

EXECUTION

**SECURITY CESSION DATED 11 DECEMBER 2019
in respect of Transaction 3 of the Issuer Programme established by AB Finco 1 (RF) Limited**

by

**AB FINCO 1 (RF) LIMITED
(Issuer)**

and

**AB FINCO 1 SECURITY SPV (RF) PROPRIETARY LIMITED
(the Security SPV)**

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1. INTRODUCTION

- 1.1 The Issuer has established the Issuer Programme.
- 1.2 Under the Issuer Programme, the Issuer may establish one or more Transactions by signing an Applicable Transaction Supplement in respect of each relevant Transaction.
- 1.3 The Issuer has established Transaction 3 of the Issuer Programme and proposes to issue Notes in respect of such Transaction.
- 1.4 The Security SPV has been established for the purpose of holding and realising security for the benefit of the Secured Creditors in respect of the obligations of the Issuer to the Secured Creditors in terms of the Transaction Documents.
- 1.5 In order to give effect to the principles set out in clause 1.4 above, the Security SPV shall, in respect of Transaction 3:
 - 1.5.1 guarantee to each of the Secured Creditors on the terms set out in the Guarantee, the payment of their claims on the occurrence of a Guarantee Event (as defined in the Guarantee);
 - 1.5.2 obtain and hold the Indemnity from the Issuer against any claims made against the Security SPV pursuant to the Guarantee; and
 - 1.5.3 if a Guarantee Event occurs:
 - (a) claim from the Issuer in terms of the Indemnity;
 - (b) realise the Security, if necessary; and
 - (c) pay to each Secured Creditor, in accordance with the Guarantee and in the order and subject to the terms of the Post-Enforcement Priority of Payments, the amount of its claim

2. DEFINITIONS AND INTERPRETATION

- 2.1 The Common Terms Agreement signed by, among others, the parties to this Agreement (as the same may be amended, novated or substituted from time to time in accordance with its terms) is expressly and specifically incorporated into this Agreement and, accordingly, the expressions defined in, and the terms and provisions of, the Common Terms Agreement (as so amended, novated or substituted) shall, except where the context otherwise requires and save where otherwise defined or provided for in this Agreement, have the same meanings in this Agreement and shall form part of this Agreement.
- 2.2 All capitalised terms used in this Agreement refer to such term in respect of Transaction 3 of the Issuer Programme.
- 2.3 If there is any conflict between the provisions of the Common Terms Agreement and the provisions of this Agreement, the provisions of this Agreement shall prevail with the

exception of clause 3 (*Subordination, Limited Recourse, Enforcement and Non-Petition*) of the Common Terms Agreement which shall, in any case, prevail.

2.4 In this document, the following terms shall have the following meanings:

- 2.4.1 **this Agreement** the security cession agreement embodied in this document, as amended from time to time in accordance with its terms;
- 2.4.2 **the Obligations** all and any obligations which the Issuer now has, or may from time to time have, to the Security SPV (including contingent obligations, obligations to pay damages as a result of a breach and any other obligations) in terms of, or arising in connection with, the Indemnity and/or this Agreement;
- 2.4.3 **the Parties** the Issuer and the Security SPV; and
- 2.4.4 **the Rights and Interests** all the Issuer's rights, title and interests in and to the Assets, whether actual, prospective or contingent, direct or indirect, common law or statutory, whether a claim to payment of money or to performance of any other obligation, and whether or not the said rights, title and interests were within the contemplation of the Parties at the Date of Signature of this Agreement.

3. SECURITY CESSION

- 3.1 The Issuer cedes, assigns, transfers and makes over to the Security SPV, with effect from the Initial Issue Date, all of the Issuer's present and future Rights and Interests as security for the due, proper and timeous payment and performance in full of all the Obligations on the terms and conditions set out in this Agreement, which security cession the Security SPV hereby accepts. It is the intention of the Issuer and the Security SPV that this Agreement should operate as a security cession with effect from the Date of Signature of this Agreement and not as an outright cession and, accordingly, that the Issuer shall retain bare ownership of the Rights and Interests and that in the event of the insolvency of the Issuer, such Rights and Interests will form part of the Issuer's insolvent estate, subject to the rights of the Security SPV as a secured creditor.
- 3.2 The Issuer shall obtain all third-party consents required to fulfil its obligations detailed in clause 3.1 above by, among other things, providing for a consent to cession clause in all agreements, policies or other documents entered into in respect of the applicable Rights and Interests.

4. WARRANTIES

- 4.1 The Issuer represents and warrants, that the Rights and Interests ceded to the Security SPV under this Agreement have not been ceded (either outright or as security), discounted, factored, mortgaged under notarial bond, or otherwise disposed of or hypothecated or Encumbered, nor are they subject to any other right in favour of any person.

- 4.2 Should any of the Rights and Interests be subject to any such right in breach of the representation and warranty in clause 4.1, then, without prejudice to any other rights that the Security SPV may have, any reversionary or other interests the Issuer may have in the Rights and Interests are also ceded to the Security SPV, and if the holder of that cession or right is entitled to possession of any of the documents referred to in clause 7 below, and it exercises that right, then the Issuer shall deliver photocopies of the documents to the Security SPV, and as soon as the holder of that cession or right ceases to be entitled to possession or gives up possession, the Issuer shall deliver the documents to the Security SPV.
- 4.3 The Issuer represents and warrants, on each day that this Agreement is in force, that:
- 4.3.1 the Rights and Interests are and will be fully enforceable in all respects;
- 4.3.2 it is and will remain the sole legal and beneficial owner of all the Rights and Interests;
- 4.3.3 the Issuer has the necessary legal capacity to enter into and perform its obligations under this Agreement and has taken all necessary internal action to authorise the execution and performance of this Agreement and this Agreement constitutes legal, valid, binding and enforceable obligations of the Issuer; and
- 4.3.4 this Agreement and the fulfilment of its obligations in accordance with the terms of this Agreement do not contravene any law, regulation or any contractual obligations binding on it and that all necessary consents of governmental or quasi-governmental bodies or other authorisations, approvals, licences, registrations and consents have been obtained.

5. USE AND ENJOYMENT

- 5.1 This security cession operates in respect of all rights, powers and privileges attaching to the Rights and Interests.
- 5.2 The Issuer shall not cede (either outright or as security), assign, transfer or pledge or in any other manner Encumber the Rights and Interests, or discount, factor or prejudice, compromise or grant any indulgences in respect of the Rights and Interests or agree to vary the terms of any document in respect of the Rights and Interests or release any security held in respect of any such Rights and Interests, or in any other manner deal with the Rights and Interests, without the prior written consent of the Security SPV, except to the extent permitted or contemplated by the provisions of the Notes and the other Transaction Documents.
- 5.3 For so long as there is not a breach of the Obligations, the Issuer shall, as agent on behalf of the Security SPV and at the Issuer's cost, enforce and receive payment for, delivery of, and/or performance in respect of the Rights and Interests, all of which rights shall be exercised in accordance with any limitations imposed in terms of the provisions of the Notes and the Transaction Documents. The Issuer shall carry out any directions the Security SPV may give in relation to the enforcement of the Rights and Interests and in the absence of directions shall enforce the Rights and Interests in the ordinary course of business.
- 5.4 For so long as there is not a breach of the Obligations, the Issuer may appropriate amounts collected in respect of the Rights and Interests to the Issuer's own use. In such

event, the rights in all cheques and other negotiable instruments received by the Issuer shall remain ceded to the Security SPV until they have been paid to the Issuer and all cash paid to the Issuer shall be held by the Issuer as the Security SPV's agent until the Issuer parts with possession of the cash.

- 5.5 For so long as there is not a breach of the Obligations (and unless the Security SPV notifies the Issuer in writing to the contrary), the Security SPV hereby authorises the Issuer, at the Issuer's cost to institute legal proceedings to enforce and receive payment for, delivery of, and/or performance in respect of the Rights and Interest, in the Issuer's name, in which event, upon the institution of court proceedings, the relevant claim in respect of the Rights and Interests shall be deemed to have been re-ceded to the Issuer to the extent necessary in law to enable the Issuer to sue in its own name. The Issuer shall notify the Security SPV in writing of such proposed legal proceedings.
- 5.6 The Issuer will be deemed to be in breach of the Obligations upon the occurrence of an Issuer Insolvency Event.

6. REALISATION

- 6.1 Prior to the occurrence of a breach of the Obligations the provisions of clause 5 shall apply.
- 6.2 On the occurrence of a breach of the Obligations, the Issuer irrevocably and unconditionally authorises and empowers the Security SPV or its nominee, *in rem suam* and without any further authority or consent required from the Issuer and without having to obtain a court order, to:
- 6.2.1 exercise and/or otherwise enforce its rights under this Agreement in and to the Rights and Interests;
- 6.2.2 sell, or purchase, or otherwise realise all or some of the Rights and Interests at a fair market value and on such other terms and in such manner as the Security SPV, may in its sole discretion decide;
- 6.2.3 institute any legal proceedings which the Security SPV may deem necessary in connection with any sale, purchase or other transfer of any of the Rights and Interests by the Security SPV or its nominee; and/or
- 6.2.4 compromise any Right and Interest, grant any extension or other indulgence in respect of any such Right and Interest, or agree to vary the terms of any such Right and Interest, or release any security or suretyship held for any such Right and Interest.
- 6.3 The Issuer acknowledges that:
- 6.3.1 the Rights and Interests ceded by it in favour of the Security SPV in terms of this Agreement are Rights and Interests which underlie a transaction of a commercial nature;
- 6.3.2 the Obligations and debts of the Issuer secured by this Agreement are Obligations and debts of a commercial nature;

- 6.3.3 the application of the provisions of clauses 6.1 and 6.2 in the circumstances prescribed in clauses 6.1 and 6.2, will confer upon the Security SPV certain procedural advantages, which in the light of the commercial nature of the Obligations secured by this Agreement are fair, reasonable and necessary to ensure that the Security SPV does not suffer unfair commercial prejudice by being deprived of these procedural advantages;
- 6.3.4 if any part of clause 6.1 and/or 6.2 is invalid or unenforceable, the Security SPV shall retain the right to enforce all the other terms of this Agreement and shall retain all such rights as are enforceable and validly conferred upon it by this Agreement;
- 6.3.5 the Issuer knows and understands the meaning, import and consequences of clauses 6.1, 6.2 and 6.3.
- 6.4 On the occurrence of a breach of the Obligations or if the Security SPV otherwise directs in writing, the Issuer shall on demand by the Security SPV:
- 6.4.1 notify all persons required by the Security SPV in writing, that payment, delivery or performance of the relevant Rights and Interests must be made to the Security SPV and that payment, delivery or performance to the Issuer or to anyone else will not constitute valid payment, delivery or performance, and the Security SPV shall be entitled to do likewise. The Issuer shall on demand by the Security SPV provide proof that such notification has been duly given;
- 6.4.2 refuse to accept any payment, delivery or performance tendered in respect of any of the Rights and Interests and order that such payment, delivery or performance be tendered to the Security SPV; and
- 6.4.3 at its own cost, carry out any directions the Security SPV may give in regard to the realisation of the Rights and Interests and sign any document or do any other act necessary to vest the Rights and Interests in the Security SPV or otherwise necessary to give effect to the provisions of this Agreement.
- 6.5 The Security SPV shall apply the net proceeds of any realisation of the Rights or Interests (after deducting all costs and expenses incurred by the Security SPV, in its reasonable discretion, in connection with the exercise by the Security SPV of its rights) in reduction or discharge, as the case may be, of the Issuer's indebtedness to the Security SPV, without prejudice to the Security SPV's rights to recover from the Issuer any balance which may remain owing to the Security SPV after the exercise of such rights. Should the total amount collected or recovered by the Security SPV, after deducting all costs and expenses incurred by the Security SPV, exceed the full amount of the Issuer's indebtedness to the Security SPV, the Security SPV shall refund such excess to the Issuer.

7. DELIVERY OF LISTS AND OF DOCUMENTS EVIDENCING RIGHTS AND INTEREST AND SECURITY AND OTHER OBLIGATIONS OF THE ISSUER

- 7.1 Within 5 Business Days following written request by the Security SPV, the Issuer shall deliver to the Security SPV, or such custodian as the Security SPV may nominate, a notice which shall contain a list of the Rights and Interests ceded to the Security SPV as at the date of such notice or as at such other day or days as the Security SPV may direct in writing; provided that any failure or omission to furnish such list, or any error or omission in any list so furnished, shall not affect any of the Security SPV's rights under this Agreement. Each list shall set out such details as the Security SPV may specify. Each list shall be

certified correct by a director of the Issuer if the Security SPV so requests. At the time of finalisation of the Issuer's audited annual financial statements each year, the Issuer shall deliver a report from its auditors confirming the correctness of the latest lists compared to the audited annual accounts of the Issuer.

- 7.2 When Rights and Interests are evidenced by a document, or when the Issuer holds security for any obligation in respect of such Rights and Interests and the security is evidenced by a document, the Issuer shall on request deliver (at the Security SPV's election) the original or a certified copy of that document to the Security SPV or such custodian as the Security SPV may nominate.
- 7.3 In addition to the documents referred to above, the Issuer shall deliver to the Security SPV, or such custodian as the Security SPV may nominate, any other documents relating to the Rights and Interests for which the Security SPV may at any time reasonably call, which documents shall be delivered to the Security SPV within a reasonable period, as agreed between the Issuer and the Security SPV and, failing such agreement, within 14 days of the request.
- 7.4 The Issuer shall generally do everything that may be required by the Security SPV for the purposes of and to give effect to this Agreement, failing which the Security SPV may, if possible, attend thereto and recover from the Issuer any expenses incurred.
- 7.5 All documents delivered to the Security SPV (or its custodian) in terms of this clause are delivered to ensure that the Security SPV has full, complete and up-to-date information relating to the Rights and Interests and evidence of the Issuer's title to such Rights and Interests and, accordingly:
- 7.5.1 delivery of any such documents shall not constitute a novation or alteration of this Agreement;
- 7.5.2 the breach by the Issuer of the obligation to deliver any document in terms of this clause shall not:
- (a) affect the legality, validity or binding effect of the cession in security of the Rights and Interests embodied in this Agreement; or
- (b) affect, or in any manner, impinge on the rights of the Security SPV in terms of this Agreement; and
- 7.5.3 the security cession has been perfected and completed purely by virtue of the entry into this Agreement and the delivery of the documents, or any one of them, in terms of this clause shall not be required to effect such completion or perfection of the security cession of the Rights and Interests.

8. DURATION

This Agreement is a continuing covering security and will terminate only upon the unconditional and irrevocable fulfilment of all the Obligations and all the obligations owing to Secured Creditors in terms of the Notes and the Transaction Documents. In particular, this Agreement shall not terminate by reason solely of the fact that there may at any time be no or reduced obligations or debts owing by the Issuer to the Security SPV or the Secured Creditors.

9. ADDITIONAL SECURITY

This Agreement is in addition to and not in substitution for any other security held or hereafter to be held by the Security SPV from the Issuer or any third party in connection with the Indemnity or otherwise and the Security SPV shall, without prejudice to its rights hereunder, be entitled to release any such additional security held by it.

10. ISSUER BOUND NOTWITHSTANDING CERTAIN CIRCUMSTANCES

- 10.1 The Issuer agrees that on signature hereof, it will be bound in terms of this Agreement to the full extent thereof, despite the fact that:
- 10.1.1 any intended additional security from the Issuer for the Obligations may not be obtained or protected or may be released or may cease to be held for any other reason;
- 10.1.2 the Security SPV, the Issuer and/or Secured Creditors may agree a variation or novation of the Indemnity;
- 10.1.3 the Security SPV may grant any indulgences to the Issuer or may not exercise any one or more of its rights hereunder or under the Indemnity, either timeously or at all.

11. NOTIFICATION TO THE ISSUER'S AUDITOR

Immediately after the effective date of this Agreement, the Issuer shall in accordance with the provisions of the Companies Act, enter the details of this security cession in its register of pledges, cessions, notarial bonds, mortgage bonds and debentures and instruct its auditors to note the existence of this cession in security in the Issuer's annual financial statements, and hereby authorises the Security SPV to do the same.

12. COSTS AND EXPENSES

The Issuer shall pay all costs and expenses (including, but not limited to, stamp duty, legal costs on an attorney and client basis, collection commission, and tracing agent's charges) incurred by the Security SPV:

- 12.1 in connection with the negotiation, preparation, settling and signing of this Agreement;
- 12.2 in the implementation of this Agreement, including recovering or attempting to recover the ceded Rights and Interests or any alleged Rights and Interests included in any list of Rights and Interests delivered by the Issuer; and
- 12.3 arising out of any breach by the Issuer of any of its obligations, whether under this Agreement or otherwise.

13. CONSENT TO FURTHER CESSIONS

The Issuer shall not grant any further security cessions or cessions of the Rights and Interests.

14. RIGHTS AND INTERESTS TO BE KEPT FREE OF ENCUMBRANCES

The Issuer shall at all times keep the Rights and Interests free of judicial attachments, notarial bonds and other Encumbrances, except to the extent permitted or contemplated by the provisions of the Notes or the other Transaction Documents.

15. SAFE-KEEPING

- 15.1 The Security SPV and its directors, officers, agents, employees and advisors shall not be liable for any loss or damage, whether direct, indirect, consequential or otherwise, suffered by the Issuer arising from any cause in connection with this Agreement (including any loss, liability, damage or expense which the Issuer may suffer as a consequence, directly or indirectly, of the Security SPV lawfully exercising any of the Issuer's rights in terms of this Agreement, failing to preserve, protect, or enforce the Rights and Interests or failing to accept or collect any right, payment or other benefit relating to the Rights and Interests), whether the loss or damage results from delict or any other cause and whether this Agreement has been terminated or not, other than as a result of the Security SPV's negligence, wilful misconduct, dishonesty or breach of contract.
- 15.2 The Security SPV shall have no responsibility to preserve, protect, insure or enforce the Rights and Interests or to accept or collect any right, payment or other benefit relating to any of the Rights and Interests and is not obliged to furnish any security to Issuer in this regard.
- 15.3 Without prejudice to the Security SPV's other rights in terms of this Agreement or at law, if at any time the Security SPV takes any steps which the Security SPV in its reasonable discretion deems necessary for the preservation, protection or enforcement of the Rights and Interests or for the acceptance or collection of any right, payment or other benefit relating to any of the Rights and Interests and incurs any cost or expense in so doing, then the Issuer shall forthwith upon demand reimburse the Security SPV with the reasonable amount of such cost or expense.

16. KEEPING, INSPECTION AND DELIVERY OF RECORDS

- 16.1 The Issuer shall at all times keep up-to-date records of its Rights and Interests ceded in security to the Security SPV and shall comply with any directions the Security SPV may give in regard to the keeping of those records.
- 16.2 The Security SPV or anyone authorised by the Security SPV may at any time inspect any of the Issuer's books of account and other records including books of account and records in the possession of a third party in respect of the Rights and Interests.
- 16.3 If the Security SPV at any time so requests, the Issuer shall at its own cost deliver to the Security SPV certified copies (at the Security SPV's option) of any of the books and records in respect of the Rights and Interests.

17. CERTIFICATE OF INDEBTEDNESS

A certificate signed by any director, officer or manager of the Security SPV, whose appointment need not be proved, reflecting:

- 17.1 the amount owing by the Issuer to the Security SPV pursuant to the Obligations, and the due date for payment of such amounts; and/or
- 17.2 the amount(s) realised by the realisation or sale of all or any of its Rights and Interests and the date(s) of realisation thereof,

will be *prima facie* proof of the contents thereof.

18. CESSION OF THIS AGREEMENT

The Security SPV may, on written notice to the Issuer, and subject to the prior consent of the Controlling Class of Noteholders (which consent shall be granted by way of Ordinary Resolution passed at the relevant meeting of the Controlling Class of Noteholders), cede all of its rights and delegate all of its obligations under this Agreement to a third party provided that the rights and obligations under the Indemnity are simultaneously assigned by the Security SPV to the same third party, in which event the third party shall be deemed to have been substituted for the Security SPV under this Agreement, and in particular this Agreement shall operate as security for all indebtedness from time to time owed by the Issuer to the third party under the Indemnity or any replacements thereof.

19. WAIVER

- 19.1 Nothing in this Agreement shall vary, diminish or affect any of the Issuer's other obligations to the Security SPV.
- 19.2 The fact that the Security SPV may not exercise any of its rights against the Issuer shall not constitute a waiver of those rights nor shall it invalidate the security cession contained in this Agreement.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SIGNATURE PAGE

ISSUER

A handwritten signature in black ink, appearing to be 'J. BIRNETT', written above a horizontal line.

For and on behalf of:

AB FINCO 1 (RF) LIMITED

Name: J. BIRNETT

Capacity: DIRECTOR
(who warrants his authority)

SIGNATURE PAGE

SECURITY SPV



For and on behalf of:

**AB FINCO 1 SECURITY SPV (RF)
PROPRIETARY LIMITED**

Name: ASUMTA MHAHLELE

Capacity: DIRECTOR
(who warrants his authority)