”);
- 14.1.2 shall contain the names, addresses and bank account numbers of the Noteholders;
- 14.1.3 shall show the total Nominal Amount of the Notes held by Noteholders;
- 14.1.4 shall show the dates upon which each of the Noteholders was registered as such;
- 14.1.5 shall show the serial numbers of the Certificates and the dates of issue thereof;
- 14.1.6 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;
- 14.1.7 shall be closed during the period, as specified in the Applicable Pricing Supplement, commencing after the Last Date to Register, during which transfer

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 interest (“**Books Closed Period**”).

14.2 The Transfer Secretary 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 in writing.

14.3 Except as provided for in these Conditions or as required by law, the Issuer:

14.3.1 will only recognise a Noteholder as the owner of the Notes registered in that Noteholder’s name as per the Register;

14.3.2 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.

15 **TRANSFER SECRETARY AND CALCULATION AGENT**

15.1 The name of the Transfer Secretary and its specified office are set out below. The Transfer Secretary, the Calculation Agent (if applicable) and the Paying Agent (if applicable) act solely as the agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Noteholders.

15.2 The Issuer is entitled to vary or terminate the appointment of the Transfer Secretary and Calculation Agent and/or appoint additional or other agents and/or approve any change in the specified office through which any agent acts.

16 **NOTICES**

16.1 All notices regarding the Notes shall be published in an English language daily newspaper of general circulation in Johannesburg. Any such notice will be deemed to have been received by Noteholders on the date of first publication in such newspaper.

16.2 All notices to holders of Individual Certificates will be valid if mailed to their registered addresses appearing on the Register. Any such notice shall be deemed to have been given on the seventh day after the day on which it is mailed.

16.3 For as long as the Notes are represented by a Global Certificate all notices to holders of interests in Notes represented by a Global Certificate shall be by way of the delivery of the relevant notice to the Central Depository and BESA for communication by them to such holders of the Notes. Any such notice shall be deemed to have been given to such holders of the Notes on the seventh day after the day on which the said notice was given to the Central Depository, the Settlement Agents and BESA.

16.4 Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Global Certificate or Individual Certificate(s), if applicable, with the Issuer. Whilst any of the Notes are represented by a Global Certificate, notice may be given by any holder of an interest in Notes represented by a Global Certificate to the Issuer via the relevant Settlement Agents, in such manner as the Issuer and the relevant Settlement Agents, may approve for this purpose and in accordance with the Applicable Procedures.

16.5 Such notice shall be deemed to have been received by the Transfer Secretary, if delivered by hand, on the second Business Day after delivery, or if sent by registered mail, on the fifth Business Day after the day on which it is mailed.

17 **AMENDMENT OF THESE CONDITIONS**

17.1 These Terms and Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 17, no addition, variation or consensual cancellation of these Terms and Conditions shall be of any force or effect unless reduced to writing and signed by or on behalf of the Issuer and the Noteholders in terms of these Terms and Conditions.

- 17.2 These Terms and Conditions may be amended by the Issuer without the consent of the Noteholders for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein, or where such amendment is of a formal, minor or technical nature or to comply with mandatory provisions of the laws under which the Issuer is incorporated, provided that the interests of the Noteholders are not prejudiced by any such amendment.
- 17.3 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 75% (seventy five per cent.) 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 16 above.
- 17.4 Any such modification shall be binding on all Noteholders and shall be notified to Noteholders as soon as practicable thereafter in accordance with Condition 16.
- 17.5 For purposes of these Terms and Conditions an “**Extraordinary Resolution**” means, in relation to all Noteholders or holders of a Series of Notes, a resolution passed at a meeting of such Noteholders duly convened and held in accordance with the provisions of Condition 18 below by a majority consisting of not less than 75% of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% of the votes given on such poll.

18 MEETINGS OF NOTEHOLDERS

- 18.1 The Issuer or the Trustee, may at any time convene a meeting of all Noteholders, or holders of any Series of Notes, upon at least 21 days’ prior written notice to such Noteholders. This notice is required to be given in terms of Condition 16 above. Such notice shall specify the date, place and time of the meeting to be held, which place shall be in the Republic of South Africa.
- 18.2 Every director or duly appointed representative of the Issuer may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.
- 18.3 Noteholders holding not less than 10% (ten per cent.) in Nominal Amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within 10 days of such a request being received by the Issuer, the Noteholders requesting such a meeting may convene such meeting, and shall give the Issuer notice of such meeting.
- 18.4 A Noteholder may 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 or a duly authorised officer of the corporation, appoint any person (a “**proxy**”) to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.
- 18.5 Any Noteholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative (a “**representative**”) in connection with any meeting or proposed meeting of the Noteholders.
- 18.6 Any proxy or representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholders specified in the appointment, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.
- 18.7 The chairman of the meeting shall be appointed by the Noteholders present at such meeting. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 18.

18.8 At any such meeting one or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the Nominal Amount of Notes for the time being outstanding shall form a quorum for the transaction of business. On a poll, each Noteholder present in person or by proxy at the meeting shall have the number of votes equal to the number of Notes, by denomination, held by the Noteholder.

19 **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 the Notes 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 and so that the further Notes shall be consolidated and form a single Series with the outstanding Notes.

20 **GOVERNING LAW**

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

USE OF PROCEEDS

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

THE ISSUER

1 BACKGROUND

The Infrastructure Finance Corporation Limited (“INCA” or “**Issuer**” or the “**Company**”) was established in 1996 in response to an urgent call from the central government for the private sector to help assist in addressing the infrastructure backlog in South Africa as local authorities had little or no access to funding.

The Issuer positioned itself between the local authorities and the capital markets, contributing critical mass and acting as the private sector intermediary by developing specialized risk and credit assessment models. The Issuer has built up considerable expertise in the public sector lending environment, making sure that it is in line with relevant regulations and policy changes.

The Issuer has made a substantial contribution to the improvement of the quality of life for many South Africans as most of the funding has been used for the provision of infrastructure to previously disadvantaged communities through their local authorities where the funding has been directed at essential services like sewerage, water and roads.

2 DESCRIPTION OF THE BUSINESS

The Issuer is in the business of funding infrastructure in the public sector. This involves long-term infrastructure loan funding, the financing of movable assets and institutional capacity building.

The Issuer mobilises funding from the domestic capital markets and overseas developmental finance institutions in order to be able to provide loans to its customer base. For the financing of movable assets the Issuer discounts asset rental agreements from suppliers or finance houses and the Issuer sometimes originates its own asset rental finance deals. As far as institutional capacity building is concerned the Issuer utilises a section 21 subsidiary called the INCA Capacity Building Fund, which facilitates capacity building within the Issuer’s customer base with funds from the Issuer and the Agence Francaise de Developpment, one of the Issuer’s international funders and indirect shareholders.

3 ORGANISATIONAL STRUCTURE

3.1 Shareholders

The shareholding of the Issuer is as follows:

Chanson Investment Holdings (Pty) Limited (“ Chanson ”)	- 2,0%
Dexia Credit Local (“ Dexia ”)	- 4,42%
FirstRand Bank Limited (“ FirstRand ”)	- 17,68%
INCA Share Incentive Trust (“ Share Trust ”)	- 4,95%
Kagiso Financial Services Limited (“ KFS ”)	- 43,96%
Momentum Group Limited (“ Momentum ”)	- 26,98%
Societe de Promotion et de participation pour la Cooperation Economique (“ Proparco ”)	- 0,01%

The Issuer has aligned itself with principles of Black Economic Empowerment (“**BEE**”), with two of its shareholders, Chanson and KFS, being BEE entities. Effectively, the Issuer is controlled by BEE entities.

3.2 Subsidiaries

Inca has the following subsidiaries:

- 100% shareholding in INCA Bond Rehabilitation Company (Proprietary) Limited; and
- 100% shareholding in INCA Asset Finance (Proprietary) Limited

4 BOARD OF DIRECTORS

Name	Designation
IM Ayob	Non-executive
MS Brown	Non-executive
AC Canter	Non-executive
LP Collet	Alternate
M Mokhele	Alternate
A Sangqu	Alternate
RN Boqo	Executive (CFO)
A van Zyl	Executive (CEO)
D du-pont-Bouma	Executive (Treasurer)
RW de Korte	Independent Non-executive
M Hesketh	Non-executive
L Klein	Non-executive
MA Lallemand-Flucher	Non-executive
E Molobi	Non-executive (Chairperson)
MJN Njeke	Non-executive
J Stals	Non-executive
W Stals	Non-executive
P Truijens	Independent Non-executive
A Arnott	Non-executive
E van den Berg	Non-executive

VS Ndlovu	Company Secretary
P Rackstraw	Non-executive
K Moloko	Alternate

5 CORPORATE GOVERNANCE

INCA intends to maintain a high level of good corporate governance. The selling of minority interests in subsidiaries and the acquiring of 100 % shareholding in INCA Asset Finance (Proprietary) Limited in 2005 also strengthened INCA’s ability to maintain a high level of good corporate governance.

The INCA board of directors (the “**Board**”) consists of independent directors, shareholder representative directors and executive directors. Regular Board meetings are held (four per annum).

The sub-committees of the Board (see below) monitor the operations of the Company and its performance against the risk limits set.

The directors endorse the King Code of Corporate Practices and Governance (“the Code”) as set out in the first and second King Reports.

Specifically, the directors report on the following matters:

5.1 Financial Statements

It is the directors’ responsibility to prepare financial statements that fairly present the financial position of the group, its operations and cash flows. The independent external auditors are responsible for independently reviewing and reporting on these financial statements.

The annual financial statements are prepared by management in accordance with South African Standards of Generally Accepted Accounting Practice. Management consistently applies appropriate accounting policies supported by reasonable and prudent judgments and estimates in preparing the financial statements.

5.2 Board of directors

The Board retains full and effective control over INCA, monitors executive management and ensures that any decisions on material matters are subject to board approval. The roles of non-executive Chairman and that of the Chief Executive Officer are separate.

All directors are entitled to have access to and the advice of the company secretary. In addition, directors are entitled to seek independent professional advice about INCA’s affairs at the expense of INCA.

The Company has appointed two non-executive independent directors to provide a measure of balance and independence to the Board.

The Board is responsible for ensuring that adequate and effective systems of internal control and risk management are implemented and that such systems are monitored and regularly reviewed by the external auditors. The Board endeavors to provide meaningful, transparent, timely and accurate communication to all stakeholders. This communication includes open and regular dialogue between all directors and senior management of INCA. The Board endeavors to ensure the collective safeguarding of INCA’s assets at all levels and the management of the consolidated risks in INCA.

5.3 **Employment equity**

INCA is strongly committed to empowering all staff at all levels within INCA and providing staff with the necessary training and support to ensure that they achieve their highest aspirations.

A key driver behind the staff appointment process is ensuring that the staff composition will ultimately mirror the demographics of the country. Significant progress has been made in this regard at all levels within INCA.

INCA's programme of internship was temporarily stopped during the previous financial year because of changes in shareholding and staff. This programme, which provides members of previously disadvantaged communities with the opportunity of gaining work experience within a professional environment, will resume again during the current financial year.

5.4 **Staff**

All employees in INCA are required to comply with all applicable laws and regulations. Any violation of law or any unethical business dealing by any employee, including any payment for, or other participation in, any illegal act such as fraud, bribery or money laundering activities, is not condoned. Employees are required to ensure that their business conduct is professional and ethical at all times.

6 **INVESTMENT CONSIDERATIONS**

6.1 **Foreign currency risk**

Foreign liabilities are hedged on a back-to back basis with foreign assets or are swapped out, which effectively eliminates any currency exposure.

6.2 **Derivative Instruments**

The Company does not use derivative instruments for speculative purposes.

6.3 **Liquidity Risk**

The Issuer has a liquidity policy that is approved by the board of directors of the Issuer, and reviewed annually by the board of directors of the Issuer and the rating agencies. This policy provides for a minimum liquidity buffer and further provides for at least six months' operational expenditure

In addition, the Company maintains credit lines with various major banks.

On 8 December 2005 the Company concluded a 12-month liquidity facility with FirstRand Bank Limited for R500 million. The Company has ceded and pledged advances of R505,9 million to FirstRand Bank Limited as security for the liquidity facility. On 26 January 2006, INCA cancelled R620 million IN02 bonds, which reduced the total amount of bonds in issue from R5,402 billion to R4,782 billion.

6.4 **Credit risk**

Financial assets, which potentially subject the Company to concentrations of credit risk, consist principally of cash, short-term deposits and advances. The Company's cash equivalent and short-term deposits are placed with high credit quality financial institutions.

The INCA credit evaluation model, which has been specifically developed to provide a shadow rating of each local authority prior to investment, provides the primary technique for mitigating against credit risk. The model focuses on all the major components that impact on the ability of the borrower to meet its commitments to the Company.

Credit risk is being minimized through the continued diversification of the lending portfolio. The carrying amount of financial assets included in the balance sheet represent the Company's

exposure to credit risk in relation to these assets but exclude any potential reduction for collateral security.

During the month of November 2005, Fitch Ratings changed INCA's national long-term credit rating from AA- to A, and Global Credit Rating (GCR) changed INCA's national long-term credit rating from AA to AA-.

6.5 **Interest rate risk**

The Company continues to hedge its interest rate risk on a weighted average modified duration basis. Exposure to variable rates is swapped out. INCA's book is regularly stress tested by using various yield curve scenarios.

6.6 **Capital adequacy**

INCA's Board has recommended to maintain the capital adequacy between 7% and 8%, which far exceeds the capital adequacy requirement according to the matrix. The capital includes INCA's equity and subordinated debt.

7 **OVERVIEW OF SUB-COMMITTEES**

The directors have the responsibility for maintaining an effective system of internal control, which provides reasonable assurance of effective and efficient operations and internal financial control.

Risk management is dealt with by the Chief Executive Officer and the executive team with regular reporting to the responsible sub-committee and the Board. A description of each of the sub-committee follows:

7.1 **Audit Committee**

The Audit Committee is composed of the Chief Executive Officer and four non-executive directors (one of whom acts as chairperson). The external auditors attend meetings of this committee by invitation. External audit provides comment on the fair presentation of the financial statements (interim and final), the application of accounting policies, the effectiveness of risk management processes, management information systems and other systems of internal control.

The auditors are appointed each year by the shareholders based on the recommendations of the Audit Committee.

The Audit Committee also continues to vet new products prior to their introduction to the market.

7.2 **Internal Audit**

Based on the experience gained over the last few years, it was decided to replace the one-person internal audit function by external expertise to be contracted in. Besides carrying out normal external auditing procedures, the external experts will focus on key business risk aspects to ensure that the main risk factors are closely monitored.

7.3 **Credit Committee**

As a general practice, the Credit Committee meets bi-monthly. The primary responsibility of the committee is to control the extent of credit exposure to any entity or related group of entities. The Credit Committee consists of the Chief Executive Officer and four non-executive directors, one of whom acts as chairperson of the committee.

Credit approvals must be carried on a unanimous basis, effectively giving any member of the Credit Committee a veto right.

Credit exposures less than R5 million or an increase of 10 percent of existing exposures has been delegated to the Chief Executive Officer, who approves these exposures after consultations with the executive.

7.4 **Asset Liability Committee (ALCO)**

INCA's ALCO meets quarterly and is chaired by a non-executive director, with the Chief Executive Officer, two other non-executive directors and the Treasurer serving on the committee. The Chief Financial Officer and the Treasurer, both being executive directors, attend all committee meetings.

The mandate of the committee is to ensure that liquidity risks, interest rate risks and currency risks for the Group are identified, measured, managed and appropriately reported in a prudent fashion.

7.5 **Market Value Verification Committee**

This committee, convened for the first time in 2004, was established to address market valuation issues emanating from the implementation of AC133: Financial instruments: Recognition and Measurement. The committee consists of at least three non-executive directors one of whom acts as chairperson and the Chief Executive Officer. A member is drawn from the credit, audit and ALCO committees and the other executive directors attend all meetings of the committee.

The committee meets twice a year in January and July.

The committee is mandated with the responsibility of:

- reviewing and approving management's process for generating market discount rates for use in determining fair values of non listed assets and liabilities;
- ensuring that the abovementioned process is properly documented and is applied on a consistent basis;
- ensuring that any change required to the process (due to changes in market conventions, benchmarks, the passing of time, the use of new instruments etc) has been considered and implemented appropriately;
- ensuring that any subjectivity within the process is kept to a minimum; and
- ensuring that the application of the process, as approved, has been audited by the external auditors.

7.6 **Human Resources Committee**

Four non-executive directors as well as the Chief Executive Officer constitute the Human Resources Committee. This committee is responsible for ensuring that:

- labour legislation is complied with;
- INCA staff remuneration is comparable with other institutions;
- key staff-members are retained;
- INCA upholds and supports the principle of equity in the work place; and
- succession planning is adequate to support continuing operations.

SETTLEMENT, CLEARING AND TRANSFERS

Words used in this section headed “Settlement, Clearing and Transfers” 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.

GLOBAL CERTIFICATES

Notes issued in registered form (“**Registered Notes**”) and listed on the Bond Exchange of South Africa, a licensed exchange in terms of the Securities Services Act, 2004 (“**BESA**”) will initially be issued in the form of a single Global Certificate (the “**Global Certificate**”) which will be lodged and immobilised in STRATE Limited, a company registered as a central securities depository in terms of the Securities Services Act, 2004, or its nominee (the “**Central Depository**”), which forms part of the settlement system of the Bond Exchange of South Africa, a licensed financial exchange in terms of the Securities Services Act, 2004 (“**BESA**”). STRATE will be the sole Noteholder in respect of the Global Certificate.

STRATE holds Notes subject to the Securities Services Act, 2004 and the Rules of the Central Depository. The Rules of the Central Depository as at the date of this Programme Memorandum are as published by the Registrar of Securities in Government Gazette No. 27758 of 8 July 2005.

While the Notes are held in the Central Depository under the Global Certificate, the Central Depository will be reflected as the Noteholder in the register maintained by the Issuer (the “**Register**”). Accordingly, in terms of the Terms and Conditions relating to the Notes, all amounts to be paid and all rights to be exercised in respect of the Notes held in the Central Depository, will be paid to and may be exercised only by the Central Depository, for the holders of Beneficial Interests in the Notes held by the Central Depository under the Global Certificate. All Notes not represented by a Global Certificate shall be issued in definitive form (“**Individual Certificates**”).

STRATE maintains accounts only for the participants in the Central Depository (“**Participants**”). As at the date of this Programme Memorandum, the Participants who are settlement agents are the South African Reserve Bank, ABSA Bank Limited, FirstRand Bank Limited, Nedbank Limited and The Standard Bank of South Africa Limited (“**Settlement Agents**”). The Participants are in turn required to maintain securities accounts for their clients. The clients of Participants may include the holders of Beneficial Interests in the Notes represented by the Global Certificate (“**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 Central Depository only through the Participants. Euroclear Bank SA/N.V., as operator of the Euroclear System and Clearstream Banking *société anonyme* (Clearstream, Luxembourg) may hold Notes through their Participant.

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

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

Payments of interest and principal in respect of Notes represented by the Global Certificate, or any other Notes represented by a Certificate immobilised in the Central Depository and registered in the name of the Central Depository (“**Re-Immobilised Certificate**”), will be made in accordance with Condition 6 of the Terms and Conditions to the Central Depository, or such other registered holder of the Global Certificate or the Re-Immobilised Certificate, as the case may be, as shown in the Register and the Issuer will be discharged by proper payment to, or to the order of the registered holder of the Certificate in respect of each amount so

paid. Each of the persons shown in the records of the Central Depository and the Participants as the holders of Beneficial Interests, as the case may be, shall look solely to the Central Depository or the Participant, as the case may be, for such person's shares of such payment so made by the Issuer to, or to the order of, the registered holder of such Global Certificate or Re-Immobilised Certificate, as the case may be.

INDIVIDUAL CERTIFICATES

All Notes not represented by a Global Certificate, including Bearer Notes and Order Notes, (each as defined below) shall be issued in definitive form ("**Individual Certificates**"). Notes may be issued in bearer form ("**Bearer Notes**"), order form ("**Order Notes**"), or as Registered Notes.

Title to Bearer Notes will pass by delivery of the Individual Certificate in respect of such Bearer Note. Title to Order Notes are transferable by way of Endorsement and delivery of the Individual Certificate in respect of such Order Note. Title to unlisted Registered Notes will pass in accordance with the provisions of Condition 12.1

Payments of interest and principal in respect of Individual Certificates will be made to Noteholders in accordance with Condition 6 of the Terms and Conditions.

SOUTH AFRICAN TAXATION

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

Words used in this section shall have the same meanings as defined in the Terms and Conditions, unless they are defined in this section or this is clearly inappropriate from the context.

STAMP DUTY AND UNCERTIFICATED SECURITIES TAX

In terms of the Stamp Duties Act, 1968, no stamp duty is payable on the original issue of debentures or on their transfer, provided that they constitute instruments as contemplated in section 24J of the Income Tax Act, 1962 (as amended) (the “Act”).

In terms of the Uncertificated Securities Tax Act, 1998, no uncertificated securities tax is payable on the issue or transfer of securities qualifying as instruments as contemplated in section 24J of the Act.

Accordingly, as at the date of this Programme Memorandum, (i) no stamp duty (as contemplated in the Stamp Duties Act, 1968) is payable on the issue, cancellation, redemption or on the transfer of the Notes, and (ii) no uncertificated securities tax (as contemplated in the Uncertificated Securities Tax Act, 1998) is payable on the issue or on the transfer of the Notes.

INCOME TAX

In general interest received on the Notes will be subject to income tax in South Africa (the “Republic”). Certain entities may be exempt from the tax. Purchasers are advised to consult their own professional advisers as to whether the interest will be exempt or not. The amount of interest to be included in income, the position of non-residents and the capital gains tax consequences are examined below.

Interest for Purposes of Section 24J of the Income Tax Act

In terms of section 24J of the Act, any discount or premium to the nominal value at which a Note is issued or acquired is treated as part of the interest income on the Note by the Revenue authorities. The Noteholder will be deemed to have accrued such interest income on a day-to-day basis until the Noteholder disposes of the Note or until maturity. This day-to-day basis 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 Act.

Noteholders who are not Residents of the Common Monetary Area

In terms of section 10(1)(h) of the Act, interest received by or accruing to a Noteholder who is not a resident during any year of assessment is exempt from income tax, unless that person:

- (a) is a natural person who was physically present in the Republic for a period exceeding 183 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 the Republic.

CAPITAL GAINS TAX

Capital gains and losses of residents on the disposal of Notes 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 Act will not be taken into account when determining any capital gain or loss. In terms of section 24J(4A) of the Act a loss on disposal will, to the extent that it has previously been included in taxable income (as interest) be allowed as a deduction from the taxable income of the holder when it is incurred and accordingly will not give rise to a capital loss.

Capital Gains Tax in terms of the Eighth Schedule to the Act does not apply to assets such as Notes disposed of by a person who is not a resident unless the Note disposed of is attributable to a permanent establishment of that person through which a trade is carried on in South Africa during the relevant year of assessment.

SUBSCRIPTION AND SALE

The Dealers have in terms of a Programme Agreement, as may be amended, supplemented or restated from time to time (the “**Programme Agreement**”) dated 1 February 2006, agreed with the Issuer a basis upon which they or any of them may from time to time agree to subscribe for Notes or procure the subscription of Notes.

Republic of South Africa

Each Dealer has represented and agreed and each additional Dealer will be required to represent and agree that the offer of Notes for sale pursuant to the Programme shall comply with the provisions of the Companies Act, 1973 and the Banks Act, 1990 and regulations issued thereunder.

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.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Regulations thereunder.

Each Dealer has represented and agreed, and each additional Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution, as determined and certified by the Relevant 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 such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed and each additional Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any of such Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Within 40 days after the commencement of the offering of any 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 available exemption from registration under the Securities Act.

Each issuance of Index Linked Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the Relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the Applicable Pricing Supplement.

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:

- (i) 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 months after the date of such publication;

- (ii) 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;
- (iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 000.00 and (3) an annual turnover of more than €50 000.00 as shown in its last annual or consolidated accounts; or
- (iv) 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 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:

- (i) in relation to any of such Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any 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;
- (ii) 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 such Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer;
- (iii) 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 such Notes in, from or otherwise involving the United Kingdom.

General

Each Dealer has agreed and each additional Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it subscribes or procures the subscription of Notes, offers or sells Notes or possesses or distributes this Programme Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales and neither the Issuer nor any other Dealer shall have any responsibility therefor.

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

With regard to each Tranche, the relevant Dealer will be required to comply with such other or additional restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the Applicable Pricing Supplement.

GENERAL INFORMATION

Authorisation

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Republic of South Africa have been given for the establishment of the Programme and the issue of Notes and for the Issuer, the Trustee and the Transfer Secretary to undertake and perform their respective obligations under the Programme Agreement, the Trust Deed, the Agency Agreement and the Notes.

Listing

The Programme has been approved by BESA. Notes to be issued under the Programme may be listed on BESA or its successor or such other or further exchanges as may be agreed between the Issuer and the relevant Dealer(s). Unlisted Notes may also be issued under this Programme.

Documents Available

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer, from the specified office of the Issuer for the time being in Johannesburg and on the Issuer's website, www.inca.co.za:

- (a) the published annual report incorporating the audited annual financial statements, and notes thereto, and the most recently published unaudited interim financial statements, to the extent applicable of the Issuer for the three years preceding each issue of Notes under the Programme;
- (b) the Agency Agreement;
- (c) a copy of the Programme Memorandum;
- (d) the Trust Deed; and
- (e) any future prospectuses, Programme Memoranda, supplementary listing particulars, information memoranda and supplements (including the Pricing Supplements in respect of listed Notes) to the Programme Memorandum and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes listed on BESA will be cleared and settled in accordance with the rules of BESA and the Central Depository, or their successors. The Notes may also be accepted for clearance through any additional clearing system as may be selected by the Issuer and the relevant Dealer(s).

Settlement Agents

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

Material Change

Save as disclosed in this Programme Memorandum, there has been no material adverse change in the financial or trading position of the Issuer since 30 June 2005.

Litigation

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

Auditors

Deloitte & Touche has acted as the auditors of the financial statements of INCA for the financial year ended 30 June 2005 and Deloitte & Touche and Gobodo Incorporated have acted as the auditors of the financial

statements of INCA for the financial years ended 30 June 2004 and 31 December 2003 and, in respect of these years, issued unqualified audit reports. Should the Auditors change after the date hereof, this will be reflected in the annual financial statements, which are incorporated by reference hereunder, and should any subsequent reports be qualified, this will be apparent from such annual financial statements.

The Auditors have confirmed in writing that the nothing has come to their attention which causes them to believe that the issue of Notes will not comply with the provisions of Notice no. 2172 of Government Gazette no. 16167 of 14 December 1994 published under paragraph (cc) of the definition of the "business of a bank" in section 1 of the Banks Act, 1990 (the "**Commercial Paper Regulations**")

Ultimate Borrower

The ultimate borrower is the Issuer.

Going Concern

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

Commercial Paper Outstanding

As at the date of this Programme Memorandum, the total amount of commercial paper already issued by the Issuer is ZAR 4,782,000,000. As at the date of this Programme Memorandum, to the best of the Issuer's knowledge and belief, the Issuer estimates to issue ZAR 400,000,000 of commercial paper during the current financial year, ending 30 June 2006.

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

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

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

Emigrants from the Common Monetary Area

Any Individual Certificates issued to emigrant Noteholders, or where the emigrant holds Notes through the Central Depository, the securities accounts maintained for such emigrants by the Settlement Agents, will be restrictively endorsed and shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

Any payments of interest or principal due to an emigrant Noteholder will be deposited into such emigrant's Blocked Rand account, as maintained by an authorised foreign exchange dealer.

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 Notes are held by a non-resident of the Common Monetary Area through the Central Depository and its relevant Settlement Agents, the securities account of such Noteholder will be designated as a "non-resident" account.

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

ISSUER

INFRASTRUCTURE FINANCE CORPORATION LIMITED

Building 3 Pinewood Office Park
33 Riley Road
Woodmead Ext. 3
Sandton
South Africa
Contact: Ms D du-Pont-Bouma
Tel.: 202-2215
e-mail: dirkje.du-pont-bouma@inca.co.za
www.inca.co.za

ARRANGER, DEALER AND SPONSORING MEMBER

The Standard Bank of South Africa Limited

7th Floor
Standard Bank Centre
3 Simmonds Street
Johannesburg
Contact: Mr A Pamphilon

DEALERS

FirstRand Bank Limited, acting through its Rand Merchant Bank division

4 Merchant Place
Cnr Rivonia Road and Fredman Drive
Sandton
2196
Contact: Ms G Raine

Investec Bank Limited

100 Grayston Drive
Sandown
Sandton
2196
Contact: Mr V Mhlanzi

TRANSFER SECRETARY

Computershare Investor Services 2004 (Proprietary) Limited

Ground Floor
70 Marshall Street
Johannesburg, 2001
Republic of South Africa
Contact: Mr C Lourens

LEGAL ADVISERS TO THE ARRANGER AND DEALERS

Deneys Reitz Incorporated

82 Maude Street
Sandton, 2196
South Africa
Contact: Ms S Gross

AUDITOR TO ISSUER

Deloitte & Touche

The Woodlands
20 Woodlands Drive
Woodmead
2196
Contact: Mr H Harrison