



INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED
19 Fredman Drive, Sandown, 2196, P O Box 784055, Sandton, 2146, South Africa, Tel: +27 11 269 3000, Fax: +27 11 269 3116, Website: www.idc.co.za

Our reference: IDC 30829.07/Mandla Ndwandwe/Amelia Parasaraman

07 March 2007

BY HAND

For Attention: **Mr Blessing Rugara**
Telephone: **(011) 783 3144**



Circle Capital Global
Bowman Gilfillan Building
2nd Floor, East Wing
165 West Street
Sandton
2146

Dear Sir

**SIGNED BOUND ORIGINAL PREFERENCE SHARES SUBSCRIPTION AGREEMENT
BETWEEN CORAL LAGOON INVESTMENTS 194 (PROPRIETARY) LIMITED,
INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED AND ASH
BROOK INVESTMENTS 15 (PROPRIETARY) LIMITED DATED ("the agreement") AND
CERTIFIED COPY OF THE LETTER OF AMENDMENT DATED 19 FEBRUARY 2007**

We enclose herewith the abovementioned agreement and letter of amendment for your records.

Yours faithfully

M P NDWANDWE

Senior Legal Advisor: Legal Services

Enquiries: D241 Mandla Ndwandwe D226 Amelia Parasaraman
Direct line: (011) 269 3818 (011) 269 3497
Facsimile: (011) 269 3116 (011) 269 3116

Copy E310 Hanru Nienaber, Account Manager: Transportation ☎ (011) 269 3395
Copy E306 Mukesh Ramjee, Account Manager: Transportation ☎ (011) 269 3069
Copy A2/RECORDS



962mn/fa

PREFERENCE SHARES SUBSCRIPTION AGREEMENT

between

CORAL LAGOON INVESTMENTS 194 (PROPRIETARY) LIMITED

Registration Number 2006/026277/07

("the company")

and

INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

Registration Number 1940/014201/06

("IDC")

and

ASH BROOK INVESTMENTS 15 (PROPRIETARY) LIMITED

Registration Number 2006/034744/07

("Ash Brook ")

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1. DEFINITIONS

1.1 In this agreement, unless inconsistent with the context, the following terms shall have the meanings ascribed to them:

1.1.1 "Act" means the Companies Act, No. 61 of 1973, as amended or re-enacted from time to time;

1.1.2 "articles" means the articles of the association of the company;

1.1.3 "board" means the board of directors of the company;

1.1.4 "business day " means a day which is not a Saturday, Sunday or an official public holiday in the Republic of South Africa;

1.1.5 "Capitec Bank" means Capitec Bank Holdings Limited, a company incorporated under the laws of the Republic of South Africa under registration number 1999/025903/06;

1.1.6 "Capitec shares" means 10 000 000 (ten million) ordinary shares of 0.01 (one) cent in Capitec Bank to be subscribed for at R30,00 (thirty rand) per share by the company;

1.1.7 "dividend" means the preference dividend payable in respect of the preference shares calculated in accordance with this agreement;

1.1.8 "dividend date" means one calendar month after Capitec Bank's last date to register to receive ordinary dividends, if the dividend date does not fall on a working day, the immediately following business day;

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- 1.1.9 "encumbrance" means
- 1.1.9.1 mortgage, pledge, lien or cession conferring security, hypothecation, security interests, preferential right or trust arrangement or other encumbrance securing any obligation of any person;
- 1.1.9.2 arrangement under which money or claims to, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- 1.1.9.3 other type of preferential agreement or arrangement (including any title transfer and retention arrangement), the effect of which is the creation of security;
- 1.1.10 "IDC bank account" means account number 179 00 00 028,, ABSA Bank, Protea Park branch code 535105 :
- 1.1.11 "IRR" means the real after tax internal rate of return calculated in accordance with Annexure "A" hereto;
- 1.1.12 "issue date" means the business day after fulfilment or waiver of the conditions precedent referred to in clause 3 below;
- 1.1.13 "material adverse effect" means an event, circumstance or matter or combination of events, circumstances or matters which has or is likely to have a material adverse effect on the:
- 1.1.13.1 business, operations, property, condition (financial or otherwise) or prospects of Capitec Bank or the company; and/or
- 1.1.13.2 ability of the company to perform its obligations under this agreement; and/or

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- 1.1.13.3 legality, validity and/or enforceability of this agreement or the rights or remedies of IDC hereunder;
- 1.1.14 "parties" means the company, Ash Brook and IDC, and "party" shall mean any one of them;
- 1.1.15 "preference shares" means 1 000 (one thousand) cumulative, redeemable, preference shares with a par value of R1,00 (one rand) each in the company, issued at a premium of R284 999 (two hundred and eighty four thousand nine hundred and ninety nine rand) each in the company, which shall have the rights set out in Annexure "D", to be issued by the company and subscribed for by IDC on the terms and conditions set forth herein;
- 1.1.16 "prime overdraft rate" means the prime overdraft rate of FirstRand Bank Limited from time to time (*prima facie* proof of which shall be by way of a certificate issued by the manager of its Corporate Bank);
- 1.1.17 "project" means the subscription, by the company, for the Capitec shares
- 1.1.18 "put option" means the put option in favour of IDC, recorded in clause 9;
- 1.1.19 "put option period" means any time after the 5th (fifth) anniversary of the issue date, or the occurrence of a material adverse effect;
- 1.1.20 "redemption date" means the 7th (seventh) anniversary of the issue date;
- 1.1.21 "required amount" means the higher of –
- 1.1.21.1 such amount as shall yield an IRR of 5% (five percent); or

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- 1.1.21.2 the subscription price plus 40% (forty percent) of the increase in the value of the Capitec shares, calculated in accordance with the provisions of Annexure "B";
- 1.1.22 "signature date" means the date of the last signature of this agreement;
- 1.1.23 "subscription price" means R285 000 000,00 (two hundred and eighty five million rand) being the aggregate amount of R285 000 ,00 (two hundred and eighty five thousand rand) (being the par value plus premium of each preference share) multiplied by 1 000 (one thousand) being the number of preference shares which stand to be issued to IDC;
- 1.1.24 "this agreement" means the agreement set out in this document including annexures;
- 1.1.25 "the shareholders contribution" means a total sum of R15 000 000,00 (fifteen million rand);
- 1.1.26 "the raising fee" means a total sum of R2 850 000,00 (two million eight hundred and fifty thousand rand) as referred to in clause 20.
- 1.2 Unless inconsistent with the context, other words and expressions defined in the Act shall herein bear the meanings therein assigned to them.
- 1.3 Where any number of days is stated in this agreement, such number shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a Saturday, Sunday or public holiday in the Republic of South Africa, in which case the last day shall be the next succeeding day which is not a Saturday, Sunday or public holiday in the Republic of South Africa.
- 1.4 Words importing any gender shall include any of the other genders, and words importing the singular shall include the plural, and the converse shall also apply.
- 1.5 Clause headings shall in no way affect the interpretation of this agreement.

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A large, stylized handwritten signature is written over a circular stamp or seal.



2. RECORDAL

It is recorded that:

- 2.1 The company has approached IDC to finance its acquisition of the Capitec shares.
- 2.2 IDC has agreed to invest R285 000 000,00 (two hundred and eighty five million rand) in the company by subscribing for the preference shares.
- 2.3 The subscription price shall be utilised by the company solely to acquire the Capitec shares.
- 2.4 Capitec shall utilise the proceeds of the Capitec shares, being the aggregate of the subscription price of the preference shares and the shareholders contribution for infrastructure expansion and/or loan products with pricing not exceeding the pricing prescribed by the National Credit Act that is to come into effect on 1 June 2007.
- 2.5 The parties wish to record in writing the terms of their agreement relating to the subscription for the preference shares by IDC.

3. CONDITIONS PRECEDENT

- 3.1 With the exception of this clause 3 and clauses 11, 12, 13, 14, 15, 16, 17, 18 and 19 which shall all be enforceable on the signature date, the enforceability and effectiveness of this agreement shall be conditional upon the fulfilment of all of the suspensive conditions below:
 - 3.1.1 The company's memorandum and articles of association having been amended to be acceptable to IDC substantially in accordance with Annexure "C" hereto;

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- 3.1.2 shareholder approval having been obtained from the shareholders of Capitec Bank for -
- 3.1.2.1 the issue, subject to the approval of the Reserve Bank, of 10 000 000 (ten million) ordinary shares to the company at R30.00 (thirty rand) per share; and
- 3.1.2.2 the appointment as a non-executive director to the board of Capitec Bank, subject to the approval of the Reserve Bank, of a previously disadvantaged individual nominated by the company;
- 3.1.3 Capitec Bank having provided to IDC a written undertaking to the satisfaction of IDC that -
- 3.1.3.1 Capitec Bank has complied with all the necessary regulatory and statutory requirements for the issue of the Capitec shares to the company;
- 3.1.3.2 Capitec Bank shall utilise the proceeds from the specific issue of the Capitec shares for infrastructure expansion and/or loan finance products with pricing limited to the pricing prescribed by the National Credit Act that is to come into effect on 1 June 2007;
- 3.1.3.3 if a breach of this agreement occurs Capitec Bank will upon request by IDC replace the non-executive director nominated by the company with a non-executive director nominated by IDC, subject to the approval of the Reserve Bank and Capitec Bank board of Directors
- 3.1.3.4 Capitec Bank will employ at least one previously disadvantaged person to its Management Committee within one year from the issue date.

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3.1.4 Ash Brook having provided IDC with a written undertaking to the satisfaction of IDC that they will do everything in their power to ensure that:

3.1.4.1 the company will not sell or encumber the Capitec shares without IDC's written consent; and



3.1.4.2 the Capitec shares will be held in a nominee account to be agreed upon by IDC and Ash Brook;

3.1.5 as security for the obligations of the company under this agreement, Ash Brook having pledged all their ordinary shares in the company to IDC subject to such terms and conditions as IDC may reasonably require; and

3.1.6 The raising fee and the shareholders contribution totalling R17 850 000,00 (seventeen million eight hundred and fifty thousand rand) having been deposited into IDC's bank account.

4. AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

The company shall procure that its memorandum and articles of association are amended and/or supplemented by procuring the filing with Companies Registration Office for registration of a special resolution attached hereto as Annexure "C" within a period of 21 (twenty one) days after the signature date. The company shall pay all costs of and duties relating to such registration.

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5. SUBSCRIPTION AND ISSUE OF PREFERENCE SHARES AND PAYMENT OF SHAREHOLDERS CONTRIBUTION

5.1 On the issue date:

5.1.1 IDC will subscribe for the preference shares on the terms set out in this agreement;

5.1.2 the company will issue the preference shares and allot them to IDC, it being agreed that the company shall pay all costs and duties payable in respect of the creation, allotment and issue of the preference shares;

5.1.3 IDC shall pay for the benefit of the company against the allotment and issue of the preference shares, the subscription price in full by way of electronic funds transferred into the bank account nominated by Capitec Bank in writing to IDC;

5.1.4 at the same time as payment in clause 5.1.3 above, IDC shall pay on behalf of the company the shareholders contribution by way of electronic funds transfer into the same bank account;

5.1.5 the company shall deliver to IDC the share certificates in respect of the preference shares and a certified copy of a resolution of the board approving the issuing of the preference shares to IDC.

6. DIVIDEND PAYABLE IN RESPECT OF THE PREFERENCE SHARES

6.1 Until such time as all the preference shares are redeemed, the company shall, subject to the provisions of the Act and in preference to any other holders of ordinary or other classes of shares, pay an annual dividend to the holder of any unredeemed preference shares.

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- 6.2 The annual dividend referred to in clause 6.1 shall amount to the sum of all ordinary dividends declared and distributed by Capitec Bank to the company, less administrative expenses as approved in writing by IDC.
- 6.3 The holder of the preference shares shall be entitled to payment of the dividend by no later than the dividend date.

7. REDEMPTION

- 7.1 The preference shares shall be redeemable by the company:
- 7.1.1 at any time after 3 (three) years and 1 (one) day after issue date;
- 7.1.2 but no later than the 7th (seventh) anniversary of the issue date;
- 7.1.3 at any time during the time period contemplated in clause 7.1.1 above the company shall be entitled, but not obliged, to redeem all of the preference shares by paying to the holder of the preference shares the required amount;
- 7.1.4 If the preference shares have not yet been redeemed on the date stipulated in clause 7.1.2, the company shall be obliged to redeem the shares on that date by paying to IDC the required amount.

8. USE OF SUBSCRIPTION PRICE AND THE SHAREHOLDERS CONTRIBUTION

The company shall not utilise the subscription price or the shareholders contribution for any purpose other than the project.

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9. PUT OPTION

- 9.1 Ash Brook hereby grants to IDC an irrevocable option to sell to it, in the sole discretion of IDC, any unredeemed preference shares held by IDC.
- 9.2 The put option shall be enforceable by IDC at any time during the put option period.
- 9.3 The purchase price payable by the Ash Brook in terms of the put option for the purchase of the preference shares shall be the required amount.
- 9.4 The put option shall be exercised by IDC by way of a written notice ("put notice") to Ash Brook notifying Ash Brook of:
- 9.4.1 the exercise of the put option and the purchase price payable, calculated as at the date stipulated in that put notice. ("the exercise date") (A certificate given under the hand of any one of the IDC's authorised signatories whose appointment, capacity, qualification and authority need not be proved shall be deemed to be *prima facie* proof of the purchase price payable);
 - 9.4.2 the account into which the required amount shall be paid;
 - 9.4.3 the date by which the required amount shall be paid.
- 9.5 The required amount shall be paid by no later than 14 (fourteen) days after the exercise date.
- 9.6 Ash Brook shall comply timeously with the terms of the put notice and shall furthermore pay all stamp duty payable for the registration of the preference shares pursuant to the exercise of the put option as well as any other costs associated with the said transfer.

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- 9.7 If Ash Brook fails to pay the required amount by the date stipulated in clause 9.4.3, IDC shall have the right to dispose of the preference shares in the open market.
- 9.8 Notwithstanding anything to the contrary herein contained, if a material adverse event occurs at any time during the life of this agreement, IDC shall be entitled to invoke the provisions of clauses 9.1 to 9.7 stipulated above.

10. UNDERTAKINGS BY THE COMPANY AND ASH BROOK

- 10.1 Ash Brook hereby undertakes that it shall not without the prior written consent of IDC, which consent shall not be withheld unreasonably, for the life of the agreement, sell or in any other way dispose of its ordinary shares in the share capital of the company.
- 10.2 The company undertakes that it shall not without the prior written consent of IDC, which consent shall not be withheld unreasonably, for the duration of the agreement, –
- 10.2.1 repurchase any ordinary shares in the company;
- 10.2.2 grant or repay any loans or pay any interest on loans;
- 10.2.3 pay fees, salaries, remuneration, commission or emoluments of any kind whatsoever to its directors or management.
- 10.3 Ash Brook and the company hereby undertake to disclose to IDC all agreements and contracts, written or otherwise, that are related to the project.

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- 10.4 The company and Ash Brook hereby agree and undertake to IDC, until all amounts due and payable under this agreement have been paid in full, that:
- 10.4.1 they shall not, without the prior written consent of IDC, vary, amend, delete, add to, alter or cancel any of the rights or privileges of IDC or the terms or conditions applicable to the preference shares;
- 10.4.2 they shall not, without the prior written consent of IDC, vary, amend, delete, add to, alter or cancel any of the rights or privileges of the holder of the ordinary shares in the share capital of the company or Ash Brook or the terms or conditions applicable to such shares;
- 10.4.3 they shall not, without the prior written consent of IDC, issue further ordinary shares;
- 10.4.4 they shall not, without the prior written consent of IDC, increase the company's or Ash Brook's share capital or issue any options in respect of the share capital of the company or Ash Brook;
- 10.4.5 they shall not, without the prior written consent of IDC, create and/or issue any shares in the capital of the company or Ash Brook ranking *pari passu* and/or in priority to the preference shares;
- 10.4.6 they shall not, without prior written consent of IDC, other than necessary and reasonable audit and administration fees of up to R50 000 (fifty thousand rand) per annum, attract any further liabilities as from the subscription date (including contingent liabilities). For purposes of this sub-clause, liability includes, without limitation, any liability in respect of:
- 10.4.6.1 monies borrowed;

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- 10.4.6.2 any debenture, bond, note, loan stock or other security;
- 10.4.6.3 any acceptance of credit,
- 10.4.6.4 receivables sold or discounted (otherwise than on a non-course basis);
- 10.4.6.5 finance leases (as such term is construed for the purposes of Generally Accepted Accounting Principles in South Africa);
- 10.4.6.6 currency swap or interest swap, cap or collar, forward rate and similar financial hedging arrangements;
- 10.4.6.7 amounts raised under any other transaction which would be regarded in accordance with Generally Accepted Accounting Principles in South Africa as having the commercial effect of a borrowing or raising of money; and
- 10.4.6.8 the guarantee, indemnity or similar assurance against financial loss of any person in respect of any items including but not limited to sub-clauses 10.4.6.1 to 10.4.6.8 above.
- 10.5 The company and Ash Brook further undertake that for the duration of this agreement:
- 10.5.1 they shall not, without the prior consent of IDC, change the basis of accounting for their respective results and operations;
- 10.5.2 they shall not, without the prior written consent of IDC, enter into any other business or acquire other assets;
- 10.5.3 they shall not, without the prior written consent of IDC, enter into any other contracts except in the normal course of their respective businesses;

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- 10.5.4 as soon as the same become available, but in any event within 60 (sixty) days after the end of each of its financial years, they shall deliver to IDC their respective audited financial statements for their respective financial years;
- 10.5.5 they shall procure and furnish IDC with consolidated interim results on a 6 (six) monthly basis (including income statements and balance sheets) as soon as reasonably possible but in any event no later than 60 (sixty) days after the end of each 6 (six) month period;
- 10.5.6 from time to time on the request of IDC, they shall furnish IDC with such information about the business and financial condition of the company or Ash Brook as IDC may reasonably require;
- 10.5.7 they shall forthwith upon becoming aware thereof inform IDC of any occurrence of which it becomes aware which may result in a material adverse effect and from time to time, if so requested by IDC, confirm to IDC in writing that, save as otherwise stated in such confirmation, no such event or material adverse effect has occurred and/or is continuing;
- 10.5.8 they shall obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents required in or by the laws and regulations of the Republic of South Africa to enable them to lawfully enter into and perform their obligations under this agreement and to conduct their business and affairs;
- 10.5.9 they shall not take any steps in order to procure that the company or Ash Brook is placed under provisional or final liquidation or provisional or final judicial management;

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- 10.5.10 they shall not, without the prior written consent of IDC, create or permit to exist any encumbrance on the Capitec shares;
- 10.5.11 they may not dispose of any of their assets and/or dispose of the Capitec shares;
- 10.5.12 they shall ensure that their respective shareholders shall not without IDC's prior written consent sell any ordinary shares in either company;
- 10.5.13 they shall ensure that IDC shall have the right to appoint 1(one) director to the company's board;
- 10.5.14 they shall ensure that:
- 10.5.14.1 at least 100% (one percent) of the company's shareholding will be held by Blacks or legal entities controlled by Blacks;
- 10.5.14.2 at least 30% (thirty percent) of the company's shareholding will with held by a Broad Based Empowerment grouping as defined in the Broad-Based Black Economic Empowerment Act 53 of 2003;
- 10.5.14.3 at least 15% (fifteen percent) of the company's shareholding will be effectively held by women.

11. ARBITRATION

- 11.1 Save where otherwise provided in this agreement, should any dispute arise between the parties in connection with:
- 11.1.1 the formation or existence of;
- 11.1.2 the implementation of;

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- 11.1.3 the interpretation or application of the provisions of;
- 11.1.4 the parties' respective rights and obligations in terms of or arising out of;
- 11.1.5 the validity, enforceability, rectification, breach, termination or cancellation, whether in whole or in part of;
- 11.1.6 any documents furnished by the parties pursuant to the provisions of;
- 11.1.7 this agreement or which relates in any way to any matter affecting the interests of the parties in terms of this agreement;
- that dispute shall unless resolved between the parties be referred to and be determined by arbitration in terms of this clause.
- 11.2 A dispute shall be determined in terms of this clause after written notice has been given by the aggrieved party to the other parties.
- 11.3 This clause shall not preclude any party from obtaining interim relief on an urgent basis from a court of competent jurisdiction pending the decision of the arbitrator.
- 11.4 All disputes referred to in clause 11.1 shall be arbitrated as provided in the remainder of this clause 11.
- 11.5 The arbitration shall be held:
- 11.5.1 at the offices of the Arbitration Foundation of South Africa ("AFSA") closest to the IDC domicilium address;
- 11.5.2 with only the legal and other representatives of the parties present thereat;

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- 11.5.3 *mutatis mutandis* in accordance with the provisions of the Supreme Court Act, No 59 of 1959 (as amended), the rules made in terms of that Act and the practice of the division of the High Court referred to in clause 11.8;
- 11.5.4 otherwise in terms of the Arbitration Act, No 42 of 1965 (as amended);
- 11.5.5 it being the intention that the arbitration shall be held and completed as soon as possible.
- 11.6 The arbitrator shall be such person as appointed by AFSA.
- 11.7 The decision of the arbitrator shall be final and binding on the parties and may be made an order of the court referred to in clause 11.8 at the instance of any of the parties.
- 11.8 The parties hereby consent to the jurisdiction of the High Court of South Africa (Witwatersrand Division) in respect of the proceedings referred to in clause 11.3.
- 11.9 The parties agree to keep the arbitration including the subject-matter of the arbitration and the evidence heard during the arbitration confidential and not to disclose it to anyone except for the purposes of an order to be made in terms of clause 11.7.
- 11.10 The provisions of this clause:
- 11.10.1 constitute an irrevocable consent by the parties to any proceedings in terms hereof and no party shall be entitled to withdraw therefrom or claim at any such proceedings that it is not bound by such provisions;
- 11.10.2 are severable from the rest of this agreement and shall remain in effect despite determination of or invalidity for any reason of this agreement.

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12. BREACH

12.1 If any of the parties breaches any provision of this agreement ("the defaulting party") and (if such breach is capable of being remedied), fails to remedy the breach within 14 (fourteen) days after written notice has been given by any party requiring the breach to be remedied ("the aggrieved party"), the aggrieved party shall be entitled, without prejudice to their rights, to take such action as may be available in law including but not limited:

12.1.1 to seek specific performance of the defaulting party's obligations; or

12.1.2 to claim any damages suffered by the aggrieved party.

12.2 The defaulting party shall be liable for all costs and expenses (calculated on an attorney and own client scale) incurred as a result of or in connection with the default.

12.3 If the aggrieved party is IDC, the defaulting party shall be liable for a default fee equivalent to 10% (ten percent) of the subscription price. The default fee shall become due and payable within 14 (fourteen) days after IDC has delivered a written notice to remedy the breach and the default fee shall be paid into the IDC account.

12.4 It shall be deemed to be a breach of this agreement by the company namely, if:

12.4.1 the company is placed in liquidation or under judicial management, whether provisional or final, or a special resolution is passed for the winding up of the company; or

12.4.2 a notice is published for the liquidation of the company; or

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- 12.4.3 a judgement is entered against the company and the company fails within 14 (fourteen) days after becoming aware of such judgement either to satisfy the same or to apply for it to be set aside or to appeal against it and in the event of such application or appeal being unsuccessful, failing to make immediate payment; or
- 12.4.4 without prior written consent of IDC, the company ceases to carry on its business; or
- 12.4.5 a breach of the provisions of any agreement in terms whereof IDC or any of its subsidiaries agrees to make a loan, suspensive sale or lease facility available to the company is committed and such breach is not remedied within the period allowed in any such agreement;
- 12.4.6 if the company's shareholding falls below the shareholding stipulated in clauses 10.5.14.1 to 10.5.14.3 in which event IDC shall be entitled to invoke the default fee stipulated in clause 12.3 or the remedies stipulated in clauses 9.1 to 9.7 above.

13. CONFLICT WITH ARTICLES AND THE SHAREHOLDERS AGREEMENT

In the event of any of the provisions of the articles and the shareholders agreement, of the company, at any time being in conflict with the terms of this agreement, then the relevant terms of this agreement shall, as between the parties, prevail over the relevant conflicting provisions of such Articles and such shareholders agreement. In the event of any such conflict, if so required by any one of the parties, the other of them shall be obliged to exercise its voting rights in favour of the passing, and shall procure the registration, of a special resolution in terms of which the relevant conflicting articles are amended in order to remove the conflict.

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14. ASSIGNMENT

Save as permitted in this agreement, no party may assign or transfer any of its rights or obligations in terms of this agreement without the prior written consent of the other parties.

15. NOTICES AND DOMICILIUM

15.1 For the purpose of this agreement the parties choose domicilium citandi et executandi as follows:

15.1.1 the company at Bowman Gilfillian Building, East Wing, 2nd Floor, 165 West Street, Sandton

15.1.2 IDC at 19 Fredman Drive, Sandown, 2196;

15.1.3 Ash Brook at Bowman Gilfillian Building, East Wing, 2nd Floor, 165 West Street, Sandton.

15.2 All notices which are to be given by the parties in terms of this agreement shall be presumed, until the contrary is proved, to have been received:

15.2.1 if posted by registered post to:

15.2.1.1 the company at Bowman Gilfillian Building, East Wing, 2nd Floor, 165 West Street, Sandton, _;

15.2.1.2 IDC at P O Box 784055, Sandton, 2146;

15.2.1.3 Ash Brook at Bowman Gilfillian Building, East Wing, 2nd Floor, 165 West Street, Sandton,,

14 (fourteen) days after the date of posting;

Initial

[Handwritten signature]



15.2.2 if transmitted by facsimile to:

15.2.2.1 the company to facsimile number (011) 783 6192;

15.2.2.2 IDC to facsimile number (011) 269 3116;

15.2.2.3 Ash Brook to facsimile number (011) 783 6192,

1 (one) business day after despatch;

15.3 Notwithstanding anything to the contrary contained in this agreement, a written notice or communication actually received by either of the parties from the other party, including by way of facsimile transmission, shall be adequate written notice or communication to such party.

15.4 Any of the parties may by notice in writing from time to time, alter their addresses and facsimile numbers set out in clauses 15.1, 15.2 and 15.3.

16. WHOLE AGREEMENT

This agreement constitutes the whole agreement between the parties and:

16.1 no party shall be bound by any representation express or implied term, warranty, promise or the like not recorded herein or reduced to writing and signed by the parties;

16.2 no alteration or variation of this agreement shall be of any force or effect unless it is recorded in writing and signed by the parties;

16.3 no relaxation which any of the parties may allow each other at any time in regard to the carrying out of their respective obligations under this agreement, shall prejudice or be regarded as a waiver of any of their respective rights under this agreement in any manner whatsoever.

Initial

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**17. COSTS**

- 17.1 Each party shall pay its own costs of and incidental to the negotiation, drawing and signing of this agreement.
- 17.2 the company shall bear the costs of the issue and allotment of shares as provided in this agreement.

18. APPLICABLE LAW

This agreement shall be deemed to have been made in the Republic of South Africa and the construction, validity and performance of this agreement shall be governed in all respects by South African law.

19. COUNTER PARTS

This agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

20. RAISING FEE

The company undertakes to pay to IDC the raising fee in accordance with clause 3.1.6 above by not later than 15:00 on 15 February 2007, failing which, the said fee shall be considered as sundry fees outstanding and shall accrue interest at 3% (three percent) above the prime overdraft rate.

21. WARRANTIES BY THE COMPANY AND ASH BROOK

The company and Ash Brook warrant on a continuing basis in favour of IDC for so long as this agreement remains in effect that:

Initial A rectangular box containing the word 'Initial' with a handwritten mark next to it. Below this, there is a large, stylized handwritten signature or set of initials, possibly 'JW', enclosed in a circle. To the right of the circle, there are more handwritten initials, possibly 'LW'.



- 21.1 they have the power to enter into this agreement and all corporate and other action required to authorise the execution of this agreement and the performance of their obligations hereunder;
- 21.2 they are not in default in respect of any of their obligations in respect of borrowed monies;
- 21.3 their audited financial statements shall be drawn up:
- 21.3.1 in accordance with the accounting principles and standards of Generally Accepted Account Principles in the Republic of South Africa and consistently applied;
- 21.3.2 in accordance with the provisions of the Act and all other applicable laws; and
- 21.3.3 to fairly reflect their financial position, affairs, operations and results as at those dates and for the periods to which they related;
- 21.4 they are not in breach or in default under any agreement to which they are party or which is binding on them or any of their assets to an extent or in a manner which may result in a material adverse effect;
- 21.5 the company's authorised share capital consists of:
- 21.5.1 20 000 000 (twenty million) ordinary shares; and
- 21.5.2 1000 (one thousand) preference shares;
- 21.5.3 its issued share capital , shall after implementation of this agreement, consist of:
- 21.5.3.1 20 000 000 (twenty million) ordinary shares; and

Initial A handwritten signature and the initials 'M/A' are written over a rectangular box containing the word 'Initial'. Below the box is a large, loopy handwritten flourish.





- 21.5.3.2 1000 (one thousand) redeemable cumulative preference shares;
- 21.6 the ordinary shares referred to in the preceding sub-clause are unencumbered and are held by Ash Brook;
- 21.7 the preference shares referred to in sub-clause 21.5.3.2 will be held by IDC;
- 21.8 they are not party to any contract, other than those contracts which have been disclosed to IDC in writing and those which are being entered into, with IDC as a party, concurrently with this agreement;
- 21.9 the company has the power to issue the preference shares and it does not have any class of preference or other shares which rank *pari passu* with and/or prior to the preference shares in any respect;
- 21.10 they are duly registered and incorporated and validly existing under the laws of the Republic of South Africa;
- 21.11 the obligations expressed to be assumed by them in terms of this agreement are legal and valid obligations binding on them and enforceable against them in accordance with the terms hereof;
- 21.12 the execution of this agreement does not and will not:
- 21.12.1 conflict with or result in a breach of any of the terms or provisions of or constitute a default under any agreement to which they are party or which is binding upon them or any of their assets or revenues;
- 21.12.2 conflict with their constitutive documents;
- 21.12.3 conflict with any applicable law;

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- 21.13 no litigation, arbitration or administrative proceedings are presently current or pending or threatened against them which, if adversely determined, would result in a material adverse effect;
- 21.14 all of the information supplied by them in connection with this agreement is true, complete and accurate in all material respects and they are not aware of any material facts or circumstances that have not been disclosed to IDC.

Initial 



27



SIGNED at

on

2007

For:

CORAL LAGOON INVESTMENTS 194
(PROPRIETARY) LIMITED

A handwritten signature in dark ink, enclosed within a large, hand-drawn oval.

DIRECTOR

who warrants that he/she is duly authorised thereto

AS WITNESSES:

1. _____

2. _____

SIGNED at

on

SANDSON

2007

For:

ASH BROOK INVESTMENTS 15
(PROPRIETARY) LIMITED

A handwritten signature in dark ink, consisting of a large, stylized letter 'A' followed by 'V 12/11/07'.

DIRECTOR

who warrants that he/she is duly authorised thereto

AS WITNESSES:

1. _____

2. _____

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SIGNED at SANDOWN

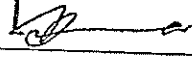
on

2007

For:

INDUSTRIAL DEVELOPMENT CORPORATION
OF SOUTH AFRICA LIMITED







AS WITNESSES:

1. _____

2. 

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ANNEXURE "A"

CALCULATION OF THE REAL INTERNAL RATE OF RETURN

1. The real internal rate of return ("IRR") referred to in the agreement to which this annexure is annexed ("the agreement") shall, for the purposes of that clause, be calculated:
 - 1.1 on the total of IDC's investment being the aggregate subscription price of the preference shares;
 - 1.2 after taking into account any amounts received by IDC by virtue of its holding the preference shares, including, but not limited to, any dividend received on the preference shares but excluding any amounts received by IDC pursuant to clause 5.1.2 of the agreement;
 - 1.3 on the basis that any amounts received by IDC or paid by IDC, will be recognised as a receipt or payment on the last day of the month during which such receipt or payment took place;
 - 1.4 on the basis that any amounts received in terms of clause 1.3, where applicable, be adjusted to be after tax cash flow by reference to any relevant tax rate applicable to IDC at the time;
 - 1.5 by adjusting the nominal return to a real return by reference to overall core Consumer Price Index ("CPI") as defined in clause 2 below (all items in respect of the whole of South Africa) as published by Statistics South Africa or its successor.

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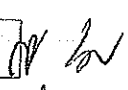

2. For these purposes the CPI means the annual change in the Core Consumer Price Index of the RSA as published by Statistics South Africa or its successor, which for the purposes hereof is defined as:
- 2.1 "Headline CPI excluding:
- 2.1.1 interest rates on Mortgage Bonds, overdrafts and personal loans;
- 2.1.2 changes in VAT;
- 2.1.3 assessment rates; and
- 2.1.4 fresh and frozen meat, fish, vegetables and fresh fruit and nuts";
- 2.2 provided that:
- 2.2.1 if the basis of computation of that CPI is at any time changed so as to result in comparisons of that index for periods before and after the introduction of that change not truly reflecting the core rate of inflation required to be used herein, in the whole of the RSA, or if that index as previously adjusted in terms of this clause is further changed so as to have that result, that index shall be adjusted or further adjusted in such manner as will be determined by an independent firm of auditors agreed between the parties and, failing such agreement, appointed by the Registrar for the time being of The Arbitration Foundation of South Africa in order to ensure as far as possible consistency and a true reflection of the core rate required to be used herein in the application of the CPI in respect of periods both before and after introduction of that change; and

Initial



2.2.2 if publication of the CPI referred to in this clause ceases at any time, a substitute index shall be applied to reflect that rate of inflation over periods commencing prior to and ending after the date upon which such publication ceases, which substitute index shall be an index which reflects the core rate of inflation required to be used herein and which will have been published prior to the cessation or the publication of the index referred to in this clause and shall be determined by the auditors referred to in clause 2.2.1 above who shall have the right to use or adapt any then published index of that rate of inflation for that purpose.

3. The method of determination of the amount referred to in clause 1.1.21.1 of the main agreement shall be to calculate the real after-tax cash inflows and outflows to or from IDC in accordance with clause 1 above and to then solve for the gross amount to be received by IDC to yield an internal rate of return of 5% (five percent) utilising the XIRR formula of the Microsoft Excel Software package.
4. The IRR shall be calculated by IDC and at its own expense and such calculation shall be provided to the company within 7 (seven) days after such calculation. Should any other party dispute the calculation, the IRR shall be calculated by the auditors, referred to in clause 2.2.1 and at the expense of the substantially unsuccessful party, who shall act as experts and not as arbitrators and their decision shall be final and binding on the parties save in the case of manifest arithmetic error or fraud.



Initial 




ANNEXURE "B"

CALCULATION OF THE INCREASE IN THE VALUE OF THE CAPITEC SHARES

1. The increase in the value of the Capitec shares, referred to in clause 1.1.21.2 of the agreement shall be calculated in accordance with the formula
$$10\,000\,000 * (EV - BV)$$
where –
 - 1.1 10 000 000 (ten million) represents the number of Capitec shares, which figure will be adjusted accordingly to take account of any share split or other nominal adjustments in the number of Capitec shares;
 - 1.2 EV represents the assumed ending value of each Capitec share; and
 - 1.3 BV represents the assumed opening value of each Capitec share.
2. For the purposes of clause 1 above, EV shall be assumed to be equal to the thirty-day weighted average share price of the Capitec shares, as traded on the JSE Securities Exchange. The thirty-day weighted average share price shall be calculated as the average closing share price over the thirty trading days before the redemption or sale of the preference shares, as applicable, weighted according to the volume of shares traded on each day.
3. For the purposes of clause 1 above, BV shall be assumed to equal R30,00 (thirty rand) per share.

Initial 




ANNEXURE "C"

SPECIAL RESOLUTION NUMBER 1

Resolved that, in terms of section 75(1)(e) of the Companies Act, 1973 (Act 61 of 1973), as amended and article 30(c) of the articles of association of the company, each ordinary share of R1.00 (one rand) in the authorised and issued share capital of the company be and is hereby subdivided into 100 shares of R0.01 (one cent) each so that the authorised share capital of the company becomes R1 000.00 (one thousand rand) divided into 100 000 ordinary shares of R0.01 (one cent) each.

The reason for this special resolution number 1 is to subdivide the existing issued and authorised share capital of the company to ensure that, subject to special resolution number 2 below being registered, the company has sufficient authorised ordinary share capital consisting of ordinary shares of R0.01 each to enable it to increase the aggregate shareholding of Ash Brook Investments 15 (Pty) Limited (Ash Brook") to at least 10 000 000 ordinary shares of R0.01 each. This is to ensure that the shareholding of Ash Brook in the company mirrors that of the company in Capitec Bank Holdings Limited (Registration number 1999/02903/06) ("Capitec") pursuant to the impending subscription for 10 000 000 ordinary shares in the share capital of Capitec by the company.

SPECIAL RESOLUTION NUMBER 2

Resolved that, in terms of section 75(1)(a) of the Companies Act, 1973 (Act 61 of 1973), as amended and article 29(a) of the articles of association of the company and subject to special resolution number 1 above being registered, the authorised share capital of the company of R1000.00 (one thousand rand) consisting of 100 000 (one hundred thousand) ordinary shares of R0.01 (one cent) each be and is hereby increased to R200 000.00 (two hundred thousand rand), comprising 20 000 000 (twenty million) ordinary shares with a par value of R0.01 each by the creation and addition to the existing authorised share capital of 19 900 000 ordinary shares of R0.01 each, the newly created shares to rank *pari passu* in every respect with the existing ordinary shares of the company.

The reason for this special resolution number 2, subject to special resolution number 1 above being registered, is to ensure that the company has sufficient authorised ordinary share capital consisting of ordinary shares of R0.01 each to enable it to increase the aggregate shareholding in the company of Ash Brook Investments 15 (Pty) Limited to at least 10 000 000 ordinary shares of R0.01 each.

SPECIAL RESOLUTION NUMBER 3

Resolved that, in terms of section 75(1)(a) of the Companies Act, 1973 (Act 61 of 1973), as amended and article 29(a) of the articles of association of the company and subject to special resolutions number 1 and 2 above being registered, the authorised share capital of the company be and is hereby increased from R200 000.00 (two hundred thousand rand) to R201 000.00 (two hundred and one thousand rand) by the creation of 1 000 (one thousand) cumulative, redeemable class A preference shares with a par value of R1.00 (one rand) each, the rights and conditions of which are set out in article 107 of the articles of association of the company, to be adopted in terms of special resolution number 5 below.

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The reason for this special resolution number 3 is to increase the authorised share capital of the company to ensure that the company has sufficient unissued preference shares available to issue in future. The company intends to allot and issue, subject to shareholder approval, 1 000 (one thousand) redeemable, cumulative class A preference shares to the Industrial Development Corporation Of South Africa Limited (registration number 1940/014201/06) in the foreseeable future.

SPECIAL RESOLUTION NUMBER 4

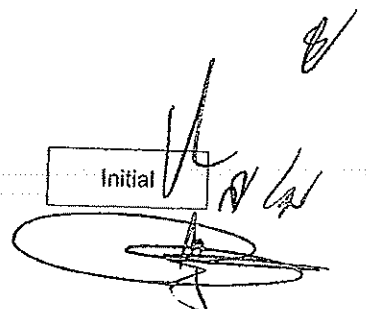
Resolved that in terms of section 56(4) of the Companies Act, 1973 (Act 61 of 1973), as amended and subject to the passing of special resolutions number 1 to 3 above, the memorandum of association of the company be and is hereby amended by the deletion of the entire paragraph 8(a) and the substitution thereof with the following new paragraph 8(a) :

"8(a) Par value :

The share capital of the company is R201 000.00 (two hundred and one thousand rand) divided into :

- (i) 20 000 000 (twenty million) ordinary shares with a par value of R0.01 (one cent) each; and
- (ii) 1 000 (one thousand) redeemable, cumulative, class A preference shares with a par value of R1.00 (one rand) each"

The reason for this special resolution is, pursuant to the approval of special resolutions number 1 to 3 above, to authorise the alteration of the company's memorandum to reflect the subdivision and increase in the company's authorised share capital as contemplated in special resolutions number 1 to 3 above.

Initial 



ANNEXURE "D"

SPECIAL RESOLUTION NUMBER 5

Resolved that in terms of section 62(1) of the Companies Act, 1973 (Act 61 of 1973), as amended and subject to the passing and registration of special resolutions number 3 and 4 above, the company's articles of association be and are hereby amended by inserting a new article 107 as follows :

"RIGHTS ATTACHING TO THE CUMULATIVE REDEEMABLE PREFERENCE CLASS A SHARES IN THE SHARE CAPITAL OF CORAL LAGOON INVESTMENTS 194 (PROPRIETARY) LIMITED"

All terms that are used but not defined in this document bear the meanings ascribed to them in the agreement to which this constitutes Annexure "D"

107. The following rights, privileges and conditions shall attach to the preference shares in the capital of the company:
- 107.1 subject to article 107.6, each preference share shall confer the right to receive, in preference to any other holders of ordinary or other classes of shares, the dividend on the dividend date;
- 107.2 the dividend shall be due and payable on each dividend date.
- 107.3 the dividend shall amount to the sum of all ordinary dividends declared and distributed by Capitec Bank Holdings Limited (Registration number 1999/025903/06) ("Capitec Bank") to the company, less administrative expenses as approved in writing by the Industrial Development Corporation Of South Africa Limited (Registration number 1940/014201/06) ("IDC");
- 107.4 the preference shares shall confer the right, on a winding up of the company, in priority to the holders of the ordinary shares, to:
- 107.4.1 repayment of an amount equal to the aggregate par value of all unredeemed preference shares; and
- 107.4.2 any dividend which is unpaid in respect of all unredeemed preference shares; and
- 107.4.3 such further amount, if applicable, as shall, when added to the amounts stipulated in clauses 107.4.1 and 107.4.2, equal the required amount;
- 107.5 the company will not increase its share capital or raise any loan capital of whatsoever nature, other than to redeem the preference shares and to repay its debt in terms of the IDC loan agreement without the prior written consent of IDC;
- 107.6 no dividends shall be paid in respect of the preference shares unless the company has the available cash resources and the company is profitable;

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- 107.7 the preference shares shall rank *pari passu* in all respects and shall, rank *pari passu* and have the rights attaching to any other preference shares issued by the company;
- 107.8 the holder of the preference shares shall be entitled to appoint one director to the Board of Directors of the company;
- 107.9 the holder of the preference share shall be entitled to receive notice of, and to attend, either in person or by proxy, any general or annual meeting of the company, but not to speak or vote thereat, unless any one or more of the following issues is put before the meeting for decision in which case the vote of the holder of the preference share in support of any such resolution shall be required for said resolution to be passed and which supporting vote shall not be unreasonably withheld or delayed:
- 107.9.1 any dividend or portion thereof or any redemption payment on the preference shares, as at the date of the relevant meeting, remains unpaid for 3 (three) months after the date fixed for the payment thereof;
- 107.9.2 any resolution is proposed:
- 107.9.3 which directly or indirectly affects any of the rights attached to the preference shares or the interests of the holder of the preference share;
- 107.9.4 for any sale or disposal or encumbrance or hypothecation in any manner whatsoever of any of the company's assets, otherwise than in the ordinary course of business;
- 107.9.5 for any changes to the company's share capital structure;
- 107.9.6 for any alteration or variation to the company's Memorandum and Articles of Association;
- 107.9.7 for any change in the issued share capital of the company;
- 107.9.8 for the formation or acquisition of any subsidiaries;
- 107.9.9 for the entering into of any agreement, the making of any offer or the granting of any right capable of becoming an agreement to allot or issue any shares of the company or the issue of any securities convertible into shares or debentures of the company or the issue of any warrants or options with respect to shares of the company;
- 107.9.10 for the borrowing of any money (other than from the company's bankers in the ordinary course of the company's business) in excess at any time of R2 000 000,00 (two million rand) in the aggregate;

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- 107.9.11 for the giving of any security (other than by operation of law) on the assets of the company, except for the purpose of security for any indebtedness incurred by the company to its bankers in the ordinary course of its business;
- 107.9.12 for the giving of any guarantee or indemnity to secure the liabilities or obligations of any other person;
- 107.9.13 for the taking of any steps to wind-up or terminate the corporate existence of the company or any part thereof;
- 107.9.14 for the sale, lease, exchange or disposition of the entire undertaking or assets of the company or any part thereof;
- 107.9.14.1 for the entering into of a partnership or of any arrangement for the sharing of profits, union of interest, joint venture or reciprocal concession with any person;
- 107.9.15 for the entering into of an amalgamation, merger or consolidation with any other body corporate;
- 107.9.16 for the amendment of the dividend policy of the company;
- 107.9.17 for the approval of the annual budget and strategy plan(s) of the company, and/or any material deviation therefrom;
- 107.9.18 for the entering into any contract by the company outside the ordinary course of the business of the company;
- 107.9.19 for the declaration of dividends, advancement or repayment of shareholders' loans, payment of interest on shareholders' loans or the payment of fees, salaries, remuneration, commission or emoluments of any kind to the company's director's and/or shareholders; or
- 107.9.20 for the approval of any budget;
- 107.9.21 the company will not, without the prior written consent of IDC:
- 107.9.21.1 advance, repay or pay interest on shareholder's loans;
- 107.9.21.2 pay fees, salaries, remuneration, commission or emoluments to its directors.
- 107.10 "required amount" means the higher of –
- 107.10.1 such amount as shall yield an IRR of 5% (five percent); or

Initial



- 107.10.2 the subscription price plus 40% (forty percent) of the increase in the value of the Capitec shares, calculated in the following manner :
- 107.10.2.1 The increase in the value of the Capitec shares shall be calculated in accordance with the formula
- $$10\,000\,000 * (EV - BV)$$
- where --
- 107.10.2.1.1 10 000 000 (ten million) represents the number of Capitec shares;
- 107.10.2.1.2 EV represents the assumed ending value of each Capitec share; and
- 107.10.2.1.3 BV represents the assumed opening value of each Capitec share.
- 107.10.2.2 For the purposes of clause 107.10.2.1 above, EV shall be assumed to be equal to the thirty-day weighted average share price of the Capitec shares, as traded on the JSE Securities Exchange. The thirty-day weighted average share price shall be calculated as the average closing share price over the thirty trading days before the redemption or sale of the preference shares, as applicable, weighted according to the volume of shares traded on each day.
- 107.10.2.3 For the purposes of clause 107.10.2.1 above, BV shall be assumed to equal to the thirty-day weighted average share price of the Capitec shares, as traded on the JSE Securities Exchange. The thirty-day weighted average share price shall be calculated as the average closing share price over the thirty trading days before the issue date, weighted according to the volume of shares traded on each day.
- 107.11 "subscription price" means R285 000 000,00 (two hundred and eighty five million rand) being the aggregate amount of R285 000,00 (two hundred and eighty five thousand rand) (being the par value plus premium of each preference share) multiplied by 1 000 (one thousand) being the number of preference shares which stand to be issued to IDC
- 107.12 The preference shares shall be redeemable by the company:

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- 107.12.1 at any time after 3 (three) years and 1 (one) day after issue date;
- 107.12.2 but no later than the 7th (seventh) anniversary of the issue date ("the termination date").
- 107.12.3 At any time during the time period contemplated in this clause 107.12 the company shall be entitled, but not obliged, to redeem all of the preference shares by paying to the holder of the preference shares the required amount.
- 107.13 The preference shares shall not be redeemable, whether wholly or in part, at the option of any holder thereof within three years from the date of issue thereof. Furthermore, there shall be no additional issue of preference shares during that 3 (three) year period.
- 107.14 The preference shares shall be redeemed out of the profits of the company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of such redemption and subject to such other terms of issue in relation to the preference shares as may be embodied in these articles.
- 107.15 The preference shares may be issued at a premium and if so, at such premium as the Board determines.
- 107.16 The preferences shares will, if redeemed at a premium, be redeemed at the same premium as was payable upon subscription of the preference shares, which premium will be provided for and paid from the share premium account of the company, subject to clause 76(3)(c) of the Act.

The reason for this special resolution number 5 is to approve the terms attaching to the new preference shares created in terms of special resolution number 3. The effect of this special resolution is to incorporate such terms and conditions into the company's articles of association as new article 107.

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PLEDGE OF SHARES

We, the undersigned,

ASH BROOK INVESTMENTS 15 (PROPRIETARY) LIMITED

Registration Number 2006/034744/07

as security for the due and punctual payment and performance by Coral Lagoon Investments 194 (Proprietary) Limited ("the company") of all its obligations in terms of a preference share facility for an amount of R285 000 000,00 (two hundred and eighty five million rand) between Industrial Development Corporation of South Africa Limited ("IDC"), the company and others, ("the pref facility"), do hereby pledge to IDC ("the creditor"), subject to clause 4 hereof, 1 000 000 (one million) ordinary shares of R0,01 (one cent) each ("the shares") in the company representing 100% (one hundred percent) of the issued ordinary share capital of the company held by us on the following conditions:

1. we shall together herewith deliver to the IDC, the share certificates in respect of the shares as well as the share transfer forms duly signed by us.
2. should any monies secured by this pledge not be paid on the due date thereof and the company remain in default of payment for 14 (fourteen) days after having been given notice in writing by IDC to make such payment, then IDC shall be entitled and it is specifically and irrevocably authorised in rem suam:
 - 2.1 to exercise in such manner as it deems fit, all our rights as a shareholder of the company, including:
 - 2.1.1 all voting rights attaching to the shares;
 - 2.1.2 the right to requisition any meeting of the company for any purpose whatever;

Initial



and for that purpose to have the shares registered in its name as shareholder or in the name of its nominee in the company's register of members;

2.2 to sell the shares or any part thereof to such persons, in such manner and on such terms and conditions as it deems fit;

2.3 for the purpose of any sale in terms of clause 2.2 to:

2.3.1 institute any legal proceedings which it may deem necessary;

2.3.2 give effective receipts for the discharge of the purchase price of the shares so sold by it;

provided that after the payment of all costs and expenses in connection with any such sale or legal proceedings and of all amounts secured by this pledge, any balance of the proceeds of any such sale shall be paid to ourselves;

2.4 to take over and register in its own name any or all of the shares at a fair valuation made at our expense and at the request of IDC by the auditors of the company, and a chartered accountant nominated by IDC, or failing agreement between them within 10 (ten) days, as determined by a third chartered accountant appointed at the request of IDC by the President for the time being of the Gauteng Society of Accountants;

2.5 generally to do everything which may be required by them and to sign any document which it considers necessary for the purpose of or to give effect to this pledge.

3. In both cases referred to in clauses 2.2 and 2.4:

3.1 IDC shall be entitled to sign any transfer form or other document on our behalf and to do anything else which may be necessary to give effect to such sale or transfer; and

Initial

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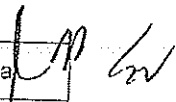


- 3.2 IDC shall pay to us any amount by which the proceeds or value referred to in clause 2.2 or clause 2.4 exceeds the amount of company's indebtedness to IDC.
4. We warrant that:
- 4.1 we are the beneficial owners of the pledged shares; and that
- 4.2 the pledged shares constitute 100% (one hundred percent) of the entire issued ordinary share capital of the company.
5. This pledge shall lapse upon the company extinguishing its total indebtedness to IDC in respect of the pref share facilities, and thereupon we shall be entitled to the return of the shares hereby pledged and IDC shall have no further claim against us for the obligations of the company with regard to any other facilities or indebtedness.
6. The amount of the indebtedness of the company and of us hereunder to the creditor at any time shall be determined and proved by a certificate signed by any one of the creditor's authorised signatories, whose appointment, qualification and authority need not be proved.
7. A certificate in terms of clause 6 shall be:
- 7.1.1 binding on us as *prima facie* proof of the amount of the indebtedness of the company and of us hereunder;
- 7.1.2 valid as a liquid document against us in any competent court for the purpose of obtaining provisional sentence against us thereon.
8. During the continuance of the pledge, we shall not without IDC's prior written consent:
- 8.1 sell or otherwise dispose of the shares or any of them;

Initial



- 8.2 permit any increase of the present authorised and issued share capital of the company, except for the issue of preference shares to Capitec Bank Ltd to the value of R15 000 000.00 (fifteen million rand) or the variation of any of the rights attaching to the shares;
- 8.3 permit the company to dispose of any of its assets or mortgage, pledge, hypothecate or in any other way encumber any of the company's assets or take on lease any movables.
9. Any notice to be given to us in terms of this pledge shall be presumed, until the contrary is proved, to have been received by us if posted by registered post to Bowman Gilfillian Building, East Wing, 2nd Floor, 165 West Street, Sandton, 7 (seven) days after the date of posting.
10. No alteration or variation of any present or future agreement between the company and the IDC in respect of the preference facility shall in any way release us from our liability hereunder and no alteration, variation or consensual cancellation of this pledge agreement shall be of any effect unless it is recorded in writing and signed by us or our respective successors in title.
11. No re-arrangement or alteration or novation of this pledge agreement shall in any way prejudicially affect the operation of this pledge agreement and we shall not be released from our obligations hereunder as result of any such re-arrangement, alteration or novation.
12. The IDC shall, at its own discretion, have a right to bring any proceedings that may arise from this pledge agreement to the Magistrate's Court having jurisdiction, notwithstanding the fact that the amount of the claim arising from such proceedings may exceed the jurisdiction of the said Court.
13. This pledge agreement shall be governed and construed in accordance with the laws of the Republic of South Africa.

Initial 

A large, stylized handwritten signature in black ink, appearing to be a cursive 'M' or similar, written over a horizontal line.



14. This pledge agreement contains the entire agreement between the parties and no representation, warranty or undertaking, whether express, implied or tacit, not contained in this pledge agreement, may be relied on by any party.
15. No relaxation which the IDC may allow us at any time in regard to the carrying out of this agreement, shall:
- 15.1 prejudice any of the IDC's rights under this pledge agreement in any manner whatever;
- 15.2 be regarded as a waiver of any of those rights.

Initialed

A handwritten signature in dark ink, appearing to be "N. N.", is written over a rectangular box labeled "Initialed". Below the signature, there is a large, loopy circular flourish or scribble.

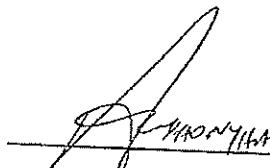


2007

SIGNED at

on *SANBON*

For:

ASH BROOK INVESTMENTS 15
(PROPRIETARY) LIMITED

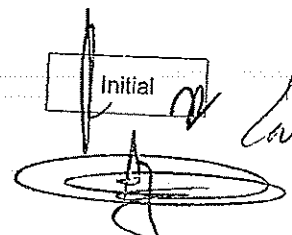
DIRECTOR

who warrants that he/she is duly authorised thereto

AS WITNESSES:

1. _____

2. _____



Initial

Our reference: IDC 30594.07/Mandla Ndwandwe/Amelia Parasaraman

19 February 2007

BY HAND

For Attention: **Mr Blessing Rugara**
Telephone: **(011) 783 3144**

Circle Capital Global
Bowman Gilfillan Building
2nd Floor, East Wing
165 West Street
Sandton
2146

CERTIFIED A TRUE
AND CORRECT COPY
OF THE ORIGINAL
MANDLAKAYSE EK BUCK KOWANDWE
COMMISSIONER OF JUSTICE EX OFFICIO
ADMITTED ATTORNEY
Industrial Development Corporation of
South Africa Limited
19 FREDMAN DRIVE SANDOWN SANDTON 2196
AREAS: RSA

7th Mar 2007

Dear Sir

PREFERENCE SHARES SUBSCRIPTION AGREEMENT BETWEEN CORAL LAGOON INVESTMENTS 194 (PROPRIETARY) LIMITED, INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED AND ASH BROOK INVESTMENTS 15 (PROPRIETARY) LIMITED DATED 15 FEBRUARY 2007 ("the agreement")

Kindly take notice that our management has agreed to amend the agreement as follows:

- 1.1 by deleting the word "company's" in sub-clauses 10.5.14.1 to 10.5.14.3 and replacing it with the word "Ash Brook's",
- 1.2 by inserting the following sub-clause: "10.5.14.4 on or before 15 May 2007, the trustees of Mdumo Trust, Koma Trust and Nozala Trust shall have provided written confirmation to IDC, to IDC's satisfaction, specifying their respective beneficiaries and confirming that these beneficiaries will not change without IDC's prior written consent."
- 1.3 by adding the following clause: "10.6 before 30 March 2007, they shall have furnished IDC with Ash Brook's shareholder's agreement providing amongst other things that Ash Brook's shareholders shall provide IDC with all agreements, written or otherwise, that are related in anyway to the project."

Directors: Ms W Y N Luhabe (Chairperson), M G Qhena (Chief Executive Officer), G S Gouws (Alternate) (Chief Financial Officer), J R Barton, Adv F-A du Plessis, Ms P Graham, Ms M W Hlahla, Ms L T Kunene, D H Lewis (Deputy Chairperson), M S Moloko, J C Mtshali, N G Nika, Ms B N Njobe, M C Nkuhlu, Ms N N Nokwe, L V October.
Group Corporate Secretary: Ms E N Rapoo

Req. No. 1940/D14201/06

- 1.4 by deleting and replacing clause 12.4.6 with the following clause: "If Ash Brook's shareholding falls below the shareholding stipulated in clauses 10.5.14.1 to 10.5.14.3 or if the beneficiaries referred to in sub-clause 10.5.14.4 are not specified or are not broad-based to IDC's satisfaction, then the company shall not pay any ordinary dividends and IDC shall be entitled to invoke the default fee stipulated in clause 12.3 and/or the remedies stipulated in clauses 9.1 to 9.7 above."

Save for the proposed amendments, all the provisions of the agreement shall continue to apply.

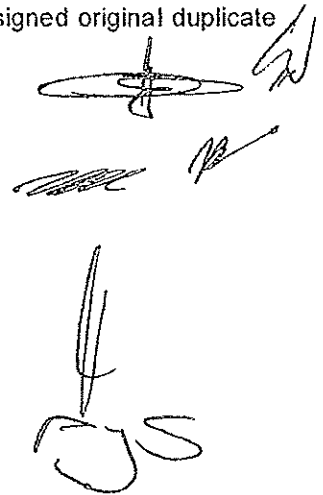
Kindly arrange for the signature of the enclosed duplicate of this letter by the parties indicated below thereby signifying their acceptance of the terms and conditions of this amendment and return the duly signed duplicate letter to us on or before 19 February 2007.

The terms of this letter will only become effective when we receive the duly signed original duplicate of this letter.

Yours faithfully



Mandla Ndwandwe
Senior Legal Advisor



Enquiries: Mandla Ndwandwe, Senior Legal Adviser, Legal Services
Direct line: (011) 269 3818
Facsimile: (011) 269 3116

Copies: Hanru Nienaber, Account Manager, Transportation, Financial Services & Others
Mukesh Ramjee, Senior Account Manager, Transportation, Financial Services & Others
Maylene Bransby, Client Care, Transportation, Financial Services & Others
Elsie Potgieter, Financial Management
Records

ANNEXURE C

| Shareholder | Constituent shareholders | Holding in the BEE Consortium |
|--------------------------------------|---|-------------------------------|
| Regiments Capital (Pty) Ltd | L Nyhonyha 35.0% N Pillay 33.0% E Wood 32.0% 100.0% | 15.00% |
| Kaebetso Holdings (Pty) Ltd | T Mahoele 50.0% Z Nzama 50.0% 100.0% | 31.85% |
| Lemoshanang Trust | Trust documents provided. | 5.00% |
| Mdumo Trust | * | 5.00% |
| Batho-Batho Trust | * | 20.00% |
| Koma Trust | * | 5.00% |
| Nozala Investment (Pty) Ltd | Nozala Holdings 53.3% Nozala Trust * 20.0% BEE shareholders 26.7% 100.0% | 6.15% |
| Rorisang Basadi Investment Holdings | ** | 3.00% |
| Capitec Bank Staff Empowerment Trust | * | 5.00% |
| Pilisiwe Nomsa Tau | Individual | 1.00% |
| Prudence Mshali | Individual | 1.00% |
| Dikeledi Muriel Majola | Individual | 1.00% |
| Bongani Khumalo | Individual | 1.00% |
| | | 100.00% |

* Please provide the latest signed trust documents.

** Please provide the company shareholding percentages.

NOTES

- Women 15%

- B/E/AA 30%

Mr. Miles Nzama ("Miles")
c/o Circle Capital Global
2nd Floor, East Wing
Bowman Gilfillan Building
165 West Street
Sandton

19/02/07

Mr Tshepo Mohloele ("Tshepo")
c/o Circle Capital Global
2nd Floor, East Wing
Bowman Gilfillan Building
165 West Street
Sandton

Dear Gentlemen

Provision of R3million funding for the Industrial Development Corporation of South Africa Limited ("IDC")
raising fee, legal fees, company formation expenses etc.

Regiments Capital (Pty) Limited ("Regiments Capital") was approached by Miles and Tshepo as representatives of the Black Economic Empowerment Consortium ("BEE Consortium") that had entered into an agreement to acquire 10 000 000.00 ordinary shares in Capitec Bank Holdings Limited ("Capitec Bank") at R30 a share, R285 000 000.00 of which is to be funded by the IDC. The IDC is to charge a raising fee of R2 850 000.00.

Further certain legal and company formation expenses have been incurred by the BEE Consortium.

Regiments Capital has agreed to provide R3 000 000.00 funding to the BEE Consortium on the following terms:

- Regiments Capital or its nominee be issued cumulative preference shares ("preference shares") to the tune of R3 000 000.00.
- The preference shares will rank immediately after the Capitec Bank preference shares and will enjoy the same terms and conditions of the Capitec Bank preference shares.
- Regiments Capital will be issued with an additional 3% equity holding in Ash Brook Investments 15 (Proprietary) Limited ("Ash Brook") such that the total effective equity interest of Regiments Capital of such an issue is equivalent to 18% interest in Ash Brook.
- Regiments Capital will be entitled to appoint a director in Ash Brook.

Regiments Capital is delighted to be of assistance to the BEE Consortium and is looking forward to a long and mutually beneficial relationship.

Regards

Regiments Capital (PTY) Limited

Reg No. 2004/023761/07

Penthouse Unit 4

4 The High Street, Melrose Arch, 2196

Postnet Suite 25, Private Bag X11, Birnam Park, 2015

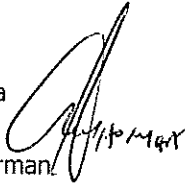
Tel: 27 11 684 2011 Fax: 27 11 684 2022

Directors: L.Nyhonyha (Executive Chairman), N. Pillay, E. Wood,

X REGIMENTS

Litha Nyhonyha

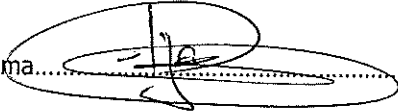
Executive Chairman



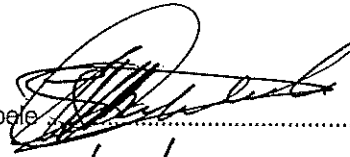
19/02/07

I Miles Nzama and Tshepo Mohloele being duly authorized by the BEE Consortium agree to the terms of the Regiments Capital funding as proposed above.

Miles Nzama.....



.....Tshepo Mohloele



19/2/2007

Regiments Capital (PTY) Limited

Reg No. 2004/023761/07

Penthouse Unit 4

4 The High Street, Melrose Arch, 2196

Postnet Suite 25, Private Bag X11, Bimam Park, 2015

Tel: 27 11 684 2011 Fax: 27 11 684 2022

Directors: L.Nyhonyha (Executive Chairman), N. Pillay, E. Wood,