

MW ASSET RENTALS (RF) LIMITED

(Incorporated in South Africa as a public company with limited liability under registration number 2002/030074/06)

Second Supplement to the Programme Memorandum in respect of the ZAR2,500,000,000 Lease Receivables Backed Note Programme

On 9 November 2016, MW Asset Rentals (RF) Limited (the "**Issuer**") executed a programme memorandum in relation to its ZAR2,500,000,000 lease receivables backed note programme (the "**Programme Memorandum**").

Under the lease receivables backed note programme (the "**Programme**"), the Issuer may issue limited recourse, secured, registered notes (the "**Notes**") denominated in South African Rand, on the terms and conditions contained in the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*". Capitalised terms used below and not otherwise defined herein shall bear the meanings as defined in the section of the Programme Memorandum headed "*Interpretation*" under the section headed "*Terms and Conditions of the Notes*".

The Issuer made certain amendments to the Programme Memorandum in terms of a first supplement to the Programme Memorandum, dated 26 March 2018 (the "**First Supplement**"). The Issuer wishes to make further amendments to the Programme Memorandum, as set out in this second supplement to the Programme Memorandum (the "**Second Supplement**"). The Noteholders of the Notes in issue have been notified of the amendments as set out in this Second Supplement.

This Second Supplement is published for purposes of setting out the further amendments to the Programme Memorandum. This Second Supplement is supplemental to, and should be read in conjunction with, the First Supplement and the Programme Memorandum.

Arranger, Dealer and Debt Sponsor



Attorneys to the Arranger, Dealer and Issuer



Capitalised terms used in this Second Supplement are defined in the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*" unless separately defined in this Second Supplement.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Second Supplement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this Second Supplement contains all information required by law and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in this Second Supplement, the First Supplement, the Programme Memorandum, the Applicable Pricing Supplements and its annual financial statements, and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

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

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

The JSE takes no responsibility for the contents of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, or any Applicable Pricing Supplement or the Issuer's annual financial statements and any amendments or supplements to the aforesaid documents. The JSE makes no representation as to the accuracy or completeness of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, any Applicable Pricing Supplement and the Issuer's annual financial statements and any amendments or supplements to the aforesaid documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum and the listing of Notes on the Interest Rate Market of the JSE is not to be taken in any way as an indication of the merits of the Issuer or of the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

Information contained in the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, with respect to the Arranger, the Dealer, the Debt Sponsor, the Servicer, the Seller, the Administrator, the other parties to the Transaction Documents and the Security SPV has been obtained from each of them for information purposes only and the Issuer assumes no responsibility for such information. The delivery of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, shall not create any implication that there has been no change in the affairs of the Arranger, the Dealer, the Debt Sponsor, the Servicer, the Seller, the Administrator, the

other parties to the Transaction Documents or the Security SPV since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

No person is authorised to give any information or to make any representation concerning the issue of the Notes other than those contained in the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement. Nevertheless, if any such information is given or representation made, it must not be relied upon as having been authorised by the Arranger, the Dealer, the Debt Sponsor, the JSE, the Issuer, the Seller, the Servicer, the Administrator, the other parties to the Transaction Documents or the Security SPV, or any of their respective affiliates or advisers. Neither the delivery of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, nor any offer, sale, allotment or solicitation made in connection with the offering of the Notes shall, in any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer since the date hereof or that the information contained in the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, is correct at any time subsequent to the date of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement. The JSE, the Arranger, the Dealer, the Debt Sponsor, the Seller, the Servicer, the Administrator, the Security SPV, the other parties to the Transaction Documents and their respective affiliates or advisers have not separately verified the information contained in the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement. Accordingly, neither the JSE, the Arranger, the Dealer, the Debt Sponsor, the Seller, the Servicer, the Administrator, the Security SPV, the other parties to the Transaction Documents nor any of their respective affiliates or advisers makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, or any other information supplied in connection with the Programme. Each person receiving the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, acknowledges that such person has not relied on the Seller, the Servicer, the Security SPV, the JSE, the Arranger, the Dealer, the Debt Sponsor, the Administrator, the other parties to the Transaction Documents or any of their respective affiliates or advisers in connection with its investigation of the accuracy of such information or its investment decision.

Neither the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation by the Arranger, the Dealer, the Debt Sponsor, the JSE, the Issuer, the Seller, the Servicer, the Administrator, the Security SPV, the other parties to the Transaction Documents or any of their respective affiliates or advisers that any recipient of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, or any other information supplied in connection with the Programme should subscribe for or purchase any Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investment. The JSE, the Arranger, the Dealer, the Debt Sponsor, the Seller, the Servicer, the Administrator, the Security SPV, the other parties to the Transaction Documents and their respective affiliates or advisers do not undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger, the Dealer, the Debt Sponsor, the Seller, the Servicer,

the Administrator, the Security SPV, the JSE, the other parties to the Transaction Documents, or any of their respective affiliates or advisers.

The Notes will be obligations solely of the Issuer. The Notes will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. In particular, the Notes will not be obligations of, or the responsibility of, or guaranteed by the Seller, the Servicer, the Administrator, the Arranger, the Dealer, the Debt Sponsor or, save to the extent of the amount recovered from the Issuer in terms of the Issuer Indemnity and from the property realised from the other Security Documents, the Security SPV. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes shall be accepted by the Seller, the Servicer, the Arranger, the Dealer, the Debt Sponsor or the Security SPV.

The Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, does not constitute an offer or an invitation by or on behalf of the Issuer, the Security SPV, the Seller, the Arranger the Dealer, the Debt Sponsor, the Administrator, the Servicer or the Security SPV to any person to subscribe for or purchase any of the Notes. The distribution of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Security SPV, the Seller, the Arranger, the Dealer, the Debt Sponsor, the Servicer, the Administrator, the Security SPV or the other parties to the Transaction Documents that the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable legislation or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Security SPV, the Seller, the Arranger, the Dealer, the Debt Sponsor, the Servicer, the Administrator, the Security SPV or the other parties to the Transaction Documents which would permit a public offering of the Notes or distribution of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, 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. Persons into whose possession the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, comes are required by the Issuer, the Arranger, the Dealer and the Debt Sponsor to inform themselves about and to observe any such restrictions.

*The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to any U.S. persons. In addition, there are restrictions on the distribution of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, in South Africa and the United Kingdom. For a more complete description of certain restrictions on the offering, sale and delivery of Notes and distribution of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement see the section of the Programme Memorandum headed "Subscription and Sale".*

The terms of the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, if sent to persons resident in jurisdictions outside South Africa, may be affected by the laws of the relevant jurisdiction. Such persons should inform themselves about and observe any applicable legal requirements in any such jurisdiction. It is the

responsibility of any such person wishing to subscribe for or purchase the Notes to satisfy itself as to the full observance of the laws of the relevant jurisdiction therewith. If and to the extent that the Programme Memorandum, as supplemented by the First Supplement and this Second Supplement, is illegal in any jurisdiction, it is not made in such jurisdiction and this document is sent to persons in such jurisdiction for information purposes only.

In connection with the issue and distribution of any Tranche of Notes, the Issuer may, in its discretion and to the extent permitted by applicable laws and regulations, appoint a stabilising manager to 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. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Stabilisation is only permissible if it is conducted in accordance with the JSE Debt Listings Requirements and is subject to the approval of the JSE.

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AMENDMENT TO THE SECTION OF THE PROGRAMME MEMORANDUM HEADED "SUMMARY OF THE PROGRAMME" UNDER THE SECTION HEADED "STRUCTURAL FEATURES"

- 1 The amendments set out below are made to the sections referred to below.
- 2 The amendments are, for ease of reference, reflected hereunder by way of underlined text for insertions and strike through text for deletions.

Stop Purchase Events

any one or more of the following events (it being recorded that if a Stop Purchase Event occurs, and for as long as a Stop Purchase Event continues, the Issuer may not acquire any Participating Assets) -

- (a) if a Servicer Event of Default occurs or if Merchant West ceases to be the Servicer;
- (b) for any three consecutive Payment Dates, if the Arrears Reserve is not funded at the Arrears Reserve Required Amount;
- (c) on any Payment Date, the amount standing to the credit of the Liquidity Reserve plus the Liquidity Facility Limit, is less than the Liquidity Required Amount;
- (d) for any Calculation Period, the Weighted Average Yield is less than Prime plus 2%;
- (e) on any two consecutive Determination Dates, the Issuer fails to own Leases in the Portfolio of Participating Assets with a minimum of 700 different obligors as at the end of the related Calculation Period;
- (f) on any Determination Date, the average over the previous 3 month period of the aggregate of all Non-Performing Leases, divided by the aggregate Exposure of the Leases in the Portfolio of Participating Assets for that period exceeds 3%;
- (g) the Notes in a Tranche of Notes are not redeemed in full on the Scheduled Maturity Date of that Tranche of Notes;

- (h) on any Determination Date, the Principal Shortfall is greater than zero;
- (i) on any Determination Date, the Asset Cover Ratio falls below 12~~6~~8%;

AMENDMENT TO THE SECTION OF THE PROGRAMME MEMORANDUM HEADED "INTERPRETATION" UNDER THE SECTION HEADED "TERMS AND CONDITIONS OF THE NOTES"

- 1 The amendments set out below are made to the section of the Programme Memorandum headed "*Interpretation*" under the section headed "*Terms and Conditions of the Notes*".
- 2 The amendments are, for ease of reference, reflected hereunder by way of underlined text for insertions and strike through text for deletions.

"Prime Rate"

the rate of interest which Nedbank from time to time quotes as being its prime rate, calculated daily on a 365-day year basis (irrespective of whether the year in question is a leap year or not), and compounded monthly in arrears as certified by any manager or authorised signatory of Nedbank whose appointment, designation or authority it shall not be necessary to prove;

"Stop Purchase Events"

any one or more of the following events -

- (a) if a Servicer Event of Default occurs or if Merchant West ceases to be the Servicer;
- (b) for any three consecutive Payment Dates, if the Arrears Reserve is not funded at the Arrears Reserve Required Amount;
- (c) on any Payment Date, the amount standing to the credit of the Liquidity Reserve plus the Liquidity Facility Limit, is less than the Liquidity Required Amount;
- (d) for any Calculation Period, the Weighted Average Yield is less than Prime plus 2%;
- (e) if on any two consecutive Determination Dates, the Issuer fails to own Leases in the Portfolio of Participating Assets with a minimum of 700 different obligors as at the end of the related Calculation Period;
- (f) if on any Determination Date, the average over the previous 3 month period of the aggregate of all Non-Performing Leases, divided by the aggregate Exposure of the

Leases in the Portfolio of Participating Assets for that period exceeds 3%;

- (g) if the Notes in a Tranche of Notes are not redeemed in full on the Scheduled Maturity Date of that Tranche of Notes;
- (h) if on any Determination Date, the Principal Shortfall is greater than zero;
- (i) if on any Determination Date, the Asset Cover Ratio falls below 126~~8~~%,

it being recorded that if a Stop Purchase Event occurs, and for as long as that Stop Purchase Event continues, the Issuer may not acquire any Participating Assets);

"Structured Repayment Profile"

a repayment profile determined at inception of the Lease where Lease Payments are made in accordance with a pre-agreed schedule that contains –

(a) more than three interest only periods; and/or

(b) skip payment arrangements; and

where such repayment is not a Balloon Payment, restructure or contains repayment frequencies greater than three months;

for purposes of this definition, a "skip payment arrangement" occurs where one or more payment dates in the Lease's annual payment cycle have a nil contractual payment amount;

**AMENDMENT TO THE SECTION OF THE PROGRAMME MEMORANDUM HEADED
"TERMS AND CONDITIONS OF THE NOTES"**

- 1 The amendments set out below are made to the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*".
- 2 The following new Condition is inserted after Condition 23 (*Multiple Roles*)

24 PENALTY INTEREST

Should the Issuer fail to make full or timeous payment of any amount due and payable to the Noteholders on the due date for payment, subject to the availability of funds in terms of the applicable Priority of Payments to make such payment, the Issuer shall pay penalty interest on the unpaid amount, calculated from such due date until the date on which the unpaid amount is actually paid in full (both dates inclusive) at a rate equal to the Prime Rate plus 2% per annum.

**AMENDMENT TO THE SECTION OF THE PROGRAMME MEMORANDUM HEADED
"PORTFOLIO OF PARTICIPATING ASSETS" UNDER THE HEADING ENTITLED
"ELIGIBILITY CRITERIA"**

- 1 The amendments set out below are made to the section under the heading entitled "*Eligibility Criteria*" and the section under the heading entitled "*Portfolio Criteria*".
- 2 The amendments are, for ease of reference, reflected hereunder by way of underlined text for insertions and strike through text for deletions.

Eligibility Criteria

On origination of each Participating Asset from time to time, the Originator's standard credit approval policies and procedures will have been applied. The general criteria that each Participating Asset must satisfy in order to qualify for acquisition by the Issuer, include, *inter alia*, the following –

- 1 Prior to the Effective Date in respect of any Participating Asset sold and transferred in accordance with the Sale Agreement, the Lessor has unconditionally and irrevocably paid in full, to the manufacturer, or supplier or any other party from whom the Leases and related Equipment were acquired, as the case may be, the purchase price and any related charges in connection with the acquisition of such Participating Assets.
- 2 As at the Initial Issue Date (in respect of the Existing Participating Assets and the Initial Participating Assets), the Transfer Date and the Lease Delivery Date of each Participating Asset under the Sale Agreement, the sale and transfer to the Issuer of the Participating Assets, including the sale and transfer of all of the Seller's right, title and interest in each item of Equipment to the Issuer does not violate the terms or provisions of any Lease or any other agreement in respect of the Participating Assets or any other agreement to which the Seller is a party or by which it is bound.
- 3 At the time of commencement of each Lease sold to the Issuer in terms of the Sale Agreement, the Equipment was not situated on any leased premises, or if so situated, the Lease obliges the Lessee to notify the landlord of such premises in writing (or the landlord of the premises has been notified in writing) that the ownership of such Equipment does not vest in the landlord's tenant.
- 4 As at the Initial Issue Date (in respect of the Existing Participating Assets and the Initial Participating Assets), the Transfer Date and the Lease Delivery Date of each Participating Asset under the Sale Agreement, the Seller –
 - 4.1 is entitled to enforce all rights and obliged to perform all obligations under and in respect of the Participating Assets insofar as such rights and/or obligations relate to the Seller; and
 - 4.2 has good title to each item of related Equipment.

- 5 As at the Initial Issue Date (in respect of the Existing Participating Assets and the Initial Participating Assets), the Transfer Date and the Lease Delivery Date of each Participating Asset under the Sale Agreement –
 - 5.1 the Issuer will be entitled to enforce all rights and obliged to perform all obligations under the Participating Assets insofar as such rights and/or obligations relate to the Issuer; and
 - 5.2 the Issuer will be the legal owner of each item of related Equipment.

- 6 As at the Initial Issue Date (in respect of the Existing Participating Assets and the Initial Participating Assets), the Transfer Date and the Lease Delivery Date of each Participating Asset under the Sale Agreement –
 - 6.1 each relevant Lease –
 - 6.1.1 is a legal, valid and binding full recourse obligation of the Lessee under such Lease, enforceable by the Issuer (and by the Security SPV as cessionary of the Issuer) against such Lessee in accordance with the terms of such Lease;
 - 6.1.2 is one in respect of which the Lessee will not have been released in whole or in part, from any of its obligations in respect of such Lease, such Lease will not have been satisfied or cancelled, in whole, or in part, or rescinded, and no instrument has been executed that would affect any such satisfaction, cancellation or rescission;
 - 6.1.3 provides for a Minimum Lease Period;
 - 6.1.4 is Rand-denominated;
 - 6.1.5 is in full force and effect;
 - 6.1.6 has been originated in the ordinary course of the Originator's business, in accordance with the Originator's policies and procedures;
 - 6.1.7 is on terms and conditions substantially and materially the same as the terms and conditions of the Existing Participating Assets;
 - 6.1.8 provides that Lease Payments are not subject to set off, withholding or deduction;
 - 6.1.9 can be segregated and is a separately identifiable agreement on the System of the Servicer at all times after the Effective Date;
 - 6.1.10 has a Minimum Lease Period which expires no later than 2 years prior to the latest Final Redemption Date in respect of any Notes in issue;
 - 6.1.11 has a Minimum Lease Period of no more than 7 years;
 - 6.1.12 provides that the Minimum Lease Period cannot exceed the useful life of the Equipment;

- 6.1.13 provides that upon a transfer of the Lessor's ownership in the corresponding Equipment to the Issuer, the Lessee shall, following such transfer, hold such Equipment on behalf of the Issuer;
- 6.1.14 all agreements in terms of which Lessors cede and assign their rights under any Leases to the Seller (the "Cessions") are on terms and conditions substantially and materially the same as the Cessions identified in the Sale Agreement;
- 6.2 the Seller has no knowledge (after due enquiry) of any challenge, dispute or claim by or against the Lessee under or in respect of such Lease or the liquidation or insolvency of the applicable Lessee;
- 6.3 each Lessee will have paid at least the first scheduled Lease Payment;
- 6.4 each Lease will be a Performing Lease, not be in Arrears by more than 30 days and to the best of the Seller's knowledge and belief and having made all reasonable enquiries in the ordinary course of its business, the arrear status is not as a result of the creditworthiness of the Lessee but rather administrative in nature;
- 6.5 the Seller does not have knowledge that any item of the Equipment sold and transferred in terms of the Sale Agreement has suffered any loss or damage which has not been fully repaired;
- 6.6 in terms of the Lease, the Lessee is unconditionally responsible for repairs and maintenance of the Equipment subject to the Lease (with no obligation on the Seller to repair and maintain Equipment);
- 6.7 each Lessee is resident in the Common Monetary Area;
- 6.8 the Equipment subject to each Lease is insured in an amount sufficient to cover the lower of (i) Exposure of such Lease or (ii) the Equipment replacement cost in the event of the theft, loss of, or damage to, such Equipment;
- 6.9 each Participating Asset sold to the Issuer complies with the Servicer's regular credit approval criteria set out in the Servicer Advances Guidelines;
- 6.10 each Lease provides that the obligation of the Lessee to pay rent under such agreement throughout the term of such agreement is and will be unconditional without regard to any event affecting the Equipment, the obsolescence of any Equipment, any claim of such Lessee against the Issuer or the Seller or the Lessor, or any change in circumstance of such Lessee, or any other circumstance whatsoever; provided that, in the event of any item of Equipment being lost, stolen or, in the opinion of the Lessor, being damaged beyond economical repair, then in circumstances where the Lessee is responsible for insuring the Equipment subject to such Lease, the Lessee, at a minimum, is obliged to pay, in lieu of the future Lease Payments with respect to such Equipment, the outstanding principal or book value of the Lease and, in circumstances where the Seller or prior Lessor, as the case may be, is responsible for insuring the Equipment subject to such Lease, the Lease will terminate on such date, the Lessee will be responsible for the Arrears (plus VAT) up to the date of such termination and, in lieu of the future Lease Payments with respect to such Equipment, a claim will be lodged under the applicable Casualty Insurance Policy or the Equipment will be replaced;

- 6.11 in the case of each Lease which consists of a master lease and one or more exhibits or schedules, all such exhibits and schedules are subject to the terms and conditions set out in such master lease;
- 6.12 there are no facts or circumstances which give rise, or would give rise at any time in the future, to any right of rescission, set-off, counterclaim or defence, to the obligations of any Lessee, including the obligation of such Lessee to pay all amounts due with respect to any Lease to which such Lessee is a party, and neither the operation of any of the terms of any Lease nor the exercise of any right under the Lease will render such Lease unenforceable in whole or in part or subject to any right of rescission, set-off, counterclaim or defence, and no such right of rescission, set-off, counterclaim or defence has been asserted with respect to any Lease;
- 6.13 no Lease has been amended, altered or modified in any respect except in writing, and copies of all such written amendments are attached to the Lease;
- 6.14 no Lessee will have been released, in whole or in part, from any of its obligations in respect of any Lease, no Lease will have been satisfied, cancelled or subordinated, in whole, or in part, or rescinded, and no Equipment covered by any Lease will have been released from such Lease, in whole or in part, nor has any instrument been executed that would affect any such satisfaction, release, cancellation, subordination or rescission;
- 6.15 each Lease complies with all Applicable Laws, payments under each Lease are required to be made in Rands, and no Lease was originated in or is subject to the laws of any jurisdiction whose laws would make any of the sales and transfers under the Sale Agreement unlawful;
- 6.16 all parties to each Lease had capacity and authority to execute such Lease;
- 6.17 the rights and obligations under the Leases are assignable without the consent of or notice to the corresponding Lessees or to the extent any such consent is required the relevant consents have been obtained;
- 6.18 save as expressly provided for in the Transaction Documents or the relevant Lease (which may include a provision(s) providing for, upon settlement of all outstanding amounts owing under the relevant Lease, arrangements for the return of the Equipment to the relevant broker and/or supplier, or the purchase of Equipment by the Servicer), no Participating Asset is subject to any option, right of first refusal pre-emptive or other agreement giving any person a right (whether exercisable now in the future and whether contingent or not) to call for the sale and transfer to them or any third party of such Participating Asset during the Minimum Lease Period;
- 6.19 each Lessee has represented to the Lessor that it has accepted the Equipment and that it is in possession of the Equipment;
- 6.20 to the best of the Seller's knowledge and belief no Lessee is a subject of an insolvency, business rescue proceedings, curatorship, winding up or liquidation proceeding at the time of the sale and transfer to the Issuer;

- 6.21 no Lease has been assigned, transferred, sold and/or discounted, and no Equipment has been sold and/or transferred, to any third party, bank or other financial house;
- 6.22 the Lease Payments are not subject to any escalation at a rate that exceeds 15% per annum, compounded;
- 6.23 in respect of each Lease, receipt by the Lessor of all Lease Payments in respect of the Minimum Lease Period will fully amortise the lease payments ie no Lease allows for the lease of Equipment subject to a residual value;
- 6.24 to the best of the Seller's knowledge and to the best of Merchant West's knowledge and having made all reasonable enquiries in the ordinary course of their business, save as expressly permitted in the Eligibility Criteria or set out in the Transaction Documents, there is no breach by the Lessor or the Lessee of any corresponding Lease;
- 6.25 each document in respect of Related Security:
 - 6.25.1 is a legal, valid and binding obligation of the provider of such security, enforceable against such provider in accordance with terms of such document;
 - 6.25.2 is in full force and effect and each party to such document had capacity and authority to execute such document; and
 - 6.25.3 is capable of being assigned without the prior consent of, or notice to, the provider of such security;
- 6.26 the sale and transfer of each Participating Asset in terms of the Sale Agreement will not result in a breach of any of the Portfolio Criteria;
- 6.27 the Lease Payments are payable over the period of the Lease on a three monthly or shorter basis; provided that Lease Payments in respect of certain Government schools where the Leases may exceed six monthly intervals but may not exceed twelve monthly intervals;

~~6.28 no Lease is subject to the National Credit Act;~~

~~6.29~~ 6.28 the Lease has not been provided to any Lessee who is an employee or executive director of the Seller, Originator or any associated entity of Merchant West or where an employee or executive director of the Seller, Originator or any associated entity of Merchant West has guaranteed or provided personal surety in respect of the Lease.

Portfolio Criteria

In respect of the Portfolio of Participating Assets and having regard to the transfer of any Leases to the Issuer, on the Initial Issue Date (in respect of the Existing Participating Assets and the Initial Participating Assets), each Effective Date and each Lease Delivery Date –

- 1 the aggregate Exposure of Leases in respect of which the corresponding Equipment is not located in the Common Monetary Area shall be limited to 3% of the Total Exposure;

- 2 the aggregate Exposure in respect of Leases in terms of which the underlying Lease is entered into a fixed rate of interest will be limited to ~~125~~% of the Total Exposure;
- 3 the aggregate Exposure of Leases with an original term of less than 36 months should not exceed 10% of the Total Exposure;
- 4 the aggregate Exposure of Leases with an original term of greater than 60 months should not exceed ~~510~~% of the Total Exposure;
- 5 the aggregate Exposure in respect of Government Leases shall be limited to ~~105~~% of the Total Exposure;
- 6 leases with repayment frequencies greater than 3 months cannot exceed 5% of the Total Exposure;
- 7 the aggregate Exposure in respect of the aggregate Leases with the same Lessee shall be limited to 3% of the Total Exposure, capped at an amount of ZAR~~4065~~ million;
- 8 the aggregate Exposure in respect of the aggregate Leases with all the Lessees whose Leases constitute the 5 Leases with the highest Exposure shall be limited to 12.5% of the Total Exposure;
- 9 the aggregate Exposure in respect of the aggregate Leases with all the Lessees whose Leases constitute the 10 Leases with the highest Exposure shall be limited to 20% of the Total Exposure;
- 10 the aggregate Exposure in respect of the aggregate Leases with all the Lessees whose Leases constitute the 30 Leases with the highest Exposure shall be limited to 40% of the Total Exposure;
- 11 the Weighted Average Credit Rating Score cannot exceed 17;
- 12 the aggregate of leases with a Credit Rating Score of greater than 20 cannot exceed ~~35~~% of the Total Exposure;
- 13 the aggregate of leases rated using the SMME Rating Model cannot exceed 7.5% of the Total Exposure;
- 14 the aggregate of leases that are not rated cannot exceed 2.5% of the Total Exposure;
- 15 the aggregate Exposure in respect of Leases with a Balloon Payment cannot exceed ~~2-57.50~~% of the Total Exposure provided that the Balloon Payment Amount cannot exceed 50% of any individual Lease's Exposure at the inception of the Lease;
- 16 the aggregate Exposure in respect of Leases that have been restructured to extend the term of the Lease cannot exceed 1% of the Total Exposure;
- 17 the aggregate Exposure in respect of Leases that have a Structured Repayment Profile cannot exceed ~~25.0~~% of the Total Exposure-; and
- 18 the aggregate Exposure in respect of Leases that are subject to the National Credit Act or the Consumer Protection Act, shall not exceed 5% of the Total Exposure.

GENERAL

- 1 Save as set out in the First Supplement and this Second Supplement, the remaining provisions of the Programme Memorandum remain unaltered and in full force and effect.
- 2 This Second Supplement will be available for inspection during normal office hours, at the Specified Office of the Issuer and will also be available for inspection on the Servicer's website, www.merchantwest.co.za. This Second Supplement will also be available for inspection on the JSE's website www.jse.co.za.

Signed at Johannesburg on behalf of **MW Asset Rentals (RF) Limited**



Director
Name: **Rishendrie Thanthony**
Date: 3 May 2022

Signed at Johannesburg on behalf of **MW Asset Rentals (RF) Limited**

Director
Name:
Date: 3 May 2022

GENERAL

- 1 Save as set out in the First Supplement and this Second Supplement, the remaining provisions of the Programme Memorandum remain unaltered and in full force and effect.
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Signed at Johannesburg on behalf of **MW Asset Rentals (RF) Limited**



Digitally signed by Philip Lochner
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o=Merchant West Holdings, ou,
email=philip@merchantwest.co.za
c=ZA
Date: 2022.05.03 07:56:59 +02'00'

Director
Name: Philip Lochner
Date: 3 May 2022

Signed at Johannesburg on behalf of **MW Asset Rentals (RF) Limited**

Director
Name:
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