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OFFERING CIRCULAR



## INVESTEC TIER 1 (UK) LP

*(a limited partnership organised under the laws of England and Wales)*

### €200,000,000 Fixed/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities

having the benefit of a subordinated guarantee of

## INVESTEC plc

*(incorporated with limited liability in England and Wales with registered number 3633621)*

**ISSUE PRICE: €1,000 PER PREFERRED SECURITY IN RESPECT OF €150,000,000  
IN PRINCIPAL AMOUNT AND €1,023.24 PER PREFERRED SECURITY IN  
RESPECT OF €50,000,000 IN PRINCIPAL AMOUNT**

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See “Investment Considerations” for a discussion of certain factors that should be considered by prospective investors.

The Preferred Securities are expected to be assigned, on issue, a rating of “Ba2” by Moody’s Investors Service Limited. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

Lead Managers

**BNP PARIBAS**

**UBS Investment Bank**

(Structuring adviser)

The date of this Offering Circular is 22nd June, 2005

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The €200,000,000 Fixed/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities (the “**Preferred Securities**”), each with a liquidation preference of €1,000, comprising limited partnership interests in Investec Tier 1 (UK) LP (the “**Issuer**”), are proposed to be issued on 24th June, 2005 (the “**Closing Date**”).

As an English limited partnership, the Issuer will not be a legal entity separate from its partners. All obligations of the Issuer to make payments in respect of the Preferred Securities will be guaranteed on a limited and subordinated basis by Investec plc (the “**Guarantor**”) pursuant to a subordinated guarantee to be dated the Closing Date (the “**Subordinated Guarantee**”), all as more fully described herein under “*Subordinated Guarantee*”.

Application has been made to list the Preferred Securities on Eurolist by Euronext Amsterdam. This Offering Circular constitutes a prospectus for the purposes of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V. (“**Euronext Amsterdam**”).

Investec plc in its capacity as the General Partner (the “**General Partner**”) and the Guarantor confirms, after having made all reasonable enquiries, that this Offering Circular contains all information with regard to the Issuer, the General Partner, the Guarantor and its subsidiaries (together, the “**Group**”) and the Preferred Securities which is material in the context of the issue and offer of the Preferred Securities, that the information contained or incorporated by reference in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular with regards to the Issuer and the Group are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, and that there are no other facts in relation to the Issuer, the Guarantor or the Preferred Securities the omission of which makes this Offering Circular as a whole, or any such information or the expression of any such opinion or intention, misleading in any material respect. Each of the General Partner and the Guarantor accepts responsibility accordingly.

No person is or has been authorised to give any information or to make any representation not contained or incorporated in or consistent with this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the General Partner, the Guarantor or the Managers (as defined under “*Subscription and Sale*” below). Neither the delivery of this Offering Circular nor any subscription, sale or purchase made in connection herewith shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer, the General Partner, the Guarantor or the Group since the date hereof.

Neither this Offering Circular nor any other information supplied in connection with the Preferred Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the General Partner, the Guarantor, the Group or the Managers that any recipient of this Offering Circular or any other information supplied in connection with the Preferred Securities should purchase the Preferred Securities. Each prospective investor contemplating purchasing Preferred Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor.

Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their residence and domicile for the acquisition, holding or disposal of Preferred Securities and any foreign exchange restrictions that might be relevant to them. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer or any of its partners, the General Partner, the Guarantor or the Managers to subscribe for or purchase any of the Preferred Securities.

Prospective investors should satisfy themselves that they understand all of the risks associated with making investments in the Preferred Securities. If a prospective investor is in any doubt whatsoever as to the risks involved in investing in the Preferred Securities, he should consult his professional advisers.

The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Guarantor and/or the General Partner in connection with the Preferred Securities or their distribution.

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The distribution of this Offering Circular and the offering of the Preferred Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the General Partner, the Guarantor and the Managers to inform themselves about, and to observe, any such restrictions.

In respect of the United Kingdom, this Offering Circular is directed only at (a) investment professionals falling within article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CIS Order**”) and article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the “**Financial Promotion Order**”), who have professional experience of participating in unregulated schemes and of matters relating to investments; and/or (b) persons falling within article 22(2) of the Promotion of CIS Order and article 49(2) of the Financial Promotion Order; and/or (c) any other persons to whom this Offering Circular may be communicated lawfully. Preferred Securities are only available to such persons. Persons who (i) do not have such professional experience in participating in unregulated schemes and in matters relating to investments and/or (ii) do not fall within said article 22(2) and 49(2) and/or (iii) are not persons to whom this Offering Circular may be communicated lawfully should not rely on this Offering Circular.

No action has been taken to permit a public offering of the Preferred Securities in any jurisdiction (other than The Netherlands) where action would be required for such purpose. Accordingly, the Preferred Securities may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except in accordance with the legal requirements applicable in that jurisdiction. In particular, the Preferred Securities 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, the Preferred Securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. A further description of certain restrictions on the offering and sale of the Preferred Securities and on the distribution of this Offering Circular is given under “*Subscription and Sale*” below.

**IN CONNECTION WITH THE ISSUE OF THE PREFERRED SECURITIES, UBS LIMITED OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE PREFERRED SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER THERE MAY BE NO OBLIGATION ON UBS LIMITED OR ANY PERSON ACTING FOR IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD AND IN ANY EVENT NO LATER THAN 30 DAYS AFTER THE ISSUE DATE. STABILISATION TRANSACTIONS CONDUCTED ON EURONEXT AMSTERDAM MUST BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS, INCLUDING ARTICLE 32 (AND ANNEX 6) OF THE FURTHER REGULATIONS ON MARKET CONDUCT SUPERVISION OF THE SECURITIES TRADE 2002 (NADERE REGELING GEDRAGSTOEZICHT EFFECTENVERKEER 2002), AS AMENDED.**

All references in this Offering Circular to “EUR”, “€” and “euro” are to the single currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended from time to time, to “£”, “**Sterling**” and “**GBP**” are to pounds sterling, to “**US Dollar**” and “\$” are to United States dollars and to “**Rand**” and “**ZAR**” are to South African Rand.

It is the General Partner’s current intention to redeem the Preferred Securities in whole only to the extent that the General Partner or any of its subsidiaries has raised funds in the period of six months preceding such redemption by the issuance and sale of any ordinary shares or perpetual non-cumulative preference shares or equivalent, in an aggregate amount equal to or greater than the aggregate principal amount of the Preferred Securities, but there is no obligation to do so.

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## Investment Considerations

*Prospective investors should carefully consider the following information in conjunction with the other information contained or incorporated by reference in this Offering Circular. Capitalised terms used but not defined in this section shall bear the respective meanings ascribed to them under the “Description of the Preferred Securities”.*

### **Risks Associated with the Guarantor’s Financial Condition**

An investment in the Preferred Securities will have similar economic risks to an investment in non-cumulative perpetual preference shares issued directly by the Guarantor having the same liquidation preference and rate of distribution as the Preferred Securities. The Issuer is a newly established limited partnership with no previous operating history or revenues. It is expected that the Issuer’s sole source of funds to pay Distributions on the Preferred Securities will be payments which it receives from its investment in Subordinated Notes issued by the Guarantor. The rights of Holders shall be represented solely by the Subordinated Guarantee and the Preferred Securities, and under no circumstances will the rights of Holders be represented by the Subordinated Notes nor shall Holders be entitled to receive or hold the Subordinated Notes or any payments due in respect thereof. The Preferred Securities are guaranteed on a limited and subordinated basis by the Guarantor pursuant to the terms of the Subordinated Guarantee. Accordingly, if the Guarantor’s financial condition were to deteriorate, the Holders may suffer direct and materially adverse consequences, including non-payment of Distributions on the Preferred Securities or of payments under the Subordinated Guarantee.

### **Limitations to Remedies of Holders under the Subordinated Guarantee**

In the event that the Guarantor is in breach of its payment obligations under the Subordinated Guarantee, the terms of the Subordinated Guarantee do not confer rights in favour of the Holders to petition in the United Kingdom for the winding-up of the Guarantor.

### **Distributions are Discretionary and Not Cumulative**

Distributions on the Preferred Securities are not cumulative. The discretion of the board of directors of the Guarantor to resolve that a Distribution should not be paid is unfettered. As set out in “*Description of the Preferred Securities*”, Distributions on the Preferred Securities will be paid on each Distribution Payment Date out of interest received by the Issuer from its investment in the Subordinated Notes and from other resources legally available, if any, unless the board of directors of the Guarantor declares, in its sole discretion, that the Guarantor has insufficient Available Distributable Profits or such payment would breach or cause a breach of UK banking capital adequacy requirements then applicable to the Group. If the board of directors of the Guarantor declares that Distributions on the Preferred Securities for any Distribution Period are not paid for such reasons, the Holders will not be entitled to receive such Distributions (or any payment under the Subordinated Guarantee in respect of such Distributions) or have any claim in respect thereof.

### **Perpetual Nature of the Preferred Securities**

The Preferred Securities have no fixed final redemption date and Holders have no right to call for the redemption of the Preferred Securities. Although the Issuer may redeem the Preferred Securities in whole but not in part in certain circumstances (including at its option on each Distribution Payment Date commencing on or after the First Call Date or at any time on or before the First Call Date following the occurrence of a Tier 1 Redemption Event, a Make Whole Call Tax Event or a Par Call Tax Event), there are limitations on its ability to do so. Therefore, Holders should be aware that they may be required to bear the financial risks of an investment in the Preferred Securities for an indefinite period of time.

### Substitution

If a Capital Deficiency Event occurs and is continuing, the General Partner will, provided that (if required) the Regulator has not objected, cause the substitution of the Preferred Securities with fully paid preference shares issued directly by the Guarantor. Although the Guarantor has undertaken in the Subordinated Guarantee to apply for a listing for the Substituted Preference Shares, there can be no assurance that, in the event that a Capital Deficiency Event occurs and is continuing, a recognised stock exchange will agree to list any Substituted Preference Shares. In addition, the tax treatment for holders of Substituted Preference Shares may be different from that for Holders of the Preferred Securities.

### No Limitation on Senior Debt

The obligations of the Guarantor under the Subordinated Guarantee will rank junior as to payments to all liabilities to creditors of the Guarantor (including without limitation depositors, general creditors and subordinated debt holders) and claims of holders of senior ranking securities. In the event that the Guarantor is wound-up, liquidated or dissolved, the assets of the Guarantor would be available to pay obligations under the Subordinated Guarantee only after all payments have been made on such senior liabilities and claims. The Guarantor is not prohibited from issuing, guaranteeing or otherwise incurring further debt ranking *pari passu* with, or senior to, its obligations under the Subordinated Guarantee. The issue of any such debt may reduce the amount recoverable by Holders of the Preferred Securities under the Subordinated Guarantee and/or may increase the likelihood of the board of directors of the Guarantor resolving not to pay a Distribution. Accordingly, on the winding-up of the Guarantor and after payment of senior creditors, there may not be a sufficient amount to satisfy the amounts owing to the Holders of the Preferred Securities.

### Absence of Prior Public Markets

The Preferred Securities constitute a new issue of securities by the Issuer. Prior to this issue, there will have been no public market for the Preferred Securities. Although application has been made for the Preferred Securities to be listed on Euronext Amsterdam, there can be no assurance that an active public market for the Preferred Securities will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Preferred Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Guarantor and other factors that generally influence the market prices of securities.

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## Summary of the Preferred Securities and Subordinated Guarantee

*The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under “Description of the Preferred Securities”. Prospective investors should also consider carefully, amongst other things, the factors set out under “Investment Considerations”.*

**Issuer:** Investec Tier 1 (UK) LP (the “**Issuer**”), an English limited partnership formed and registered under the Limited Partnerships Act 1907 (the “**Act**”).

The business of the Issuer is to raise and provide finance and financial support to Investec plc (the “**Guarantor**”) and its subsidiaries (together, the “**Group**”). The general partner of the partnership will be Investec plc (in such capacity, the “**General Partner**”).

The business of the partnership, as administered by, or on behalf of, the General Partner, will include the following:

- acquiring and holding the Issuer’s assets;
- monitoring the Issuer’s assets and determining whether they continue to be suitable; and
- functions necessary or incidental thereto.

On the Closing Date, the Issuer’s principal assets will be debt instruments issued by the Guarantor (the “**Subordinated Notes**”).

The Subordinated Notes will have, in all material commercial respects, pricing terms which are equivalent to the Preferred Securities and will be listed on Eurolist by Euronext Amsterdam.

**General Partner:** Investec plc.

**Priority Limited Partner:** Investec Holding Company Limited.

**Guarantor:** Investec plc.

**Issue:** €200,000,000 Fixed/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities, each with a liquidation preference of €1,000 (the “**Liquidation Preference**”), comprising interests in a limited partnership share in the Issuer.

**Use of Proceeds:** The proceeds of the issue of the Preferred Securities will augment the Group’s regulatory capital base. The Issuer will use the proceeds raised from the issuance of the Preferred Securities to subscribe for the Subordinated Notes.

**Subordinated Guarantee:** The Guarantor will provide a subordinated guarantee to be executed by the Guarantor on 24th June, 2005 as a deed poll (the “**Subordinated Guarantee**”) in respect of any declared but unpaid Distributions (as defined below), payments on liquidation of the Issuer, payments on redemption of the Preferred Securities and any Additional Amounts (as defined below), which will be in favour of the Holders.

The Subordinated Guarantee will rank *pari passu* with the non-cumulative perpetual preferred securities or preference shares of the Guarantor (whether or not in issue).

### Distributions:

The Preferred Securities will entitle Holders to receive (subject as described below) non-cumulative preferential cash distributions (the “Distributions”).

Distributions will be payable out of the Issuer’s own legally available resources annually in arrear on 24th June in each year at a fixed rate of 7.075 per cent. per annum until 24th June, 2015. Thereafter distributions will be payable out of the Issuer’s own legally available resources quarterly in arrear on 24th March, 24th June, 24th September and 24th December in each year (with the first such payment being made on 24th September, 2015), subject to adjustment for non-business days, at a floating rate of 5.625 per cent. above the euro-zone interbank offered rate (EURIBOR), all as more fully described under “*Description of the Preferred Securities – Distributions*”.

Notwithstanding the existence of such resources legally available for distribution by the Issuer, the Issuer will not pay any Distributions to the Holders (including any Additional Amounts) and the Guarantor will not make any payment in respect of Distributions (including any Guarantor Additional Amounts) under the Subordinated Guarantee:

- (a) to the extent that such payment, together with the amount of any distributions or dividends paid or scheduled to be paid to holders of Parity Securities on the relevant Distribution Payment Date would exceed Available Distributable Profits as at the day falling 10 Business Days in London prior to such Distribution Payment Date; or
- (b) even if Available Distributable Profits are sufficient, if the Guarantor’s board of directors has resolved not later than the day falling 10 Business Days in London prior to a Distribution Payment Date that no Distributions should be made on such Distribution Payment Date,

and the entitlement of the Holders of the Preferred Securities to such Distribution shall be lost. Accordingly, no payment will be made at any time by the Issuer or the Guarantor in respect of any such missed payment.

Subject to (b) above, if, on any Distribution Payment Date, Distributions are not paid in full on the Preferred Securities but the Guarantor’s board of directors determine that there are sufficient Available Distributable Profits, the General Partner may determine to pay the Relevant Proportion of such Distribution, as more fully described under “*Description of the Preferred Securities – Distributions*”.

Save as described above, Holders will have no right to participate in the profits of the Issuer or the Guarantor and in particular will have no rights to receive from the Issuer amounts paid under the Subordinated Notes or any Replacement Partnership Assets or otherwise amounts in excess of Distributions due and payable under the Preferred Securities. In the event that any amounts received by the



Issuer on the Subordinated Notes or any Replacement Partnership Assets, which would otherwise have been used by the Issuer (being the holder thereof) to fund such Distribution, exceed the amount (if any) then due by way of Distribution under the Preferred Securities, the amount of such excess will be paid to the Priority Limited Partner. Holders will have no rights in respect of such excess.

### **Distribution and Capital Stopper:**

The Guarantor will undertake in the Subordinated Guarantee that, in the event that any Distribution is not paid in full, it will not:

- (a) declare or pay (or make a payment under a guarantee in respect of) any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any ordinary shares of the Guarantor or any Parity Security until the applicable Dividend Stopper Period has expired; and
- (b) repurchase or redeem ordinary shares of the Guarantor or Parity Securities until the applicable Dividend Stopper Period has expired.

The Guarantor will also undertake in the Subordinated Guarantee that, in the event that on a Distribution Payment Date the Relevant Proportion of a Distribution is paid it will only declare and pay (or make a payment under a guarantee in respect of) an amount not exceeding the Relevant Proportion of any distribution or dividend (and, where applicable, will procure that only the Relevant Proportion of any distribution or dividend is declared or paid) on any Parity Security for the applicable Dividend Stopper Period.

The Guarantor will further undertake in the Subordinated Guarantee that for so long as the Preferred Securities are outstanding:

- (a) it will not issue any non-cumulative preference shares or preferred securities unless they constitute Parity Securities; and
- (b) it will procure any guarantee or support agreement entered into by it in respect of any non-cumulative preference shares or preferred securities issued by a subsidiary undertaking will rank *pari passu* with the Preferred Securities.

### **Capital Deficiency Event and Substituted Preference Shares:**

If a Capital Deficiency Event occurs and is continuing then, provided that (if required) the Regulator has not objected, the Preferred Securities shall be substituted by fully paid preference shares issued directly by the Guarantor (the “Preferred Securities Substitution”).

On the substitution date, each Preferred Security of €1,000 in liquidation preference will be substituted for one Substituted Preference Share which will have a liquidation preference of €1,000 and have rights as to distributions and upon liquidation equivalent to the Preferred Securities.

No Preferred Securities Substitution will take place and the Holders will continue to hold their Preferred Securities and all their rights thereunder if prior to the substitution date, a winding-up of the Guarantor occurs.

*See “Investment Considerations – Substitution”.*

- Optional Redemption:** The Preferred Securities will be perpetual securities and are not subject to any mandatory redemption provisions. They will, however, be redeemable on any Distribution Payment Date in each year commencing on or after 24th June, 2015 (the “First Call Date”), in whole but not in part, at the option of the General Partner, provided that (if required) the Regulator has not objected to such redemption, at the Optional Redemption Price.
- Tier 1 Redemption Event:** If a Tier 1 Redemption Event occurs and is continuing, the Preferred Securities will be redeemable at any time on or before the First Call Date in whole, but not in part, at the option of the General Partner, provided that (if required) the Regulator has not objected to such redemption, at the Make Whole Redemption Price.
- Tax Event:** If a Par Call Tax Event or a Make Whole Tax Event occurs and is continuing, the effect of which cannot be avoided by the Issuer or the Guarantor as the case may be, taking reasonable measures available to it, then the Preferred Securities will be redeemable at any time on or prior to the First Call Date in whole, but not in part, at the option of the General Partner, provided that (if required) the Regulator has not objected to such redemption, at the Optional Redemption Price in the case of a Par Call Tax Event or the Make Whole Redemption Price in the case of a Make Whole Tax Event.
- Ranking of the Preferred Securities:** The Preferred Securities, together with the Subordinated Guarantee, are intended to provide Holders with rights on liquidation equivalent to non-cumulative preference shares of the Guarantor, whether or not issued.
- Claims under the Preferred Securities in respect of any Liquidation Distributions will rank:
- (i) senior to the rights of the General Partner in respect of other partnership interests issued by the Issuer; and
  - (ii) *pari passu* with claims of the holders of all other preferred securities issued by the Issuer which rank *pari passu* with the Preferred Securities.
- Rights upon Liquidation:** In the event of the dissolution of the Issuer, Holders will be entitled to receive, subject as set out below, for each Preferred Security a Liquidation Distribution out of the assets of the Issuer legally available for distribution.
- Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to Holders as aforesaid, if, at the time such Liquidation Distribution is to be paid, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, the Liquidation Distribution payable per Preferred Security shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been non-cumulative preference shares issued by the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:

- (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which is referred to in (b) or (c) below and any other liability expressed to rank *pari passu* with or junior to the Subordinated Guarantee);
- (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with the Subordinated Guarantee; and
- (c) senior to the ordinary shares of the Guarantor.

In the event of an order being made for the liquidation, dissolution or winding-up of the Guarantor or a declaration being made that the Guarantor is insolvent, the Issuer shall be dissolved and the amount per Preferred Security to which Holders will be entitled as a Liquidation Distribution will be as described above.

The Guarantor will undertake in the Subordinated Guarantee that, so long as any of the Preferred Securities is outstanding, it will not permit, or take any action that would or might cause, the liquidation, dissolution or winding-up of the Issuer unless (if required) the Regulator has not objected or if the Guarantor itself is being wound up.

**Withholding Tax and Additional Amounts:**

The Issuer will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net payment received by each Holder in respect of the Preferred Securities, after withholding for any taxes imposed by tax authorities in the United Kingdom upon payments made by or on behalf of the Issuer, will equal the amount which would have been received in the absence of any such withholding taxes, subject to customary exceptions.

The Subordinated Guarantee will contain a similar provision.

**Administrator:**

The Issuer will appoint an administrator to perform those operational matters in relation to the Issuer required under the Financial Services and Markets Act 2000 to be performed by a person authorised by the United Kingdom Financial Services Authority to establish, operate and wind-up collective investment schemes.

**Voting Rights:**

Except as described in “*Description of the Preferred Securities - Meetings*” and as provided in the Act, Holders will not be entitled to receive notice of, or attend or vote at, any meeting of partners in the Issuer or participate in the management of the Issuer.

**Form of the Preferred Securities:**

The Preferred Securities will be in registered form.

On or about the Closing Date, a single global certificate (the “**Global Certificate**”) in respect of the Preferred Securities will be deposited with Deutsche Bank AG, London Branch (the “**Common Depositary**”) as common depositary for Euroclear Bank SA./N.V. as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Such certificate will be issued, and the Preferred Securities will be registered, in the name of BT Globenet Nominees Limited (the “**Initial Limited Partner**”) as nominee of the Common Depositary.

For so long as the Preferred Securities are deposited and registered as described above, book-entry interests in the Preferred Securities will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.

Definitive certificates will not be made available to Holders other than in certain limited circumstances. See “*Summary of Provisions Relating to the Preferred Securities in Global Form*”.

<b>Netherlands Paying Agent:</b>	Deutsche Bank AG, Amsterdam Branch.
<b>Listing:</b>	Application has been made to list the Preferred Securities on Eurolist by Euronext Amsterdam.
<b>Rating:</b>	The Preferred Securities are expected to be assigned, on issue, a rating of “Ba2” by Moody’s Investors Service Limited. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.
<b>Governing Law:</b>	The Limited Partnership Agreement establishing the Issuer, the Preferred Securities and the Subordinated Guarantee will be governed by, and construed in accordance with, English law.

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## Description of the Preferred Securities

*The Preferred Securities are limited partnership interests in the Issuer. The following description should be read in conjunction with, and is subject to the terms of, the Limited Partnership Agreement, a copy of which is available for inspection as described under “General Information”.*

### 1. Definitions and Interpretation

In this description of the Preferred Securities, except to the extent that the context otherwise requires:

“**Act**” means the Limited Partnerships Act 1907, as amended and/or restated from time to time;

“**Additional Amounts**” means the additional amounts which may be payable by the Issuer in respect of the Preferred Securities as a result of the imposition of UK withholding taxes as described in paragraph 6;

“**Agency Agreement**” means the agency agreement dated 24th June, 2005 relating to the Preferred Securities between, *inter alios*, the Guarantor, the Registrar and the Paying and Transfer Agents;

“**Available Distributable Profits**” means, in relation to the Guarantor, at any time, the Guarantor’s profits available for distribution and permitted to be distributed at such time together with the aggregate amount of accumulated retained earnings and any other reserves and surpluses, as determined in accordance with the Companies Act;

“**Business Day**” means (i) a TARGET Business Day and (ii) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place or places;

“**Capital Adequacy Regulations**” means at any time the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Regulator or such other governmental authority in the United Kingdom (or, if the Guarantor becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary bank supervisory authority with respect to the Guarantor;

“**Capital Deficiency Event**” means either:

- (a) any of the Guarantor’s total capital ratio(s), calculated in accordance with the Capital Adequacy Regulations, has or have fallen below or, in the sole discretion of the Guarantor’s board of directors, are likely to fall below the then applicable minimum ratio(s) required by such regulations for UK banks (*being 8 per cent. as at the Closing Date*); or
- (b) the Guarantor’s board of directors in its sole discretion has notified the Regulator that the payment of the next Distribution on the Preferred Securities would cause (a) above to occur if such payment were to be made;

“**Clearstream, Luxembourg**” means Clearstream Banking, société anonyme or its successor;

“**Closing Date**” means 24th June, 2005;

“**Companies Act**” means the Companies Act 1985, as amended and/or restated from time to time and all statutory instruments to be construed as one therewith;

“**Current Dividend Stopper Period**” means, in respect of any Distribution Payment Date on which less than a full Distribution is paid, any Dividend Stopper Period prevailing at such Distribution Payment Date due to less than a full Distribution having been paid on the Preferred Securities;

“**Distribution Payment Date**” means 24th June in each year until (and including) the First Call Date and thereafter means 24th March, 24th June, 24th September and 24th December in each year (with the first Distribution Payment Date after the First Call Date being 24th September, 2015), provided that if any such date falling after the First Call Date would otherwise fall on a day which is not a Business Day, payment shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event it shall be brought forward to the immediately preceding Business Day;

## DESCRIPTION OF THE PREFERRED SECURITIES

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“**Distribution Period**” means the period from, and including, the Closing Date to, but excluding, the first Distribution Payment Date and each period thereafter from, and including, one Distribution Payment Date to, but excluding, the next following Distribution Payment Date;

“**Distributions**” means the non-cumulative distributions in respect of the Preferred Securities as described under paragraph 2;

“**Dividend Stopper Period**” means, with respect to any Distribution Payment Date on which less than a full Distribution is paid, the period from and including the Dividend Stopper Period Commencement Date to but excluding the date falling one year after the Dividend Stopper Period Commencement Date;

“**Dividend Stopper Period Commencement Date**” means, in respect of any Distribution Payment Date on which less than a full Distribution is paid, the earliest to occur of:

- (i) such Distribution Payment Date;
- (ii) the date on which the Current Dividend Stopper Period (if any) commenced; and
- (iii) the earliest date (if any) on which less than a full dividend or distribution on any Parity Securities has been paid occurring no earlier than one year prior to such Distribution Payment Date *provided that* the date of such non-payment does not fall within any Dividend Stopper Period previously operating by virtue of the operation of these Conditions, in which case the next date (if any) that does not fall within a previously operating Dividend Stopper Period and on which less than a full dividend or distribution on any Parity Securities has been paid shall be used;

“**Euroclear**” means Euroclear Bank S.A./N.V. as operator of the Euroclear system or its successor;

“**Euronext Amsterdam**” means Eurolist by Euronext Amsterdam;

“**Euro-zone**” means the region comprised of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended;

“**Exchange Event**” means that either or both Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days or more (other than for the purposes of a public holiday) or announces an intention permanently to cease business;

“**First Call Date**” means 24th June, 2015;

“**General Partner**” means Investec plc;

“**Group**” means the Guarantor and its Subsidiaries;

“**Guarantor**” means Investec plc and its successors and assignees;

“**Guarantor Additional Amounts**” means the additional amounts which may be payable by the Guarantor in respect of the Preferred Securities under clause 2.3 of the Subordinated Guarantee;

“**Holder**” means, in respect of each Preferred Security, each person registered on the Register as the limited partner holding such Preferred Security at the relevant time;

“**Initial Limited Partner**” means BT Globenet Nominees Limited;

“**Issuer**” means Investec Tier 1 (UK) LP;

“**Limited Partnership Agreement**” means an agreement dated 20th June, 2005 between, *inter alios*, the General Partner and the Initial Limited Partner establishing the Issuer, as the same may be amended from time to time;

“**Liquidation Distribution**” means the Liquidation Preference plus (a) any due and accrued but unpaid Distributions calculated from (and including) the immediately preceding Distribution Payment Date (or, if

## DESCRIPTION OF THE PREFERRED SECURITIES

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none, the Closing Date) to (but excluding) the date of payment and (b) any Additional Amounts, in each case in cash only;

“**Liquidation Preference**” means the liquidation preference of €1,000 per Preferred Security;

“**Make Whole Call Tax Event**” means that, as a result of a change or proposed change (a “**Make Whole Call Relevant Change**”) in any law or regulation of the United Kingdom or in any treaty to which the United Kingdom is a party, or in the official interpretation or application of any law, regulation or treaty by any relevant body in the United Kingdom that provides for a position with respect to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Preferred Securities and/or the Subordinated Guarantee and/or the Subordinated Notes which Make Whole Call Relevant Change becomes, or would become, effective or, in the case of a change or proposed change in law, if such change is enacted (or expected to be enacted) by United Kingdom Act of Parliament or by Statutory Instrument, on or after 22nd June, 2005, there is a more than insubstantial risk that:

- (i) Guarantor Additional Amounts would become payable in respect of payments by the Guarantor under the Subordinated Guarantee as a result of payments under the Subordinated Guarantee being subject to deduction or withholding on account of tax in the United Kingdom;
- (ii) additional amounts would become payable by the Guarantor under the Subordinated Notes, as a result of payments under the Subordinated Notes being subject to deduction or withholding on account of tax in the United Kingdom;
- (iii) payments of interest on the Subordinated Notes would be treated as “distributions” within the meaning of Section 832(1) of the Income and Corporation Taxes Act 1988 (or such other Section and/or Act as may from time to time supersede or replace Section 832(1) of the Income and Corporation Taxes Act 1988 for the purposes of such definition) or otherwise cease to be deductible for UK tax purposes; or
- (iv) the Guarantor would not be entitled to surrender a deduction or other relief for interest on the Subordinated Notes to other companies with which it is grouped (or with which it would be grouped but for the Make Whole Call Relevant Change) for applicable U.K. tax purposes to offset against their profits (whether under the group relief system in Sections 402 to 413 of the Income and Corporation Taxes Act 1988 current as at 22nd June, 2005 or any similar system or systems having like effect as may from time to time exist);

“**Make Whole Redemption Price**” means, in respect of each Preferred Security, the price, as determined by the Principal Paying and Transfer Agent three dealing days before the relevant Redemption Date, equal to (i) the present value of the Liquidation Preference of the Preferred Security discounted from the First Call Date, plus (ii) the present values of scheduled non-cumulative Distribution payments from (and including) the relevant Redemption Date to (but excluding) the First Call Date plus (iii) any due and accrued but unpaid Distributions calculated from (and including) the immediately preceding Distribution Payment Date (or, if none, the Closing Date) to (but excluding) the Redemption Date plus (iv) any Additional Amounts payable, in each case in cash only.

The present values calculated in (i) and (ii) above shall be calculated by discounting the relevant amounts to the date when the Preferred Security is to be redeemed on an annual basis at the Adjusted Yield.

For the purposes of determining the Make Whole Redemption Price:

“**Adjusted Yield**” means the Bond Yield, plus 1.25 per cent.;

“**Bond Yield**” means the rate per annum equal to the annual yield to maturity of the Reference Bond;

“**Calculation Agent**” means an investment bank of international standing selected by the Guarantor; and

“**Reference Bond**” means such European government bond as the Calculation Agent may, with the advice of three brokers of, and/or market makers in, European government bonds selected by the Calculation Agent determine to be appropriate for determining the Make Whole Redemption Price;

## DESCRIPTION OF THE PREFERRED SECURITIES

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“**Margin**” means 5.625 per cent.;

“**Optional Redemption Price**” means, in respect of each Preferred Security, the Liquidation Preference plus (a) any due and accrued but unpaid Distributions calculated from (and including) the immediately preceding Distribution Payment Date (or, if none, the Closing Date) to (but excluding) the relevant Redemption Date and (b) any Additional Amounts payable, in each case in cash only;

“**Par Call Tax Event**” means that, as a result of a change or proposed change (a “**Par Call Relevant Change**”) in any law or regulation of the United Kingdom or in any treaty to which the United Kingdom is a party, or in the official interpretation or application of any law, regulation or treaty by any relevant body in the United Kingdom that provides for a position with respect to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Preferred Securities which Par Call Relevant Change becomes, or would become, effective or, in the case of a change or proposed change in law, if such change is enacted (or expected to be enacted) by United Kingdom Act of Parliament or by Statutory Instrument, on or after 22nd June 2005, Additional Amounts would become payable in respect of payments by the Issuer under the Preferred Securities as a result of payments under the Preferred Securities being subject to deduction or withholding on account of tax in the United Kingdom;

“**Parity Securities**” means any non-cumulative preference shares, non-cumulative preferred securities (other than the Preferred Securities) or other securities either (a) issued directly by the Guarantor and ranking *pari passu* with the Guarantor’s obligations under the Subordinated Guarantee or (b) issued by the Issuer or any Subsidiary or other entity and entitled to the benefit of the Subordinated Guarantee or benefiting from any other guarantee or support agreement from the Guarantor ranking *pari passu* with the Subordinated Guarantee;

“**Paying and Transfer Agents**” means the Principal Paying and Transfer Agent, Deutsche Bank AG, Amsterdam Branch, Deutsche Bank Luxembourg S.A. or such other entities as are appointed by the General Partner on behalf of the Issuer and notified to the Holders as described under paragraph 10;

“**Preferred Capital Contribution**” means, in relation to the Preferred Securities, the aggregate contribution to the assets of the Issuer (being a whole multiple of €1,000) paid in cash by the Holders;

“**Preferred Securities**” means the outstanding Fixed/Floating Rate Guaranteed Non-Voting Non-Cumulative Perpetual Preferred Securities of the Issuer, originally issued on the Closing Date in the principal amount of €200,000,000, each such security representing an interest of a Holder in the Issuer attributable to each €1,000 of the Preferred Capital Contribution and including any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer and “**Preferred Security**” shall be construed accordingly;

“**Principal Paying and Transfer Agent**” means Deutsche Bank AG, London Branch or such other entity as is appointed by the General Partner on behalf of the Issuer and notified to the Holders as described in paragraph 10;

“**Priority Limited Partner**” means, on the Closing Date, Investec Holding Company Limited or any entity which succeeds Investec Holding Company Limited in such capacity being an entity subject to UK corporation tax and which is a subsidiary undertaking of the Guarantor;

“**Redemption Date**” means the date fixed for redemption under a notice given under paragraph 4.2, 4.3 or 4.4;

“**Reference Banks**” means any four major banks in the euro-zone interbank market selected by agreement between the Principal Paying and Transfer Agent and the General Partner;

“**Register**” means the register of Holders maintained outside the United Kingdom on behalf of the Issuer;

“**Registrar**” means Deutsche Bank Luxembourg S.A. or such other entity appointed by the Issuer and notified to the Holders as described under paragraph 10;



## DESCRIPTION OF THE PREFERRED SECURITIES

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“**Regulator**” means the Financial Services Authority or such other national or supranational regulatory authority as may at the relevant time have responsibility for the regulation and supervision of banks in the United Kingdom (or, if the Guarantor becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction);

“**Relevant Proportion**” means:

- (a) in relation to any partial payment of a Distribution on a Preferred Security, a fraction of which the numerator is an amount set at the absolute discretion of the Guarantor’s board of directors, being no more than Available Distributable Profits under the audited accounts for the previous financial year of the Guarantor or interim accounts for the previous half year of the Guarantor (as derived from the accounts most recently available on the first day of the relevant Dividend Stopper Period) and the denominator is the sum of (i) the amount originally scheduled to be paid on the Preferred Securities during the Dividend Stopper Period (on the basis for any period following the First Call Date that Three Month EURIBOR will remain unchanged during such period) and (ii) the aggregate of distributions or dividends originally scheduled (also disregarding for such purpose possible movements in interest rates or any other fluctuating benchmark used in calculating such distribution or dividend) to be payable to holders of Parity Securities during the Dividend Stopper Period, converted where necessary into euro; and
- (b) in relation to any partial payment of any Liquidation Distribution on a Preferred Security, the total amount available for any such payment and for making any corresponding payment of a liquidation distribution on any Parity Securities divided by the sum of (i) the full Liquidation Distributions before any reduction or abatement in respect of the Preferred Securities and (ii) the amount of the full liquidation distribution before any reduction or abatement in respect of any Parity Securities, converted where necessary into the same currency in which liquidation payments are made to creditors of the Guarantor;

“**Relevant Screen Page**” means Moneyline Telerate Screen Page 248 or such replacement page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices comparable to Three Month EURIBOR;

“**Replacement Partnership Assets**” means

- (a) subordinated debt securities (other than the Subordinated Notes) that are issued or guaranteed by the Guarantor and in respect of which the Guarantor’s obligations have the same ranking in a liquidation of the Guarantor as the Subordinated Notes, or
- (b) provided that (if required) the Regulator has not objected, such other instruments issued by a member of the Group as the General Partner may determine from time to time, in each case having in all material commercial respects, pricing and economic terms which are equivalent to the Subordinated Notes held by the Issuer as initial partnership assets,

*provided that* in both cases:

- (i) for the avoidance of doubt if the Replacement Partnership Assets are securities of a UK company the Replacement Partnership Assets shall, in the event of their issuance, be the subject of an application for listing on a recognised stock exchange in accordance with section 841 of the Income and Corporation Taxes Act 1988; and
- (ii) the Priority Limited Partner shall not be the principal obligor of the Replacement Partnership Assets;

“**Restricted Person**” means a person to whom Substituted Preference Shares will not be available for issue being (a) Euroclear, Clearstream, Luxembourg, First Chicago Clearing Center or any other person providing a clearance service within section 96 of the Finance Act 1986 or any nominee thereof or (b) a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within section 93 of the Finance Act 1986 or (c) any other person the issue to whom would give rise to an equivalent charge to that described in (a) or (b) above to stamp duty reserve tax in the United Kingdom, in each case at any time prior to the “abolition day” as defined in section 111(1) of the Finance Act 1990;

## DESCRIPTION OF THE PREFERRED SECURITIES

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“**Stock Exchange**” means Euronext Amsterdam or such other stock exchange approved by the General Partner on which the Preferred Securities may be listed from time to time;

“**Subordinated Guarantee**” means the subordinated guarantee in respect of the Preferred Securities executed by the Guarantor on 24th June, 2005 as a deed poll;

“**Subordinated Notes**” means the Fixed/Floating Rate Perpetual Subordinated Notes, originally issued on the Closing Date in the principal amount of €200,000,000, by the Guarantor and held by the Issuer as initial partnership assets or any Replacement Partnership Assets which are held by the Issuer as partnership assets thereafter;

“**Subsidiary**” means any entity which is for the time being a subsidiary or subsidiary undertaking of the Guarantor (within the meaning of the Companies Act);

“**Substituted Preference Shares**” means a class of non-cumulative perpetual preference shares of the Guarantor, having substantially the same economic terms as the Preferred Securities and otherwise issued in conformity with the terms of issue of the Substituted Preference Shares set out in Schedule 4 to the Limited Partnership Agreement\*;

“**TARGET**” means the Trans European Real-Time Gross Settlement Express Transfer (TARGET) System;

“**TARGET Business Day**” means a day on which TARGET is operating;

“**Tax**” means any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision of or by any authority therein or thereof having power to tax;

“**Three Month EURIBOR**” has the meaning set out in paragraph 2.3;

“**Tier 1 Capital**” has the meaning ascribed to it in the Financial Services Authority’s Guide to Banking Supervisory Policy or any successor publication replacing such guide; and

“**Tier 1 Redemption Event**” means a change in any applicable law or regulation, or in the official interpretation or application thereof, as a result of which, for the purposes of the Capital Adequacy Regulations at that time, the Preferred Securities can no longer qualify for inclusion in Tier 1 Capital of the Guarantor.

In this description of the Preferred Securities, any reference to a particular time shall, unless otherwise specified, be to that time in London.

## 2. Distributions

2.1 Subject as provided in paragraph 2.5, non-cumulative distributions (the “**Distributions**”) on the Preferred Securities will accrue from the Closing Date (or, in the case of any further preferred securities issued pursuant to paragraph 8.4, from their respective dates of issue) and shall be payable annually in arrear on each Distribution Payment Date to (and including) the First Call Date and thereafter quarterly in arrear on each Distribution Payment Date.

2.2 Distributions will be payable at the rate of 7.075 per cent. per annum in respect of each Distribution Period during the period from and including the Closing Date to but excluding the First Call Date.

Where Distributions are to be calculated in respect of any period ending prior to the First Call Date, the applicable day count fraction will be the number of days in the relevant period from and including the date from which Distributions begin to accrue to but excluding the date on which they are payable divided by the number of days in the Distribution Period in which the relevant period falls.

2.3 In relation to a Distribution Period commencing on the First Call Date or any Distribution Payment Date thereafter, the rate of Distribution shall be the sum of Three Month EURIBOR and the Margin.

\* See “Issue Terms of the Substituted Preference Shares” on page 37 which reproduces Schedule 4 to the Limited Partnership

## DESCRIPTION OF THE PREFERRED SECURITIES

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For these purposes, “**Three Month EURIBOR**” means the rate for deposits in euro for a period of three months which appears on the Relevant Screen Page as of 11.00 a.m., Brussels time, (or such other time as may be customary for the daily reset of such rate) on the day that is two TARGET Business Days preceding the first day of the relevant Distribution Period.

If such rate does not appear on the Relevant Screen Page on the day that is two TARGET Business Days preceding the first day of the relevant Distribution Period, then Three Month EURIBOR for the relevant Distribution Period will be determined on the basis of the rates at which deposits in euro are offered by the Reference Banks at approximately 11.00 a.m., Brussels time, on the day that is two TARGET Business Days preceding the first day of the relevant Distribution Period to leading banks in the euro-zone interbank market for a period of three months commencing on the first day of the relevant Distribution Period and in an amount that is representative for a single transaction in the relevant market at the relevant time. The Principal Paying and Transfer Agent shall request the principal euro-zone office of each of the Reference Banks to provide a quotation of its rate. If at least two quotations are provided, the rate shall be the arithmetic mean of such quotations.

If fewer than two quotations are provided as requested, Three Month EURIBOR in respect of such Distribution Period shall be the arithmetic mean of the rates quoted by major banks in the euro-zone selected by the Principal Paying and Transfer Agent, at approximately 11.00 a.m., Brussels time, on the day that is two TARGET Business Days preceding the first day of the relevant Distribution Period for loans in euro to leading banks in the euro-zone interbank market for a period of three months commencing on the first day of such Distribution Period and in an amount that is representative for a single transaction in the relevant market at the relevant time, except that, if the banks so selected by the Principal Paying and Transfer Agent are not quoting as mentioned above, the rate of Distribution for such Distribution Period shall be either (i) the rate of Distribution in effect for the last preceding Distribution Period to which one of the preceding paragraphs of this definition of Three Month EURIBOR shall have applied or (ii) if none, 7.075 per cent. per annum.

Whenever it is necessary to calculate the amount of any Distribution in respect of a Preferred Security for each period beginning on or after the First Call Date, the amount of such Distribution shall be calculated by multiplying the applicable rate by the Liquidation Preference and the actual number of days in the relevant Distribution Period divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

The Principal Paying and Transfer Agent shall, as soon as practicable after 11.00 a.m., Brussels time, on the day which is two TARGET Business Days prior to the first day of each Distribution Period, calculate the Distribution payable on the relevant Distribution Payment Date for the Preferred Securities for the relevant Distribution Period.

- 2.4 Distributions on the Preferred Securities will be non-cumulative. Subject to paragraph 2.5, Distributions on the Preferred Securities will be payable out of the Issuer’s own legally available resources on each Distribution Payment Date.
- 2.5 Notwithstanding the existence of resources legally available for distribution by the Issuer, the Issuer will not pay any Distributions (including Additional Amounts) to the Holders and the Guarantor will not make any payment in respect of Distributions (including any Guarantor Additional Amounts) under the Subordinated Guarantee:
  - 2.5.1 to the extent that such payment, together with the amount of any distributions or dividends paid or scheduled to be paid to holders of Parity Securities on the relevant Distribution Payment Date would exceed Available Distributable Profits as at the day falling 10 Business Days in London prior to such Distribution Payment Date; or
  - 2.5.2 even if Available Distributable Profits are sufficient, if the Guarantor’s board of directors has resolved not later than the day falling 10 Business Days in London prior to a Distribution Payment Date that no Distributions should be made on the next Distribution Payment Date,

## DESCRIPTION OF THE PREFERRED SECURITIES

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and the entitlement of the Holders of the Preferred Securities to such Distribution shall be lost. Accordingly, no payment will be made at any time by the Issuer or the Guarantor in respect of any such missed payment.

- 2.6 Subject to paragraph 2.5.2 above, if, whether by reason of the provisions of paragraph 2.5 or any equivalent article or term of a Parity Security, on any Distribution Payment Date, Distributions are not paid in full on the Preferred Securities but the Guarantor's board of directors determines that there are sufficient Available Distributable Profits so as to allow payment of part of any Distribution, the General Partner may determine to pay the Relevant Proportion of any such Distribution. No Holder shall have any claim in respect of any Distribution or part thereof not payable as a result of the limitations set out in paragraph 2.5. Accordingly, such amounts will not cumulate for the benefit of Holders or entitle the Holders to any claim in respect thereof against the Issuer or against the Guarantor under the Subordinated Guarantee.
- 2.7 In the event that any Distribution is not to be paid in full, the General Partner will notify or procure notification to the Stock Exchange, the Registrar and the Paying and Transfer Agents and (in accordance with paragraph 10) to the Holders of the Relevant Proportion (subject to paragraph 2.8) of such full Distribution to be paid in respect of that Distribution.
- 2.8 To the extent that the payment of the Relevant Proportion of a Distribution on the Preferred Securities or of the distribution or dividend on any Parity Security would otherwise exceed the amount of Available Distributable Profits actually available immediately before such payment, such Relevant Proportion shall not be payable.
- 2.9 Save as described above, Holders will have no right to participate in the profits of the Issuer or the Guarantor and in particular will have no rights to receive from the Issuer amounts paid to the Issuer in respect of its partnership assets in excess of Distributions due and payable under the Preferred Securities. In the event that any amounts received by the Issuer in respect of its partnership assets which would otherwise have been used by the Issuer to fund such Distribution exceed the amount (if any) then due by way of Distribution under the Preferred Securities, the amount of such excess will be paid to the Priority Limited Partner and Holders will have no rights in respect thereof. The liability of a Holder to contribute to the debts or obligations of the Issuer (if any) shall (subject to the Act) not exceed the amount of that Holder's Preferred Capital Contribution.
- 2.10 (a) In the event that on any Distribution Payment Date no Distribution is paid, the Issuer will, subject as provided below, not declare or pay any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Parity Security during the then applicable Dividend Stopper Period.
- (b) In the event that on any Distribution Payment Date the Relevant Proportion of a Distribution is paid, the Issuer will, subject as provided below, only declare or pay an amount not exceeding the Relevant Proportion (subject as provided in paragraph 2.8 above) of any distribution or dividend (and, where applicable, will procure that only the Relevant Proportion of any distribution or dividend is declared or paid) on any Parity Security during the then applicable Dividend Stopper Period.
- (c) In the event that on any Distribution Payment Date less than the full amount of any Distribution is paid, the Issuer will not repurchase or redeem Parity Securities until the then applicable Dividend Stopper Period has expired.

*The Guarantor will undertake in the Subordinated Guarantee that, in the event that any Distribution is not paid in full, it will not:*

- (a) *declare or pay (or make a payment under a guarantee in respect of) any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any ordinary shares of the Guarantor or any Parity Security until the applicable Dividend Stopper Period has expired; and*

- (b) *repurchase or redeem ordinary shares of the Guarantor or Parity Securities until the applicable Dividend Stopper Period has expired.*

*The Guarantor will also undertake in the Subordinated Guarantee that, in the event that on a Distribution Payment Date the Relevant Proportion of a Distribution is paid it will only declare and pay (or make a payment under a guarantee in respect of) an amount not exceeding the Relevant Proportion of any distribution or dividend (and, where applicable, will procure that only the Relevant Proportion of any distribution or dividend is declared or paid) on any Parity Security for the applicable Dividend Stopper Period.*

### 3. Liquidation Distributions

- 3.1 In the event of the dissolution of the Issuer, the Holders will be entitled to receive the Liquidation Distribution, in respect of each Preferred Security held, out of the assets of the Issuer available for distribution to such Holders under the Act. Such entitlement will arise (a) before any payments due to the General Partner and the holder of any corresponding preferential right in respect of other partnership interests issued by the Issuer and (b) before any distribution of assets is made to the General Partner, but such entitlement will rank equally with the entitlement of the holders of all other preferred securities issued by the Issuer which rank *pari passu* with the Preferred Securities, if any.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to the Holders as aforesaid, if, at the time such Liquidation Distribution is to be paid, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, the Liquidation Distribution per Preferred Security paid to Holders thereof shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been non-cumulative preference shares of the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:

- (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which is referred to in (b) or (c) below and any other liability expressed to rank *pari passu* with or junior to the Subordinated Guarantee);
  - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with the Subordinated Guarantee; and
  - (c) senior to the ordinary shares of the Guarantor.
- 3.2 If the Liquidation Distribution and any other such liquidation distributions cannot be made in full by reason of the limitation described in paragraph 3.1 or any equivalent article or term of a Parity Security, but there are funds available for payment so as to allow payment of part of the Liquidation Distribution, then each Holder will be entitled to receive the Relevant Proportion of the Liquidation Distribution. After payment of all Liquidation Distributions, or the Relevant Proportion thereof if applicable, the General Partner will be entitled to any remaining assets of the Issuer representing proceeds of the sale or redemption of the Issuer's partnership assets and the Holders will have no right or claim to any of the remaining assets of the Issuer or the Guarantor.
- 3.3 In the event of an order being made for the liquidation, dissolution, or winding-up of the Guarantor or the Guarantor is declared insolvent, the Issuer shall be dissolved and the amount per Preferred Security to which Holders shall be entitled as a Liquidation Distribution will be as set out in paragraphs 3.1 and 3.2. The Guarantor undertakes in the Subordinated Guarantee that, as long as any of the Preferred Securities is outstanding, it will not permit or take any action that would or might cause, the liquidation, dissolution or winding-up of the Issuer, unless (if required) the Regulator has not objected, or if the Guarantor itself is being wound up.
- 3.4 Subject to the Act, other than in the events referred to in paragraphs 3.3, 4.2, 4.3, 4.4 and 5, unless (if required) the Regulator has not objected, the General Partner will not permit, or take any action

that would or might cause, the liquidation or dissolution of the Issuer. No Holder shall have any claim (whether against the Issuer or the Guarantor) in respect of any Liquidation Distribution or part thereof not paid when it would, but for the operation of this paragraph 3.4, otherwise have become due.

### 4. Redemption and Purchase

- 4.1 The Preferred Securities have no fixed final redemption date and Holders have no right to call for the redemption of the Preferred Securities. Any redemption is subject to the provisions of the Act.
- 4.2 The Preferred Securities are redeemable, at the option of the General Partner, provided that (if required) the Regulator has not objected to the redemption, in whole but not in part, on any Distribution Payment Date falling on or after the First Call Date, upon not less than 30 nor more than 60 days' notice to the Holders (published in accordance with paragraph 10) and to the Stock Exchange specifying the relevant date for redemption (the "**Redemption Date**") (which notice shall be irrevocable) at the Optional Redemption Price.
- 4.3 If a Tier 1 Redemption Event or a Make Whole Call Tax Event occurs and is continuing, the Preferred Securities may be redeemed at any time on or prior to the First Call Date, in whole but not in part, at the option of the General Partner, provided that (if required) the Regulator has not objected to the redemption, upon not less than 30 nor more than 60 days' notice to the Holders (published in accordance with paragraph 10) and to the Stock Exchange specifying the relevant Redemption Date (which notice shall be irrevocable) at the Make Whole Redemption Price.
- 4.4 If a Par Call Tax Event occurs and is continuing, the effect of which cannot be avoided by the Issuer or the Guarantor, as the case may be, taking reasonable measures available to it, then the Preferred Securities may be redeemed at any time on or prior to the First Call Date, in whole but not in part, at the option of the General Partner, provided that (if required) the Regulator has not objected to the redemption, upon not less than 30 nor more than 60 days' notice to the Holders (published in accordance with paragraph 10) and to the Stock Exchange specifying the relevant Redemption Date (which notice shall be irrevocable) at the Optional Redemption Price.
- 4.5 Prior to the publication of any notice of redemption pursuant to paragraph 4.3 or 4.4, the General Partner shall deliver to the Registrar a certificate signed by two members of the board of directors of the Guarantor stating that the Issuer is entitled to effect such redemption and an opinion of counsel to the Guarantor experienced in such matters to the effect that either a Par Call Tax Event or a Make Whole Call Tax Event has occurred (and, if applicable, specifying which of the clauses as set out in the definition of "Make Whole Call Tax Event" is applicable) or a Tier 1 Redemption Event has occurred. Upon the expiry of such notice, the Issuer shall be dissolved and the General Partner as liquidation agent shall be bound to redeem each of the Preferred Securities accordingly by payment of an amount equal to the Optional Redemption Price or the Make Whole Redemption Price, as the case may be.
- 4.6 Under the existing requirements of the Regulator, neither the Issuer nor the Guarantor may redeem or purchase any Preferred Securities unless (if required) the Regulator has not objected to the redemption or purchase at such time. The Regulator may impose conditions on any such redemption or purchase. All Preferred Securities which are redeemed or purchased will forthwith be cancelled and accordingly may not be reissued or resold.

### 5. Substitution for Preference Shares

- 5.1 If a Capital Deficiency Event occurs and is continuing, then, provided that (if required) the Regulator has not objected, the Preferred Securities shall be substituted with the Substituted Preference Shares (the "**Preferred Securities Substitution**") on the Substitution Date, as defined below.

The Guarantor in the Subordinated Guarantee has agreed to use its reasonable endeavours to propose resolutions at or before each annual general meeting of its shareholders commencing with the annual

general meeting in 2005 to enable it to issue Substituted Preference Shares denominated in euro at all times on the terms described in the Limited Partnership Agreement and to recommend the adoption of such resolutions.

The Guarantor in the Subordinated Guarantee has agreed (i) to use its reasonable endeavours to ensure that at all times all other corporate authorisations and actions required to be taken to enable the issue and allotment of the Preference Shares in exchange of the Preferred Securities to occur are taken and (ii) to apply for a listing of the Substituted Preference Shares on a recognised stock exchange.

As soon as reasonably practicable following the occurrence of a Capital Deficiency Event, the General Partner shall cause notice (the “**Capital Deficiency Event Notice**”) to be given to the Holders (in accordance with paragraph 10) and to the Stock Exchange that the Substituted Preference Shares will be available from the date (the “**Substitution Date**”) specified in the Capital Deficiency Event Notice for the purpose.

Until such time as the Capital Deficiency Event Notice is given by the General Partner (in accordance with paragraph 10), Holders will continue to be entitled to receive Distributions and/or a Liquidation Distribution in respect of the Preferred Securities but thereafter Holders will have no further rights, title or interest in or to their Preferred Securities except to have them substituted in the manner and to the persons described below.

The Capital Deficiency Event Notice will contain a form of substitution confirmation (the “**Preferred Securities Substitution Confirmation**”) to be completed by each Holder (or, for so long as the Preferred Securities are registered in the name of a nominee of a common depositary for Euroclear and Clearstream, Luxembourg, by each accountholder named in the records of Euroclear and Clearstream, Luxembourg as the holder of an interest in the Preferred Securities). The form of Preferred Securities Substitution Confirmation shall also be made available at the offices of each Paying and Transfer Agent. To receive Substituted Preference Shares in respect of its holding of Preferred Securities, a Paying and Transfer Agent must receive from the Holder (or such accountholder, as the case may be) a Preferred Securities Substitution Confirmation together with the certificate representing the relative holding of Preferred Securities or other evidence of entitlement satisfactory to the General Partner.

Each Substituted Preference Share allotted will rank for any dividend from the immediately preceding Distribution Payment Date but otherwise will have no entitlement to any accrued Distributions or any other payment in respect of the Preferred Securities, provided that the first dividend will be paid on a *pro rata* basis in respect of the period from, and including, the date of the Distribution Payment Date immediately preceding the Substitution Date (or, if none, the Closing Date) to, but excluding, the immediately succeeding Distribution Payment Date. The dividend will be payable on the same dates as the Distribution Payment Dates.

Upon a Preferred Securities Substitution, each Holder (or, as the case may be, accountholder) shall receive in respect of each €1,000 Liquidation Preference of Preferred Securities, one Substituted Preference Share with a liquidation preference of €1,000.

No Preferred Securities Substitution will take place and the Holders will continue to hold their Preferred Securities and all their rights thereunder if prior to the Substitution Date, a winding-up of the Guarantor occurs.

- 5.2 The Guarantor has undertaken in the Subordinated Guarantee that it will pay any taxes or capital duties or stamp duties payable in the UK arising on the allotment and issue of the Substituted Preference Shares. The Guarantor will not be obliged to pay, and each Holder (or, as the case may be, accountholder) delivering Preferred Securities and a duly completed Preferred Securities Substitution Confirmation to a Paying and Transfer Agent must pay, any other taxes, stamp duty reserves taxes and capital, stamp, issue and registration duties arising on the relevant Preferred Securities Substitution. The Guarantor will not be obliged to pay and each recipient must pay all, if

## DESCRIPTION OF THE PREFERRED SECURITIES

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any, taxes arising by reference to any disposal or deemed disposal of a Preferred Security in connection with such Preferred Securities Substitution.

Substituted Preference Shares will not be allotted to Restricted Persons.

5.3 The General Partner will use all reasonable endeavours to procure that certificates (if any) for Substituted Preference Shares issued on a Preferred Securities Substitution will be despatched by mail free of charge (but uninsured and at the risk of the person entitled thereto) within one month after receipt of a duly completed Preferred Securities Substitution Confirmation.

### 6. Additional Amounts

All payments in respect of the Preferred Securities by the Issuer will be made without withholding or deduction for, or on account of, any Tax, unless the withholding or deduction of such Tax is required by law. In that event, each Holder will be entitled to receive, as further distributions, such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder (or to a third party on his behalf) with respect to any Preferred Security:

- (a) to the extent that such Tax is imposed or levied by virtue of such Holder (or the beneficial owner) of such Preferred Security having some connection with the United Kingdom, other than merely being a Holder (or beneficial owner) of such Preferred Security; or
- (b) where such withholding or deduction is imposed on a payment to or on behalf of an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) where the Holder would have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union, insofar as presentation for payment is required,

and except that the Issuer’s obligation to make any such payments is subject to the limitations provided in paragraphs 2 and 3.

### 7. Payments

7.1 Distributions will be payable in accordance with the Act on the relevant Distribution Payment Date (or where any Distribution Payment Date is not a TARGET Business Day on the next TARGET Business Day (without interest in respect of such delay)) to the Holders of record as they appear on the Register on the relevant record date, which will be five TARGET Business Days prior to the relevant Distribution Payment Date.

If the General Partner gives a notice of redemption pursuant to paragraph 4.2, 4.3 or 4.4 or in respect of the Preferred Securities, then on the relevant Redemption Date the General Partner shall procure that the Optional Redemption Price or the Make Whole Redemption Price (as the case may be) will be paid by the Registrar or by the Paying and Transfer Agents on behalf of the Issuer to the Holders. Upon such payment, all rights of Holders to participate in the assets of the Issuer or to be returned any amount in respect of the Preferred Securities (including the Preferred Capital Contribution (or any part thereof) made by or on behalf of the Holders) will be extinguished and the Holders shall thereupon cease to be limited partners of the Issuer provided their holding of Preferred Securities are redeemed in accordance with the foregoing, and the Preferred Capital Contribution will, on payment of the Optional Redemption Price or the Make Whole Redemption Price (as the case may be), be deemed repaid.



## DESCRIPTION OF THE PREFERRED SECURITIES

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7.2 Subject to all applicable fiscal or other laws and regulations:

7.2.1 each payment in respect of Distributions will be made by cheque and mailed to the Holder of record at such Holder's address as it appears on the Register on the relevant record date for the Preferred Securities; and

7.2.2 any payment in respect of the Optional Redemption Price or the Make Whole Redemption Price (as the case may be) or the Liquidation Distribution in respect of any Preferred Security will be made by cheque against presentation and surrender of the relevant certificate of entitlement at the office of the Registrar or a Paying and Transfer Agent,

provided, however, that a Holder may receive such payment by direct transfer if appropriate direct transfer instructions have been received by the Registrar in sufficient time prior to the relevant date of payment. Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a TARGET Business Day, if the Holder is late in surrendering certificates (if required to do so) or if a cheque mailed in accordance with this paragraph arrives after the due date for payment.

In the event that payment of the Optional Redemption Price or the Make Whole Redemption Price (as the case may be) in respect of any Preferred Security is improperly withheld or refused and not paid by the Issuer, Distributions on such Preferred Security, subject as described in paragraphs 2.4 and 2.5, will continue to accrue, from the relevant Redemption Date to the date of actual payment of such Optional Redemption Price or Make Whole Redemption Price (as the case may be).

7.3 The General Partner will, and the Guarantor has undertaken in the Subordinated Guarantee that it will procure that the General Partner will, maintain at all times whilst the Preferred Securities are outstanding (a) whilst the Preferred Securities are listed on Euronext Amsterdam and the rules of Euronext Amsterdam N.V. so require, a Paying and Transfer Agent in Amsterdam, (b) a Registrar having its office outside the United Kingdom and (c) a Paying and Transfer Agent having a specified office in a European Union Member State other than the United Kingdom that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

## 8. Meetings

8.1 Except as described below and provided for in the Act, Holders will not be entitled to receive notice of, or attend or vote at, any meeting of partners in the Issuer or participate in the management of the Issuer.

8.2 The consent in writing of the Holders of at least a simple majority in Liquidation Preference of the outstanding Preferred Securities or the sanction of a resolution, passed by Holders of at least a simple majority in Liquidation Preference of the Preferred Securities present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in Liquidation Preference of the outstanding Preferred Securities, shall be required in order to give effect to any variation or abrogation of the rights, preferences and privileges of the Preferred Securities by way of amendment of the Limited Partnership Agreement or otherwise (unless otherwise provided in the terms of the Preferred Securities or as required by applicable law).

8.3 No such sanction shall be required if, as determined by the General Partner, the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity or which does not adversely affect the rights of Holders (provided that the change does not reduce the amounts payable to Holders, impose any obligation on the Holders or any modification of the terms of the Preferred Securities) in which case the General Partner shall be authorised to approve and implement such change.

8.4 Notwithstanding the foregoing, the General Partner may, without the consent or sanction of the Holders, take such action as is required in order to amend the Limited Partnership Agreement:

- 8.4.1 to allow an increase in the level of the Preferred Capital Contributions and the corresponding number of Preferred Securities; or
- 8.4.2 to authorise, create and issue one or more other series of securities or partnership interests in the Issuer ranking junior, as regards participation in the profits and assets of the Issuer, to the Preferred Securities and to admit, if relevant, new holders in respect thereof.

Thereafter the Issuer may, provided that the circumstances for non-payment of Distributions in paragraph 2.5 are not subsisting, without the consent of the Holders issue any such further securities either having the same terms and conditions as the Preferred Securities in all respects (or in all respects except for the first payment of Distributions on them) and so that such further issue shall be consolidated and form a single series with the Preferred Securities or upon such other terms as aforesaid. References herein to the Preferred Securities include (unless the context requires otherwise) any other securities issued pursuant to this paragraph and forming a single series with the Preferred Securities.

- 8.5 Notwithstanding the foregoing, no vote of the Holders will be required for the redemption, cancellation or substitution of the Preferred Securities or withdrawal of a Holder in accordance with the Limited Partnership Agreement.
- 8.6 The General Partner will cause a notice of any meeting at which Holders are entitled to vote and any voting forms to be mailed to each Holder. Each such notice will include a statement setting forth (a) the date, time and place of such meeting, (b) a description of any resolution to be proposed for adoption at such meeting on which such Holders are entitled to vote and (c) instructions for the delivery of proxies.

### 9. Covenant of the General Partner

The General Partner undertakes not to incur any indebtedness in the name of the Issuer other than the costs and expenses incidental to creating the Preferred Securities and the Issuer and any other partnership interests in the Issuer, performing its obligations in respect of the Limited Partnership Agreement, maintaining the listing of the Preferred Securities and any other partnership interests in the Issuer (where applicable), the Register, the Registrar, the Paying and Transfer Agents and a listing agent in respect of the Preferred Securities and corresponding agents (where applicable) with respect to any other partnership interests in the Issuer, the Issuer's holding of the partnership assets and any securities acquired with any other capital contributions to the Issuer or substitutions therefor and the maintenance of a custodian therefor, the exercise of the Issuer's rights in respect of the partnership assets and any securities acquired with any other capital contributions to the Issuer or substitutions therefor and the administration of the Issuer.

### 10. Notices

All notices to the Holders will be mailed to the Holder of record and, if and for so long as the Preferred Securities are listed on Euronext Amsterdam and the rules of Euronext Amsterdam N.V. so require, in a daily newspaper of general circulation in The Netherlands, which for the time being shall be *Het Financieele Dagblad*, and in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam N.V. In addition, notices will be published in one English language daily newspaper of general circulation in Europe. Any mailed notice shall be deemed to have been given one day after the date on which it was posted and any notice published in a newspaper shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

### 11. Transfers and Form

The Preferred Securities will be in registered form each with a Liquidation Preference of €1,000 and multiples thereof.

## DESCRIPTION OF THE PREFERRED SECURITIES

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If definitive certificates are made available in respect of Preferred Securities they will be available from the Registrar and from each of the Paying and Transfer Agents, and will be posted to the relevant Holders at the address shown in the Register or, as applicable, in the relevant instrument of transfer within three Business Days in London of issue, by uninsured post at the risk of such Holders. Transfers of Preferred Securities if represented by definitive certificates may be effected by presentation of the relevant certificate (with the transfer certificate attached thereto duly completed on behalf of the transferor and transferee) at the specified office of the Registrar or any Paying and Transfer Agent. Where a Holder transfers some only of the Preferred Securities represented by any such certificate he shall be entitled to a certificate for the balance without charge. All transfers of Preferred Securities by Holders must be effected in accordance with the Act and subject to the provisions of the Limited Partnership Agreement.

### 12. Replacement of Certificates

If a certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Preferred Securities may be issued on payment of such fee and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses as the General Partner may think fit and on payment of the costs of the General Partner incidental to its investigation of the evidence and, if damaged or defaced, on delivery up of the old certificate at the office of the Paying and Transfer Agent in Amsterdam.

### 13. Prescription

Claims against the Issuer for payment of Distributions and sums in respect of the Optional Redemption Price, the Make Whole Redemption Price or Liquidation Distribution of the Preferred Securities will be prescribed in accordance with English law unless made within 10 years from the date on which such payment becomes due or, if later, the date on which the Issuer makes such payment available to Holders.

### 14. Governing Law

The Limited Partnership Agreement and the Preferred Securities shall be governed by, and construed in accordance with, English law.

### 15. Additional Obligations

If and so long as the Preferred Securities are listed on Euronext Amsterdam, the Issuer will comply with Article 2.1.20 of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V. (to the extent applicable), as amended from time to time.

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# Summary of Provisions Relating to the Preferred Securities in Global Form

## Initial Issue of Preferred Securities

The Preferred Securities will be issued in registered form and will be initially represented by interests in a Global Certificate which will be deposited with Deutsche Bank AG, London Branch (the “**Common Depository**”) as common depository for Euroclear and Clearstream, Luxembourg. The Preferred Securities will be registered in the name of the Initial Limited Partner, as nominee for the Common Depository. For so long as the Preferred Securities are deposited and registered as described above, book-entry interests in the Preferred Securities will be shown on, and transfers of such interests will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.

## Exchange

If either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days (other than for the purposes of a public holiday) or announces an intention permanently to cease business or does in fact so cease business, then a number of Preferred Securities corresponding to its book-entry interest in the Preferred Securities represented by the Global Certificate held by the Common Depository referred to above will, subject to such reasonable requirements as the General Partner may require, be transferred to each holder of an interest in the Preferred Securities whose name is notified by the Common Depository to the Registrar. Each such holder will be registered as a Holder in the Register and registered with the Registrar at Companies House in Cardiff on the Limited Partnerships Register in accordance with the Act and will receive a certificate made out in its name. Other than in the circumstances referred to in this paragraph, definitive certificates will not be available to Holders.

## Accountholders

So long as the Preferred Securities are registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the nominee for Euroclear and Clearstream, Luxembourg will be the sole registered owner or holder of the Preferred Securities represented by the Global Certificate for all purposes under the Limited Partnership Agreement. Except as set forth under “*Description of Preferred Securities – Transfers and Form*” and under “*Transfers of Interests*” below, the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holders of the Preferred Securities evidenced by the Global Certificate (each an “**Accountholder**”) will not be entitled to have Preferred Securities registered in their names, will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the Preferred Securities and will not be considered registered owners or holders thereof under the Limited Partnership Agreement. Accordingly, each Accountholder must rely on the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be, to exercise any rights and obligations of an investor in Preferred Securities.

## Payment

Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made by the Issuer to the registered holder of the Preferred Securities and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be. Such persons shall have no claim directly against the Issuer in respect of payments due on the Preferred Securities for so long as the Preferred Securities are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the registered holder of the Preferred Securities in respect of each amount so paid.

**Transfers of Interests**

Accountholders will only be able to transfer their beneficial interests in the Preferred Securities in accordance with the restrictions described under “*Description of Preferred Securities – Transfers and Form*” and the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be.

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## Subordinated Guarantee

*The following is the Subordinated Guarantee substantially in the form to be executed by the Guarantor.*

THIS DEED OF GUARANTEE (the “**Subordinated Guarantee**”), dated 24th June, 2005, is executed and delivered by INVESTEC plc (the “**Guarantor**”) for the benefit of the Holders (as defined below).

WHEREAS:

- (i) the Guarantor desires to issue this Subordinated Guarantee for the benefit of the Holders, as provided herein; and
- (ii) this Subordinated Guarantee is intended to provide the Holders, on a dissolution of Investec Tier 1 (UK) LP (the “**Issuer**”) or on a default by the Issuer in discharging its obligations in respect of the Preferred Securities (as defined below), with rights against the Guarantor in respect of the Guaranteed Payments (as defined below) which rank *pari passu* to those which they would have had if the Preferred Securities had been directly issued non-cumulative preference shares of the Guarantor.

NOW, THEREFORE the Guarantor executes and delivers this Subordinated Guarantee as a deed poll for the benefit of the Holders.

### 1. Definitions

As used in this Subordinated Guarantee, capitalised terms not defined herein shall have the meanings ascribed to them in the Limited Partnership Agreement and otherwise the following terms shall, unless the context otherwise requires, have the following meanings:

“**Guaranteed Payments**” means (without duplication) collectively payments by the Guarantor in respect of an amount equal to (i) all Distributions (or the Relevant Proportion thereof) due on the Preferred Securities, (ii) any Distributions (or the Relevant Proportions thereof) on the Preferred Securities which would have been due had the Issuer had sufficient legally available resources but only if, and to the extent that, the Issuer did not have such legally available resources solely due to a failure by the issuer of the Subordinated Notes or Replacement Partnership Assets to pay interest thereon as and when due under the terms thereof, (iii) any Liquidation Distribution to which Holders are entitled, (iv) the Optional Redemption Price or the Make Whole Redemption Price (as the case may be) and (v) any Additional Amounts;

“**Holder**” means, in respect of each Preferred Security, each person registered on the Register as the limited partner holding such Preferred Security at the relevant time, save that for as long as the Preferred Securities are registered in the name of a common depository (or of a nominee for a common depository) for Euroclear and Clearstream, Luxembourg, each person (other than Euroclear and Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and Clearstream, Luxembourg as the holder of an interest in any Preferred Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of Preferred Securities standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Guarantor and any Paying and Transfer Agent as the holder of Preferred Securities in a nominal amount equal to such interest for all purposes other than with respect to payments, the right to which shall be vested in the name of the person appearing as the relative limited partner in the Register;

“**Limited Partnership Agreement**” means the Limited Partnership Agreement dated 20th June, 2005 establishing the Issuer, as amended from time to time;

“**Preferred Securities**” means the outstanding Fixed/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities of the Issuer, originally issued on 24th June, 2005 in the principal amount of €200,000,000, together with any further such preferred securities issued after the date of this Subordinated Guarantee, the Holders of which are entitled to the benefits of this

Subordinated Guarantee as evidenced by the execution of this Subordinated Guarantee and “Preferred Security” shall be construed accordingly;

“Tax” means any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any subdivision of or by any authority therein or thereof having power to tax;

“Tier 1 Capital” has the meaning ascribed to it in the Financial Services Authority’s Guide to Banking Supervisory Policy or any successor publication replacing such guide; and

“Tier 1 Securities” mean any obligation of the Guarantor or, as the case may be, a Subsidiary or other entity which is treated, or is capable of being treated, as Tier 1 Capital of the Guarantor.

### 2. Guarantee

2.1 Subject to the exceptions and limitations contained in the following provisions of this clause 2, the Guarantor irrevocably agrees to pay in full to the Holders the Guaranteed Payments, as and when due, to the extent that such payments shall not have been paid when due and payable by the Issuer regardless of any defence, right of set-off or counterclaim which the Issuer may have or assert. This Guarantee is continuing, irrevocable and absolute. The rights and claims of the Holders against the Guarantor under this Guarantee are subordinated to the claims of the Senior Creditors (as defined in clause 2.2) in that payment of the Guaranteed Payments is conditional upon satisfaction of the conditions set out in the following provisions of this clause 2.

2.2 Notwithstanding clause 2.1, if, at the time that the Liquidation Distribution is to be paid by the Guarantor under this Subordinated Guarantee in respect of any Preferred Securities, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, payment under this Subordinated Guarantee of such Liquidation Distribution shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been non-cumulative preference shares of the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:

- (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which is referred to in (b) or (c) below and any other liability expressed to rank *pari passu* with or junior to this Subordinated Guarantee) (the “Senior Creditors”);
- (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with this Subordinated Guarantee; and
- (c) senior to the ordinary shares of the Guarantor.

2.3 All Guaranteed Payments made hereunder will be made without withholding or deduction for or on account of any Tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Guarantor will, provided that (if required) the Regulator has not objected, pay such additional amounts (the “Guarantor Additional Amounts”) as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the amounts which would have been receivable under this Subordinated Guarantee in the absence of such withholding or deduction; except that no such Guarantor Additional Amounts will be payable to a Holder (or a third party on his behalf):

- (a) to the extent that such Tax is imposed or levied by virtue of such Holder (or the beneficial owner) of such Preferred Security having some connection with the United Kingdom, other than merely being a Holder (or beneficial owner) of such Preferred Security; or
- (b) where such withholding or deduction is imposed on a payment to or on behalf of an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation

of savings or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (c) where the Holder would have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union, insofar as presentation for payment is required,

and except that the Guarantor's obligation to pay any Guarantor Additional Amounts is subject to the limitation relating to Guaranteed Payments set out in clause 2.2.

- 2.4 In the event that the amounts described in clauses 2.1 and 2.3 cannot be made in full by reason of the condition referred to in clause 2.2, such amounts will be payable *pro rata* in the Relevant Proportion and the obligations of the Guarantor in respect of any such unpaid balance shall lapse.
- 2.5 The Guarantor hereby waives notice of acceptance of this Subordinated Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of non-payment, notice of dishonour, notice of redemption and all other notices and demands.
- 2.6 The obligations, covenants, agreements and duties of the Guarantor under this Subordinated Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:
  - (a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by or on behalf of the Issuer;
  - (b) the extension of time for the payment by or on behalf of the Issuer of all or any portion of any Distribution, the Optional Redemption Price, the Make Whole Redemption Price, the Liquidation Distribution or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities;
  - (c) any failure, omission, delay or lack of diligence on the part of Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;
  - (d) the voluntary or involuntary winding-up, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganisation, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;
  - (e) any invalidity of, or defect or deficiency in, the Preferred Securities; or
  - (f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred.

There shall be no obligation on the Holders to give notice to, or obtain consent of, the Guarantor with respect to the occurrence of any of the foregoing.

- 2.7 This Subordinated Guarantee shall be deposited with and held by the Registrar until all the obligations of the Guarantor have been discharged in full. The Guarantor hereby acknowledges the right of every Holder to the production of, and the right of every Holder to obtain a copy of, this Subordinated Guarantee from the Registrar.
- 2.8 A Holder may enforce this Subordinated Guarantee directly against the Guarantor, and the Guarantor waives any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Guarantor. All waivers contained in this Subordinated Guarantee shall be without prejudice to the right to proceed against the Issuer and the General Partner as permitted by the terms of the Preferred Securities. The Guarantor agrees that this



Subordinated Guarantee shall not be discharged except by complete performance of all obligations of the Guarantor under this Subordinated Guarantee.

- 2.9 The Guarantor shall be subrogated to any and all rights of the Holders against the assets of the Issuer in respect of any amounts paid to the Holders by the Guarantor under this Subordinated Guarantee. The Guarantor shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Subordinated Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Subordinated Guarantee. If the Guarantor shall receive or be paid any amount with respect to the Preferred Securities in violation of the preceding sentence, the Guarantor agrees to pay over such amount to the Holders.
- 2.10 The Guarantor acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Preferred Securities and that the Guarantor shall be liable as principal and sole obligor hereunder to make Guaranteed Payments pursuant to the terms of this Subordinated Guarantee, notwithstanding the occurrence of any event referred to in clause 2.6.
- 2.11 Subject to applicable law, the Guarantor agrees that its obligations hereunder constitute unsecured obligations of the Guarantor subordinated in right of payment to Senior Creditors and will at all times rank:
- (a) junior to all Senior Creditors;
  - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with this Subordinated Guarantee and issued in respect of Parity Securities issued by the Issuer or any Subsidiary; and
  - (c) senior to the ordinary shares of the Guarantor.
- 2.12 No Holder shall following any breach by the Guarantor of any of its obligations under this Subordinated Guarantee be entitled to exercise any right of set-off or counterclaim which may be available to it against amounts owing by the Guarantor to such Holder. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Holder against the Guarantor is discharged by set-off, such Holder will immediately pay an amount equal to the amount of such discharge to the Guarantor or, in the event of its winding-up, the liquidator of the Guarantor and until such time as payment is made will hold a sum equal to such amount in trust for the Guarantor, or the liquidator of the Guarantor, and accordingly any such discharge will be deemed not to have taken place.
- 2.13 In the event of the winding-up of the Guarantor if any payment or distribution of assets of the Guarantor of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Guarantor being subordinated to the payment of amounts owing under this Subordinated Guarantee, shall be received by any Holders, before the claims of Senior Creditors have been paid in full, such payment or distribution shall be held in trust by the Holder, as applicable, and shall be immediately returned by it to the liquidator of the Guarantor and in that event the receipt by the liquidator shall be a good discharge to the relevant Holder. Thereupon, such payment or distribution will be deemed not to have been made or received.
3. **Undertakings**
- 3.1 The Guarantor undertakes that it will not issue any Tier 1 Securities ranking senior to its obligations under this Subordinated Guarantee or enter into any support agreement or give any guarantee in respect of any Tier 1 Securities issued by any Subsidiary or other entity if such support agreement or guarantee would rank senior to this Subordinated Guarantee unless this Subordinated Guarantee is changed to give the Holders such rights and entitlements as are contained in or attached to such securities or such other support agreement or guarantee so that this Subordinated Guarantee ranks

*pari passu* with, and contains substantially equivalent rights of priority as to payment on, any Tier 1 Securities or such other support agreement or guarantee.

Furthermore the Guarantor undertakes that for so long as the Preferred Securities are outstanding:

- (a) it will not issue any non-cumulative preference shares or preferred securities unless they constitute Parity Securities; and
- (b) it will procure any guarantee or support agreement entered into by it in respect of any non-cumulative preference shares or preferred securities issued by a subsidiary undertaking will rank *pari passu* with the Preferred Securities.

3.2 Subject to clause 3.3, the Guarantor undertakes that, in the event that any Distribution is not paid to Holders in accordance with the rights attaching to the Preferred Securities in accordance with the Limited Partnership Agreement, the Guarantor will not:

- (a) declare or pay (or make a payment under a guarantee in respect of) any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any ordinary shares of the Guarantor or Parity Securities until the Dividend Stopper Period has expired; and
- (b) repurchase or redeem any ordinary shares of the Guarantor or Parity Securities until the Dividend Stopper Period has expired.

3.3 The Guarantor undertakes that, in the event that on a Distribution Payment Date the Relevant Proportion of a Distribution is paid, it will only declare or pay (or make a payment under a guarantee in respect of) an amount not exceeding the Relevant Proportion of any distribution or dividend (and, where applicable, will procure that only the Relevant Proportion of any distribution or dividend is declared or paid) on any Parity Security for the Dividend Stopper Period.

3.4 The Guarantor undertakes that, so long as any of the Preferred Securities is outstanding:

- (a) unless the Guarantor is itself being wound up, it will not permit, or take any action that would or might cause, the liquidation, dissolution or winding-up of the Issuer (or the General Partner if the Guarantor itself is not the general partner) unless (if required) the Regulator has not objected; and
- (b) the General Partner will at all times be either the Guarantor itself or a directly or indirectly wholly-owned Subsidiary of the Guarantor,

unless, in the case of (a) or (b), otherwise approved by a simple majority of the Holders by vote or in writing.

3.5 The Guarantor undertakes to use its reasonable endeavours to propose resolutions at or before each annual general meeting of its shareholders commencing with the annual general meeting in 2005 to enable it to issue Substituted Preference Shares denominated in euro at all times on the terms described in Schedule 4 to the Limited Partnership Agreement and to recommend the adoption of such resolutions.

3.6 The Guarantor undertakes that, following the occurrence of a Capital Deficiency Event, it will:

- (a) use its reasonable endeavours to ensure that at all times all other corporate authorisations and actions required to be taken to enable the issue and allotment of the Preference Shares in exchange for the Preferred Securities pursuant to paragraph (b) below are taken;
- (b) allot, issue and deliver Substituted Preference Shares in satisfaction of the rights of the Holders in the circumstances and in the manner described in the Limited Partnership Agreement and herein;

- (c) use its reasonable endeavours to apply for a listing for the Substituted Preference Shares on a recognised stock exchange; and
  - (d) pay any taxes or capital duties or stamp duties payable in the United Kingdom arising on the allotment and issue of such Substituted Preference Shares.
- 3.7 The Guarantor undertakes that following such Preferred Securities Substitution, each Substituted Preference Share allotted will rank for any dividend from the immediately preceding Distribution Payment Date but the Holders will not otherwise have any entitlement to any accrued Distributions or any other payment on the Preferred Securities.
- 3.8 The Guarantor undertakes that as soon as practicable after a Capital Deficiency Event it will give, or will procure that the General Partner gives, written notice to the Holders enclosing a Preferred Securities Substitution Confirmation which each Holder will be required to complete. The form of such Preferred Securities Substitution Confirmation shall also be made available at the offices of each Paying and Transfer Agent.
- 3.9 The Guarantor will procure that it will maintain at all times whilst the Preferred Securities are outstanding (a) whilst the Preferred Securities are listed on Euronext Amsterdam and the rules and regulations of Euronext Amsterdam N.V. so require, a Paying and Transfer Agent with a specified office in Amsterdam, (b) a Registrar having its office outside the United Kingdom and (c) a Paying and Transfer Agent having a specified office in a European Union Member State other than the United Kingdom that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.
- 3.10 The Guarantor undertakes that it will pay any taxes, capital duties or stamp duties payable as a result of any substitution for the Subordinated Notes of the Replacement Partnership Assets which are held by the Issuer as partnership assets thereafter.

#### **4. Termination**

With respect to the Preferred Securities, this Subordinated Guarantee shall terminate and be of no further force and effect upon the earliest of:

- (a) full payment of the Optional Redemption Price or the Make Whole Redemption Price (as the case may be); or
- (b) purchase and cancellation of all Preferred Securities; or
- (c) full payment of the Liquidation Distribution,

provided however that this Subordinated Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid in respect of the Preferred Securities or under this Subordinated Guarantee must be restored by a Holder for any reason whatsoever.

#### **5. Transfer; Amendment; Notices**

- 5.1 Subject to operation of law, all guarantees and agreements contained in this Subordinated Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders. The Guarantor shall not transfer its obligations hereunder without (a) the prior approval of the Holders of not less than a simple majority in Liquidation Preference of the outstanding Preferred Securities (excluding any Preferred Securities held by the Guarantor or any Subsidiary of the Guarantor) or (b) the sanction of a resolution, passed by Holders representing at least a simple majority in Liquidation Preference of the Preferred Securities present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in Liquidation Preference of the outstanding Preferred Securities and

## SUBORDINATED GUARANTEE

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otherwise convened and held in accordance with procedures contained in Schedule 2 to the Limited Partnership Agreement and applicable law.

- 5.2 Except for those changes (a) required by clause 3.1 hereof; or (b) which do not adversely affect the rights of Holders (in any of which cases no agreement will be required), this Subordinated Guarantee shall be changed only by agreement in writing signed or sealed by the Guarantor with the prior approval of the Holders of not less than a simple majority in Liquidation Preference of the outstanding Preferred Securities (excluding any Preferred Securities held by the Guarantor or any Subsidiary of the Guarantor), or the sanction of a resolution, passed by Holders of at least a simple majority in Liquidation Preference of the Preferred Securities present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in Liquidation Preference of the outstanding Preferred Securities.
- 5.3 Any notice, request or other communication required or permitted to be given hereunder to the Guarantor shall be given in writing by delivering the same against receipt therefor or be addressed to the Guarantor, as follows, to:

Investec plc

Address: 2 Gresham Street  
London EC2V 7QP  
Attention: Company Secretary  
Telephone: 44 207 597 4485  
Facsimile: 44 207 597 4491

The address of the Guarantor may be changed at any time and from time to time and shall be the most recent such address furnished in writing by the Guarantor to the Registrar.

Any notice, request or other communication required or permitted to be given hereunder to the Holders shall be given by the Guarantor in the same manner as notices sent on behalf of the Issuer to Holders.

- 5.4 This Subordinated Guarantee is solely for the benefit of the Holders and is not separately transferable from their interests in respect of the Preferred Securities.

## 6. Governing Law

This Subordinated Guarantee is governed by, and shall be construed in accordance with, English law.

IN WITNESS WHEREOF this Subordinated Guarantee has been executed as a deed poll on behalf of the Guarantor.

EXECUTED as a DEED by  
INVESTEC plc  
acting by  
and

}

Director

Director/Secretary

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## Issue Terms of the Substituted Preference Shares

Any Substituted Preference Shares to be issued pursuant to paragraph 5 of the “Description of the Preferred Securities” will have the principal share rights described below.

The definitions used in the Limited Partnership Agreement will, *mutatis mutandis*, apply to any capitalised terms used in this description but not defined herein.

### Liquidation Preference

The par value of each Substitute Preference Share will be €0.01. The Substituted Preference Shares will be issued credited as fully paid.

### Dividends

- (a) Subject to sub-paragraphs (b) and (c) below, each Substituted Preference Share will entitle the holder thereof to receive a non-cumulative preferential dividend calculated by reference to the liquidation preference of €1,000 determined in the manner and on the same basis and in respect of the same periods as the Distributions as set out in the Description of the Preferred Securities.

The dividend will be payable on the same dates as the Distribution Payment Dates for the Preferred Securities (a “**Dividend Payment Date**”), provided that the first dividend will be paid on a *pro rata* basis in respect of the period from, and including, the date of the Distribution Payment Date immediately preceding the Substitution Date (or, if none, the Closing Date) to, but excluding, the immediately succeeding Dividend Payment Date.

Such dividends will only be payable to the extent that payment of the same can be made out of profits available for distribution (the “**distributable profits**”) under the provisions of the Companies Act.

The Substituted Preference Shares will rank as regards participation in profits *pari passu inter se* and with the most senior ranking preference shares of the Guarantor in issue (if any) from time to time and in priority to the ordinary shares of the Guarantor.

- (b) Any decision regarding the declaration or payment of any dividend on the Substituted Preference Shares will be at the sole discretion of the directors and nothing contained in the terms of the Substituted Preference Shares will impose on the directors any requirement or duty to resolve to distribute in respect of any financial year or period the whole or any part of the profits of the Guarantor available for distribution.
- (c) Without prejudice to paragraph (b) above, if, in the opinion of the directors, the distributable profits of the Guarantor are insufficient to cover both the payment in full of dividends payable on the Substituted Preference Shares on any Dividend Payment Date and on all other dividends stated to be payable on such date on any other shares expressed to rank *pari passu* with the Substituted Preference Shares as regards participation in profits, then dividends may be declared by the directors *pro rata* on such Substituted Preference Shares and on such other shares to the extent of the available distributable profits (if any) to the intent that the amount of dividend declared per share on each such Substituted Preference Share and on each such other share will bear to each other the same ratio as the dividends payable on each such Substituted Preference Share and on each such other share bear to each other.
- (d) Payments of preferential dividends shall be made to holders on the register on the date that is 5 days prior to the relevant Dividend Payment Date. The Substituted Preference Shares will carry no further right as regards participation in the profits of the Guarantor.
- (e) Any dividend unclaimed after a period of 6 years from the due date for payment of such dividend will be forfeited and revert to the Guarantor. Accordingly the entitlement of holders of the Substituted Preference Shares to such dividend shall be lost and no payment will be made at any time by the

Guarantor in respect of any such dividend. No dividends or other moneys payable on or in respect of a Substituted Preference Share shall bear interest against the Guarantor.

### Return of Capital

- (a) On a return of capital, whether or not on a winding up (but not on a redemption or purchase of any shares by the Guarantor) or otherwise, the Substituted Preference Shares will rank, *pari passu inter se* and with the most senior ranking preference shares of the Guarantor in issue (if any) from time to time and with any other shares of the Guarantor that are expressed to rank *pari passu* therewith as regards participation in the capital, and otherwise in priority to any other class of shares of the Guarantor. On such a return of capital, each Substituted Preference Share will be entitled to receive in euro an amount equal to the Liquidation Distribution.
- (b) If, upon any such return of capital, the amounts available for payment are insufficient to cover the amounts payable in full on the Substituted Preference Shares and on any other shares expressed to rank *pari passu* therewith as regards participation in assets, then the holders of the Substituted Preference Shares and such other shares will share rateably and proportionately in such return of capital.
- (c) No Substituted Preference Share will confer any further right to participate on a return of capital of the Guarantor.

### Redemption

- (a) Subject to paragraph (f) below and to the provisions of the Companies Act, the Uncertificated Securities Regulations and every other statute for the time being in force concerning bodies corporate and affecting the Guarantor (the “**Statutes**”), the Guarantor may, at its option, redeem all or any of the Substituted Preference Shares for the time being issued and outstanding on any Dividend Payment Date commencing on or after the First Call Date.
- (b) Subject to paragraph (f) below and to the provisions of the Statutes, if the Guarantor determines that if a dividend or return of capital were to be made (whether or not the same is in fact made) on or before the next Dividend Payment Date, the Guarantor would, for reasons outside its control, be unable after using reasonable endeavours to make such dividend payments or return of capital without having to pay additional amounts as provided or referred to in the paragraph entitled “*Substituted Preference Shares Additional Amounts*” below, the Guarantor may, at its option, redeem at any time on or before the First Call Date all, but not some only, of the Substituted Preference Shares.
- (c) If Substituted Preference Shares are to be redeemed, a notice of redemption (a “**Redemption Notice**”) will be mailed to each holder of Substituted Preference Shares to be redeemed, not less than 30 London Business Days nor more than 60 London Business Days prior to the relevant Redemption Date. Each Redemption Notice will specify, *inter alia*, (i) the Redemption Date, (ii) the Optional Redemption Price and (iii) the place or places where holders may surrender share certificates (if applicable) in respect of such Substituted Preference Shares and obtain payment of the Optional Redemption Price. No defect in the Redemption Notice or in its mailing will affect the validity of the redemption proceedings.
- (d) Payments in respect of the amount due on redemption of a Substituted Preference Share will be made by cheque or upon the written request of the holder or all joint holders not later than the date specified for the purpose in the Redemption Notice by transfer to a euro account maintained by the payee or such other method as the directors may specify in the Redemption Notice. Payment will be made against presentation and surrender of the relevant share certificate (if any) at the place or one of the places specified in the Redemption Notice.
- (e) A receipt given by the holder for the time being of any Substituted Preference Share (or in the case of joint holders by the first-named joint holder) in respect of the amount payable on redemption of such Substituted Preference Share will constitute an absolute discharge to the Guarantor.

- (f) Any redemption of the Substituted Preference Shares will be made in compliance with the Statutes. No redemption of any Substituted Preference Shares may be made by the Guarantor unless (if required) the Regulator has not objected and subject to such conditions as the Regulator may impose at such time.

### **Substituted Preference Shares Additional Amounts**

All payments in respect of the Substituted Preference Shares by the Guarantor will be made without withholding or deduction for, or on account of, any Tax, unless the withholding or deduction of such Tax is required by law. In that event, each holder of the Substituted Preference Shares will be entitled to receive, as further dividends, such additional amounts (the “**Substituted Preference Shares Additional Amounts**”) as may be necessary in order that the net amounts received by the holders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Substituted Preference Shares in the absence of such withholding or deduction; except that no such Substituted Preference Shares Additional Amounts will be payable to a holder (or to a third party on his behalf) with respect to any Substituted Preference Share to the extent that such Tax is imposed or levied by virtue of such holder (or the beneficial owner) of such Substituted Preference Share having some connection with the United Kingdom, other than merely being a holder (or beneficial owner) of such Substituted Preference Share; and except that the Guarantor’s obligation to make any such payments is subject to the limitations provided in paragraphs (b) and (c) under the heading “Dividends”.

References in this Issue Terms of the Substituted Preference Shares to dividends, amounts payable on redemption or return of capital shall be deemed to include any Substituted Preference Shares Additional Amounts payable under this paragraph.

### **Voting**

Holders of Substituted Preference Shares will not be entitled to attend and vote at general meetings of the Guarantor. Holders will be entitled to attend and vote at a class meeting of holders of Substituted Preference Shares. Every holder of Substituted Preference Shares who is present in person at a class meeting of holders of Substituted Preference Shares will have one vote on a show of hands and on a poll every holder of Substituted Preference Shares who is present in person or by proxy will have one vote for every Substituted Preference Share of which he is the holder.

### **Purchases**

The Guarantor may (subject to the provisions of the Statutes) not purchase any Substituted Preference Shares unless (if required) the Regulator has not objected to the purchase at such time. The Regulator may impose conditions on any such purchase.

### **Variations of Rights and Further Issues**

Subject to the provisions of the Statutes, the special rights attached to any class of shares may be varied or abrogated with the consent in writing of the holders of three quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of shares of that class. At any such separate meeting, the provisions of the Articles relating to general meetings will apply, but the necessary quorum at any such meeting will be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of that class (but so that at any adjourned meeting any holders of shares of the class present in person or by proxy shall be a quorum) and any such person may demand a poll.

The special rights or privileges attached to the Substituted Preference Shares will not be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith, or by the purchase or redemption by the Guarantor of its own shares.

### Transfer of Shares

An instrument of transfer of a share which is in certificated form must be in writing in any usual or common form or other form acceptable to the directors of the Guarantor and must be executed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor will remain the holder of the shares transferred until the name of the transferee is entered in the register of members of the Guarantor in respect thereof.

The directors of the Guarantor may in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of a share (not being a fully paid share) provided that such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis. The directors of the Guarantor may also decline to register a transfer unless (i) the instrument of transfer complies with the requirements of the Articles (ii) the transfer is in respect of only one class of shares and (iii) the transfer is in favour of not more than four persons as the transferee.

The Substituted Preference Shares will be in registered form.

### Notices or Other Documents

- (a) Any notice or other document may be served by the Guarantor upon any holder of the Substituted Preference Shares, *inter alia*, personally, by sending it through the post in a prepaid envelope to such holder at its registered address, by leaving it at that address in accordance with the Articles, by electronic mail (where such holder has notified the Guarantor of its e-mail address for such purpose) or, if there is a suspension or curtailment of postal services in the United Kingdom or South Africa, by advertisement in at least one national newspaper in the affected jurisdiction. Holders who (having no registered address within the United Kingdom or South Africa) have not supplied to the Guarantor an address within the United Kingdom or South Africa for the service of notices shall not be entitled to receive notices from the Guarantor.
- (b) Holders of the Substituted Preference Shares with a registered address or address for correspondence within the United Kingdom or South Africa will have the right to have sent to them (at the same time as the same are sent to the holders of ordinary shares of the Guarantor) all notices of general meetings of the Guarantor and a copy of every circular or other like document sent out by the Guarantor to the holders of ordinary shares of the Guarantor.



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## Use of Proceeds

The net proceeds of the issue of the Preferred Securities, amounting to approximately €199,162,000, will augment the Group's regulatory capital base. The Issuer will use the proceeds raised from the issuance of the Preferred Securities to subscribe for the Subordinated Notes.

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# Investec Tier 1 (UK) LP

## Introduction

The Issuer was registered in England and Wales on 20th June, 2005 under the Limited Partnerships Act 1907, with Investec plc as the general partner (in such capacity, the “**General Partner**”) and BT Globenet Nominees Limited as the initial limited partner (in such capacity, the “**Initial Limited Partner**”). The General Partner and the Initial Limited Partner have, *inter alios*, entered into a limited partnership agreement on 20th June, 2005 (the “**Limited Partnership Agreement**”) for the purpose of establishing the Issuer. The Issuer is not a legal entity separate from its partners and has no subsidiaries. The Limited Partnership Agreement does not create a trust relationship between any of the partners.

The General Partner, incorporated in England and Wales with registered number 3633621 is the sole General Partner of the Issuer and, as such, solely manages the Issuer (subject to the appointment by the Issuer of the Administrator as described below). The Guarantor will undertake in the Subordinated Guarantee to ensure that, unless otherwise approved by a simple majority of the Holders, the General Partner will at all times be either the Guarantor itself or a directly or indirectly wholly-owned subsidiary of the Guarantor.

Provided that they do not become involved with the administration of the limited partnership, and subject to compliance with the provisions of the Act, the liability of persons registered as limited partners of the Issuer pursuant to the Act for the debts or obligations of the limited partnership will be limited to the amount of partnership capital which they have contributed or agreed to contribute to the partnership, i.e. €1,000 per Preferred Security.

No financial statements of the Issuer have yet been prepared. The first financial statements of the Issuer are expected to be prepared for the period ending 31st March, 2006. Thereafter, it is intended that the Issuer will prepare audited annual financial statements. It is not intended that the Issuer will publish interim financial statements.

## Activity

The business of the Issuer is generally to raise finance for the Group and is more particularly described in the Limited Partnership Agreement. The Issuer has carried out no operations since its registration other than in relation to the creation of the Preferred Securities. The capital contributions to be made by the Limited Partners will be used by the Issuer to subscribe for the Subordinated Notes issued by the Guarantor.

## Administration

For UK regulatory purposes, the Issuer will be operated by the General Partner or, insofar as the General Partner is not so authorised, by an administrator (the “**Administrator**”) authorised by the Financial Services Authority under the Financial Services and Markets Act 2000 (the “**FSMA**”) to establish, operate and wind-up collective investment schemes. The registered office of the Issuer and the General Partner is 2 Gresham Street, London EC2V 7QP. Neither the Initial Limited Partner nor any Holder may participate in the administration of the Issuer.

The General Partner has agreed to contribute capital from time to time to the extent required for the Issuer to meet any operating expenses which it may have. The General Partner has also agreed that it will at all times maintain sole ownership, whether directly or indirectly, of its general partner interest in the Issuer, subject to the terms of the Limited Partnership Agreement. The Limited Partnership Agreement provides that all of the Issuer’s business and affairs will be conducted by the General Partner save for those operational matters required to be performed by an Administrator under the FSMA. The General Partner will have unlimited liability for the debts and obligations of the Issuer to the extent that these cannot be satisfied out of partnership assets.

If the Issuer is dissolved, the Limited Partnership Agreement provides that the General Partner will only be entitled to any assets of the Issuer remaining after (i) all debts and other liabilities of the Issuer have been

satisfied in full and (ii) the full Liquidation Preference to which the Holders are entitled and all other amounts to which the holders of any other partnership interests are entitled have been paid to, or irrevocably set aside for, such holders.

### Capitalisation

In addition to the initial capital contribution by the General Partner, the initial capital contribution of €1.00 of the Initial Limited Partner and the preferred capital contribution of €200,000,000 to be made by the Initial Limited Partner in relation to the Preferred Securities on the date of issue of the Preferred Securities and such other capital contributions as may be made by the General Partner from time to time to meet certain operating expenses of the partnership, the General Partner may accept additional limited partners and additional capital contributions to the Issuer in accordance with the provisions of the Limited Partnership Agreement.

### Indebtedness

Since the date of its registration, the Issuer has not had any loan capital outstanding, has not incurred any borrowings, has had no contingent liabilities, has not granted any guarantees and does not intend to have outstanding any such loan capital, incur any such borrowings, have any such contingent liabilities or grant any such guarantees other than in connection with the issue of the Preferred Securities and other partnership interests in the Issuer. The General Partner has undertaken in the Limited Partnership Agreement not to incur any indebtedness in the name of the Issuer other than the costs and expenses incidental to creating the Preferred Securities and the Issuer and any other partnership interests in the Issuer, performing its obligations in respect of the Limited Partnership Agreement, maintaining the listing of the Preferred Securities, the Register, the Registrar, the Paying and Transfer Agents and listing agents in respect of the Preferred Securities and corresponding agents (where applicable) with respect to any other partnership interests in the Issuer, the Issuer's holding of the partnership assets and any other securities acquired with any other capital contributions to the Issuer or substitutions therefor and the maintenance of any custodian therefor, the exercise of the Issuer's rights in respect of the partnership assets and any other securities acquired with any other capital contributions to the Issuer or substitutions therefor and the administration of the Issuer.

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# Investec plc

## Introduction

### *Group Overview and History*

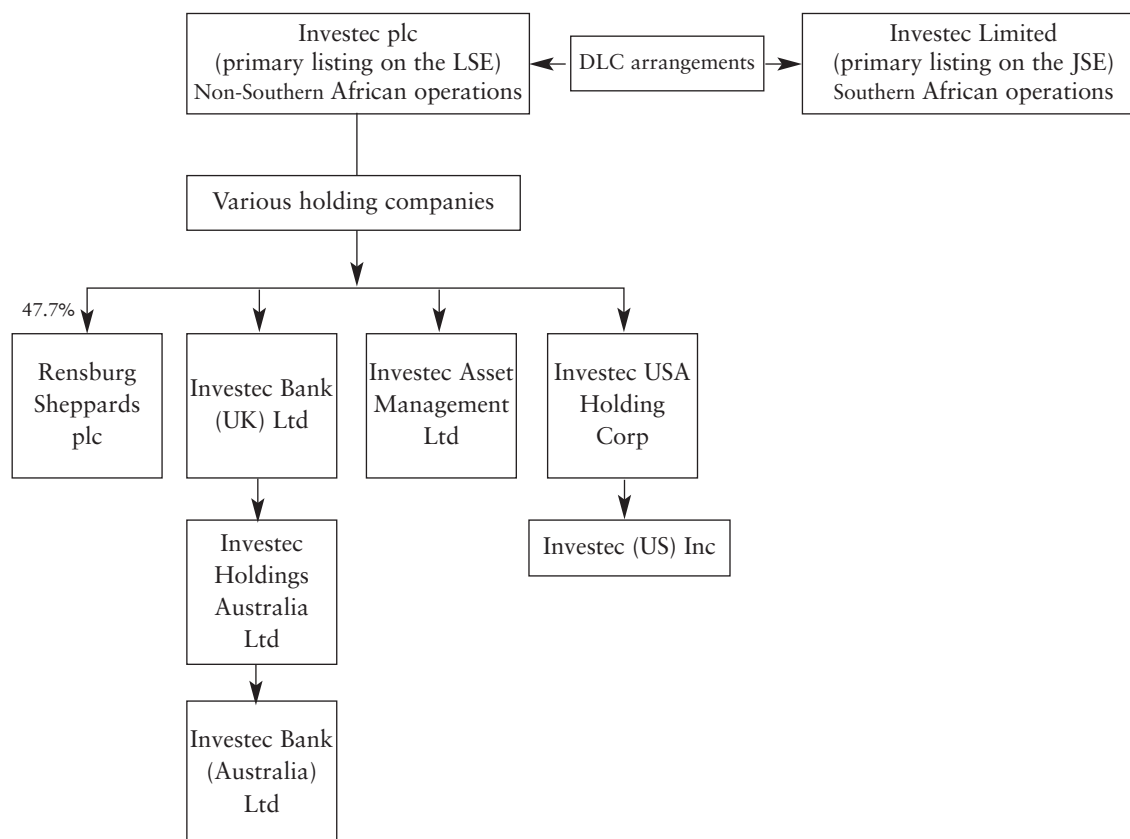
The Investec group (comprising Investec plc, Investec Limited and their respective subsidiaries) is an international, specialist banking group that provides a diverse range of financial products and services to a niche client base in three principal markets: the United Kingdom, Australia and South Africa, as well as certain other geographies including the Republic of Ireland.

The Investec group originated in South Africa. It was founded as a leasing company in Johannesburg in 1974 and acquired its first banking licence, in South Africa, in 1980. Through Investec Holdings Limited, the Investec group obtained its first listing on the JSE Securities Exchange South Africa (“JSE”) in 1986. In 1992 the Investec group made its first international acquisition, in the United Kingdom, when it acquired Allied Trust Bank, which has since been renamed Investec Bank (UK) Limited (“IBUK”). IBUK’s registered address is 2 Gresham Street, London EC2V 7QP. The Investec group has since expanded through a combination of organic growth and a series of strategic acquisitions.

### *Group Structure*

On 22nd July, 2002, the Investec group implemented a Dual Listed Company (“DLC”) structure in terms of which the majority of the group’s non-Southern African subsidiaries were placed into Investec plc, which was previously a wholly-owned subsidiary of Investec Group Limited (now Investec Limited). Investec plc was unbundled from Investec Group Limited and listed on the London Stock Exchange, with a secondary listing on the JSE. In terms of the DLC structure, Investec plc and Investec Limited together formed a single economic enterprise (the “DLC Group”). Investec plc is the controlling company of the majority of the group’s non-Southern African operations.

The following diagram illustrates the position of Investec plc within the Investec group.



\* All shareholdings are 100 per cent. unless otherwise stated.

\*\* Carr Sheppards Crosthwaite Ltd has been recently sold. Please refer to page 49.

## The activities of Investec plc

The activities conducted by the significant operating subsidiaries of Investec plc are discussed below.

### The activities of Investec Bank (UK) Limited

The principal business units of IBUK are Private Banking, Treasury and Specialised Finance, Investment Banking and Group Services and Other Activities. Each division focuses on providing specialised products and services to defined target markets. Furthermore, IBUK's head office provides certain functions such as Risk Management, Information Technology, Finance, Marketing, Human Resources and Organisational Development.

Furthermore, Investec Bank (Australia) Limited is a subsidiary of IBUK and until 22nd December, 2004 IBUK also held approximately 80 per cent. of Investec Bank (Israel) Limited, a listed bank in Israel.<sup>1</sup>

### Private Banking

IBUK's Private Banking provides a range of private banking services targeting select high net worth individuals in chosen niche markets. The services provided include:

- structured property finance;
- specialised lending activities;
- trust and fiduciary services;
- treasury and banking services;
- investment management; and
- growth finance.

Investec Private Bank positions itself as an 'investment bank for private clients' in the high value advisory market, striving to 'out-think' not 'out-muscle' its competitors. One of its key strengths has been the ability to originate new business by leveraging off the strong client relationships which it has been able to establish through its lending activities. This operating model sets it apart from other private banks that are dependent on the more traditional asset-gathering model.

The UK private banking operation is based in London, with offshore subsidiaries in the Channel Islands, Switzerland and Ireland. Investec Private Bank's target market comprises high income and high net worth individuals including property developers, and investors and management-buy-out/management-buy-in candidates of owner managed businesses. Its unique offering has a strong franchise among successful entrepreneurs and self-directed internationally mobile clients – with a specific focus on select niches and community groups.

Investec Private Bank's principal private banking products and services are described in further detail below:

### Structured property finance

Structured Property Finance forms a key part of the private banking business. The division focuses exclusively on the provision of senior debt, mezzanine debt and equity in residential and commercial property markets.

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<sup>1</sup> On 16th June, 2004 Investec plc, the controlling shareholder of Investec Bank (Israel) Limited, reached an agreement with First International Bank of Israel whereby it agreed to sell its 80.28 per cent. stake in Investec Bank (Israel) Limited to First International Bank of Israel. The purchase consideration was based on the book net asset value of Investec Bank (Israel) Limited at 30th June, 2004, subject to certain adjustments, and was approximately £45 million. The transaction was concluded on 22nd December, 2004

**Specialised lending**

This division provides credit facilities and derivative structures to clients with complex financing requirements. Focus is on transactions where leverage can significantly enhance a client's after-tax cash flow returns. These services are used for bespoke liquidity and gearing facilities on equity and debt securities, international tax planning and immigration/emigration planning structures.

**Trust and fiduciary services**

Critical to all areas of the Private Bank is the ability to implement appropriate structures on behalf of clients. Investec Trust operates in a unique space in the fiduciary market, as a bank owned trust company with the independence to operate with partners best suited to the client needs. Working alongside these partners, the focus is on the delivery and administration of complex and effective international financial structures.

**Treasury and banking services**

This division offers a wide range of onshore and offshore banking services from a range of jurisdictions in multiple currencies. These include currency deposits, money market deposits, transactional accounts, foreign exchange, structured deposits and cash management services.

**Investment management**

The Private Bank offers its ultra high net worth clientele an independent wealth management service. Driven by an individual's specific requirements, the solutions offered represent a bespoke strategic asset allocation where each client is proactively partnered on an ongoing basis by a dedicated investment practitioner. Through an open architecture, this highly disciplined yet personal service encapsulates a wide range of asset types, with both traditional and alternative investments being blended in accordance with the targeted risk profile and agreed objectives. The division's investment methodology, detailed qualitative and quantitative due diligence process, combined with its access to the expertise of some of the world's leading financial institutions enables it to offer its clients products and services that are often exclusive and institutional in nature.

**Growth Finance**

The Private Bank provides entrepreneurs and management teams with mezzanine or composite debt funding and minority equity investment. The division offers flexible and bespoke finance for acquisitions and organic growth strategies for UK based mid-market companies with an enterprise value of £8 million to £50 million.

**Treasury and Specialised Finance**

IBUK's Treasury and Specialised Finance division provides a wide range of specialist products, services and solutions to select corporate clients, public sector bodies and institutions. The division undertakes the bulk of Investec's proprietary trading activities. Furthermore, all non-private client deposit taking, corporate and public sector lending, project finance, advisory and structuring activities are transacted through the division.

The division comprises a number of activities that can be described as either banking or trading operations.

Banking activities comprise: structured and asset finance; project finance; commodity and resource finance; financial products; corporate treasury and balance sheet management.

Trading activities comprise: foreign exchange; equity derivatives and interest rates. These units are mainly involved in the execution of client driven transaction flow, structuring and proprietary trading. Speculative proprietary trading is limited.

The breadth of activities allows IBUK to provide a portfolio whereby sustained growth should be achievable.

**Banking Activities***Treasury – corporate treasury and asset and liability management*

Provides Rand, Sterling, euro and US Dollar funding to the group, and manages liquidity and interest rate risk on behalf of the group. Provides a broad range of treasury products and services to the corporate and public sector markets.

*Financial Products*

Involved in commercial paper, bond origination, securitisation, financial engineering, preference share investments and structures, equities scrip lending, credit structuring, credit derivatives and the development of investment products.

*Structured and Asset Finance*

Involved in structured and conventional lending, bond origination, securitisation and advice, asset leasing and finance, preference share finance, mezzanine debt financing, leveraged buy-out funding, executive share schemes and financing solutions for corporate, government and public sector clients.

*Project Finance*

Advisory services, debt arranging and underwriting and equity raising in infrastructure and industrial sectors with a focus on roads, ports, healthcare, defence projects, transport and power.

*Commodities and Resource Finance*

Participant in precious and base metals markets. Provides hedging and structured trades for clients in the spot and derivatives markets.

Advisory services, debt arranging and underwriting, equity raising in the mining resources industry and provision of structured hedging solutions.

**Financial Markets Activities***Interest Rates*

Involved with interest rate products, forward rate agreements, interest rate swaps, money market instruments, government and certain public sector bonds, interest rate options and repurchase agreements.

*Foreign Exchange*

Participant in the spot, forward exchange, currency swaps and currency derivatives markets, principally in Rand and G7 currencies and certain emerging markets currencies.

*Equity Derivatives*

Involved with major equity index options, certain single stock options, equity structured products, futures index arbitrage and equity warrants. Provides hedging and structuring services to financial intermediaries, institutions and companies.

**Investment Banking**

IBUK, in the UK, operates its Investment Banking division under the name Investec Investment Banking & Securities, which trades as Investec. The division focuses on two distinct activities: corporate finance and institutional broking, both specialising in companies capitalised at £50 million to £500 million. The division also provides institutional broking services in large capitalisation companies where it has strong research capabilities. In addition, IBUK has a small managed private equity portfolio.

### **Corporate finance**

IBUK's Corporate Finance division provides financial advisory services, particularly in respect of mergers and acquisitions. It also advises on and participates in equity capital market fundraisings for such clients. The division's corporate client list currently comprises 73 quoted companies and a number of private company advisory roles.

### **Institutional broking**

Institutional broking activities in the UK are carried out under the brand name of Investec Securities. Investec Securities provides research, sales, trading and market making services to a full range of UK and international institutional clients. Investec currently has a team of 23 equity analysts who provide research coverage on approximately 255 companies in the UK. The division's research arm focuses on 17 sectors. Investec Securities came overall second in the recent Starmine survey that reflects the quality of research by measuring the accuracy of both forecasts and research recommendations. This survey included a number of "bulge bracket" banks. Individual analysts received 11 top three rankings, including five number 1 rankings. Investec Securities currently acts as market maker for approximately 137 small to mid cap stocks and has further introduced price making in selected large cap stocks.

### **Private equity**

IBUK inherited a UK managed private equity portfolio as part of the Guinness Mahon and Hambros acquisitions in 1998. No new investments (other than follow-on investments into existing investments or funds) have been made since early 2001 and the division's strategy is to divest of this portfolio as it matures.

### ***Group Services and Other Activities***

#### *Central Costs*

Central Costs is made up of functional areas which provide services centrally across all of the Investec group's business operations. Consistent with the Investec group's philosophy of operating as a single organisation, Central Costs provides integrating mechanisms between the business operations. These services do not form part of the main operating divisions, but the Investec group has recently adopted a policy of allocating a portion of central costs among the operating divisions.

#### *Central Funding*

IBUK has a business model of maintaining a central pool of capital with the aim of ensuring that economies of scale with respect to corporate investments, funding and overall management are obtained. Investec employs various sources of funding, the determination of which depends on the specific financial and strategic requirements it faces at the relevant point in time. The funds raised are applied towards acquisitions, the funding of central services and debt obligations, and the purchase of corporate assets and investments which are not allocated to IBUK's principal operating divisions.

#### *Other Activities*

The other activities carried out within IBUK principally comprise its property activities. IBUK offers agency and investment, professional property management and bank valuation services through the property division. Following the sale of its only development property during 2002, the division's direct property portfolio consists of a number of investment properties which IBUK believes offer prospects for value enhancement through active management.

The property division is now devoting an increasing amount of time to assisting the private banking division with mezzanine investments in client transactions. IBUK believes that these niche investments have attractive risk/reward profiles and IBUK therefore intends to allocate some of the capital from the property activities division to these investments.



**Investec Bank (Australia) Limited**

Investec established an operation in Australia in 1997, originally focusing on private banking activities. In March 2001, Investec Bank (Australia) Limited entered the Australian investment banking market with the acquisition of Wentworth Associates (since renamed Investec Wentworth), one of the leading corporate finance boutiques in Australia. This acquisition provided a platform to expand the Investec group's activities into the corporate finance and private equity arenas in Australia.

In August 2002, Investec Bank (Australia) Limited received a banking licence which opened up many growth opportunities for the business, allowing it to expand further its private banking division, specialising in property investment banking, investment management services and, more recently, growth and acquisition finance.

Furthermore, Investec Bank (Australia) Limited has an established project finance capability.

Coupled with a limited range of treasury activities, Investec Bank (Australia) Limited now regards itself as significantly strategically diversified.

**Asset Management**

Investec Asset Management provides a comprehensive range of portfolio management services and products to institutional and retail clients.

Investec Asset Management launched its operations in the UK in 1998 following Investec's acquisition of Guinness Flight Hambro. This provided Investec Asset Management with, as at the date of acquisition, approximately £7 billion of additional assets, and the infrastructure of Guinness Flight Hambro's operations. During 1999 and 2000, Investec Asset Management redesigned its product platform to focus on the creation of a domestic franchise in the UK for both the institutional and retail fund businesses. Investec Asset Management emerged from the restructuring as a multi-specialist investment manager with key strengths in UK and global equities and UK and global fixed income.

Today, Investec Asset Management has a strong brand in the UK retail funds market and continues to penetrate the UK institutional market. As at 31st March, 2005, Investec Asset Management's UK and other international operations sourced assets under management amounted to £8.2 billion.

**The activities of Rensburg Sheppards plc**

Until 31st March, 2005, portfolio management for private clients and small charities, as well as private client stockbroking, was conducted through Carr Sheppards Crosthwaite. Investec plc sold this business to Rensburg Plc in May 2005 following Rensburg Plc's shareholder approval received on 20th April, 2005, and received 25.5 million Rensburg Plc shares and a £60 million subordinated 10-year loan as consideration (a total of approximately £188 million). Investec plc holds approximately 47.7 per cent. of the merged company, now known as Rensburg Sheppards. Rensburg Sheppards has approximately £10.3 billion in funds under management, making it the seventh largest private client fund manager in the UK.

**The activities of Investec (US) Incorporated**

Investec's US activities are currently conducted through Investec (US) Incorporated (formerly Investec Ernst & Company), a registered broker-dealer. The following summary provides a description of activities conducted.

***Inter-Dealer bonds (Vilas & Hickey)***

This unit consists of twenty-one employees (primarily traders) who operate as an intermediary between other broker-dealers and execute bond trades on their behalf. During the 2004 financial year, a broker for Mortgage Backed Securities was added to the group.

### *Institutional fixed income*

This unit consists of eight employees (primarily institutional salesmen) who execute bond trades for institutional customers.

### *Corporate bonds*

This unit of three employees is similar to the Vilas & Hickey operation, however the size of the trades is much smaller.

### *Nasdaq market making*

This unit of four employees makes markets in certain OTC equities and executes trades in OTC equities on a principal and agency basis; it also executes listed options on an agency basis. The desk was established primarily to service the needs of its customers.

### *Institutional equities*

This group of four employees provides research to institutional customers and earns revenues through execution of listed and OTC equity orders for those customers on an agency and riskless principal basis.

### *Institutional options*

This group of three employees provides technical analysis of options strategies to institutional customers and earns revenues through execution of options and equity orders on an agency basis.

## **Regulation and Risk Management**

### *Regulation*

At the Investec group level, the Financial Services Authority (“FSA”) and the South African Reserve Bank (“SARB”) have entered into a Memorandum of Understanding which sets out the basis upon which the Investec group as a whole will be regulated and how these two main regulators will co-operate. The SARB undertakes consolidated supervision of Investec Limited and its subsidiaries as well as acting as lead regulator of the Investec group as a whole. The FSA undertakes consolidated supervision of Investec plc and its subsidiaries.

Accordingly, IBUK is regulated in the United Kingdom by the FSA, has gained FSA approval and is authorised by it as a banking institution. In addition, IBUK, through its operating subsidiaries, operates in a variety of other extensively regulated jurisdictions including Australia and Ireland, where it has obtained all necessary regulatory authorisations.

### *Risk Management*

Risk management is of critical importance to Investec plc. Investec plc continuously seeks to comply with best practice in risk management. Investec plc has an extensive risk management process to identify, understand and manage the risks associated with its business. The principal risks to which Investec plc is exposed are credit, liquidity, market, legal, regulatory, operational and reputational risks. Investec plc’s board of directors sets risk management policy and approves policy statements defining the various categories of risk, trading limits and liquidity. These policy statements establish Investec plc’s appetite for risk and set out the parameters within which it operates. Investec plc then monitors and controls these risks through a variety of separate but complementary risk reporting systems and committees.

Significant risks faced by Investec plc, identified by the risk reporting systems and committees, are reviewed weekly by the Executive Risk Review Forum, which comprises senior management and executive directors of Investec plc. Additionally, there is a monthly review by the Board Risk Review Committee comprising executive and non-executive directors of Investec plc. Reports from the Board Risk Review Committee, the Audit Committee and the various control functions are reviewed at each board meeting.

***Loan administration and loan loss provisioning******Loan administration***

Investec plc's loan administration and loan loss provisioning addresses the risk that counterparties will be unable or unwilling to meet their obligations to Investec plc as they fall due. It arises from lending and other transactions involving on- and off-balance sheet instruments. Investec plc's risk management policies include geographical, product, market and individual counterparty concentrations. All exposures are checked daily against approved limits, independently of each business unit. Excesses are reported to the general management of Investec plc and escalated to the executive where necessary.

Various tiers of credit committees are implemented to ensure that all credit exposures are authorised at the appropriate level of seniority. The main UK Group Credit Committee includes executive directors and senior management independent of the line managerial function. All credit committees have to reach a unanimous consensus before authorising a credit exposure and each approval is signed by a valid quorum.

Credit limits on all lending, including treasury and interbank lines, are reviewed at least annually. The arrears policy is strictly controlled and regular reviews are held to evaluate the necessity and adequacy of specific provisions and whether the suspension of interest charged to the customer is required. An Arrears Committee regularly reviews delinquent facilities. Its purpose is to ensure that agreed strategy for remedial action is implemented and that specific provisions are made where relevant. Additionally, a general provision is held to cover unforeseen events, which are inherent in taking counterparty exposures.

Investec plc has a focused business strategy and considers itself to have considerable expertise in its chosen sectors. The majority of Investec plc's lending, excluding interbank placements, which are predominantly with systemic European and US banks, is secured on assets and is amortising. On a geographical basis, over 95 per cent. of the credit exposure of Investec plc, including contingent liabilities and commitments, is to the UK domestic market, Continental Europe and the United States. Risk limits permit only modest exposure to South Africa and minimal exposure to other emerging markets.

**Dividend Policy of Investec group and Investec plc**

The Investec group's dividend policy is to maintain a dividend cover of between 1.7 and 2.3 times based on earnings per share of the combined Investec group (incorporating the results of Investec Limited and Investec plc) before amortisation of goodwill and exceptional items.

The holders of shares in Investec Limited and Investec plc will share proportionately on a per share basis all dividends declared by the Investec group. Where possible, each of Investec plc and Investec Limited will pay such dividends to their respective shareholders. However, the DLC structure makes provision through dividend access trusts for either company to pay a dividend directly to the shareholders of the other. As at the date of this Offering Circular, Investec plc had issued 63 per cent. of the total DLC shares in issue.

Investec plc will, in turn, require sufficient dividends from IBUK and its other subsidiaries to establish sufficient distributable funds to pay its share of the DLC dividend.

**Directors**

The names of the directors of Investec plc, the business address of each of whom, in their capacity as directors of Investec plc, is 2 Gresham Street, London EC2V 7QP, and their respective principal outside activities are as follows:

<b>Name</b>	<b>Role</b>	<b>Principal outside activities</b>
Hugh Herman .....	Non-Executive Chairman	Chairman of IBUK and Non-Executive Chairman of Investec Limited and Investec Bank Limited
Stephen Koseff.....	Chief Executive Officer	Chief Executive Officer of Investec Limited, Non-Executive Director of IBUK, Director of the JSE Securities Exchange, South Africa, Investec Bank Limited and The Bidvest Group Limited
Bernard Kantor .....	Managing Director	Managing Director of Investec Limited, Non-Executive Director of IBUK and Director of Investec Bank Limited
Glynn Burger .....	Executive Director	Director of Investec Bank Limited and Investec Limited
Alan Tapnack .....	Executive Director	Executive Director of IBUK, Investec Limited and Carr Sheppards Crosthwaite Limited
Sam Abrahams .....	Non-Executive Director	Non-Executive Director of Investec Bank Limited and Investec Limited
George Alford .....	Non-Executive Director	Non-Executive Director of IBUK and Investec Limited
Cheryl Carolus .....	Non-Executive Director	Director of Investec Limited
Haruko Fukuda, OBE .....	Non-Executive Director	Non-Executive Director of Investec Limited
Geoffrey Howe .....	Non-Executive Director	Director of Investec Limited
Donn Jowell .....	Non-Executive Director	Non-Executive Director of Investec Bank Limited and Investec Limited
Ian Kantor .....	Non-Executive Director	Non-Executive Director of IBUK and Investec Limited and Director of Insinger de Beaufort Holdings SA and Bank Insinger de Beaufort NV
Sir Chips Keswick .....	Non-Executive Director	Non-Executive Director of IBUK and Investec Limited and Director of De Beers SA, De Beers Consolidated Mines Limited, Persimmon Plc and Investec Limited
Peter Malungani .....	Non-Executive Director	Director of Investec Bank Limited and Investec Limited
Peter Thomas.....	Non-Executive Director	Director of Investec Bank Limited and Investec Limited
Fani Titi.....	Non-Executive Director	Director of Investec Limited

**Additional Information**

Investec plc was incorporated as a private limited company with limited liability on 17th September, 1998 under the Companies Act 1985 and registered in England and Wales under registered number 3633621 with the name Regatta Services Limited. It changed its name on 24th November, 2000 to Investec Limited. On 7th December, 2000, it re-registered under the Companies Act 1985 as a public company with the name Investec plc.

The objects of Investec plc are set out in paragraph 4 of its Memorandum of Association and, in summary, are to carry on the business of banking in all its aspects. The Memorandum and Articles of Association of Investec plc (which were last amended on 2nd December, 2004) have been filed with the Registrar of Companies in England and Wales and are available for inspection as provided in “*General Information*” below.

Investec plc’s authorised share capital is £167,500 and comprises one special voting share, 112,000,000 ordinary shares, 55,500,000 special converting shares, one Dividend Access Share (Non-South African) and one Dividend Access Share (South African), of £0.001 each. Investec plc’s issued share capital is £118,633 and comprises one special voting share, 74,633,746 ordinary shares, 43,999,527 special converting shares, one Dividend Access Share (Non-South African) and one Dividend Access Share (South African), of £0.001 each.

## Capitalisation and Indebtedness

The information in the following table and the notes thereto show the unaudited consolidated capitalisation and indebtedness of Investec plc excluding Investec Limited as at 31st March, 2005 and have been extracted without material adjustment from Investec plc's financial information for the year ended 31st March, 2005.

	<i>Number</i>	<b>As at 31st March, 2005</b> <i>(£'000)</i>
<b>Authorised capital</b>		
Special voting shares of £0.001 each .....	1	*
Ordinary shares of £0.001 each .....	112,000,000	112
Special converting shares of £0.001 each .....	55,500,000	56
Dividend Access Share (Non-South African) of £0.001 each .....	1	*
Dividend Access Share (South African) of £0.001 each .....	1	*
	<u>167,500,003</u>	<u>168</u>
<b>Issued capital</b>		
Special voting shares of £0.001 each (fully paid) .....	1	*
Ordinary shares of £0.001 each (fully paid) .....	74,633,746	75
Special converting shares of £0.001 each (fully paid) .....	43,999,527	44
Dividend Access Share (Non-South African) of £0.001 each (fully paid) .....	1	*
Dividend Access Share (South African) of £0.001 each (fully paid) .....	1	*
	<u>118,633,276</u>	<u>119</u>
Share premium .....		393,746
Treasury shares .....		(16,783)
Other reserves .....		48,487
Profit and loss account .....		30,884
Equity shareholders' funds .....		456,453
Minority interests .....		1,399
Total shareholders' funds .....		<u>457,852</u>
<b>Subordinated loan capital</b>		
Guaranteed subordinated step-up notes (tier 2) .....		196,254
Zero coupon bonds (tier 3) .....		23,262
		<u>219,516</u>
<b>Total capital resources</b> .....		<u>677,368</u>
<b>Other borrowing</b>		
Deposits by banks .....		856,345
Customer accounts .....		2,954,037
Debt securities in issue .....		647,498
Total indebtedness .....		<u>4,457,880</u>
<b>Total capitalisation and indebtedness</b> .....		<u>5,135,248</u>

1 There has been no material change in the capitalisation, indebtedness and contingent liabilities (including guarantees) of Investec plc since 31st March, 2005.

\* Less than £1,000

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# Taxation

*The following is a summary of certain UK and Dutch taxation considerations relevant to persons who purchase, own and dispose of Preferred Securities. This summary addresses only the taxation consequences to holders that acquire Preferred Securities pursuant to the offering at the initial offering price and does not apply to certain classes of holders such as dealers, financial traders and certain persons who are exempt from UK taxation on their income.*

*This summary does not address the position of persons who are resident in the UK or have some connection with the UK beyond the holding of Preferred Securities.*

**THIS SUMMARY IS FOR GENERAL INFORMATION ONLY BASED ON LAW AND PRACTICE AT THE DATE HEREOF IN THE UNITED KINGDOM AND THE NETHERLANDS AND IS NOT EXHAUSTIVE. PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT WITH THEIR OWN TAXATION ADVISERS AS TO THE TAXATION CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF PREFERRED SECURITIES, INCLUDING THE EFFECT OF TAX LAWS IN COUNTRIES OTHER THAN THE UK AND THE NETHERLANDS.**

## United Kingdom

### (a) UK Taxation Treatment for Non-UK Residents

Non-UK tax-resident corporate or individual Holders which hold their interest in Preferred Securities as an investment should be liable to UK taxation only to the extent that UK taxation is deducted at source from any payment to such a Holder made in respect of the Preferred Securities.

The same treatment should apply to a non-UK tax-resident corporate or individual Holder which holds its interest in the Preferred Securities as a trading asset, provided that the Issuer is not carrying on its business as a trade or a venture in the nature of a trade and the Holder does not otherwise carry on a trade in the UK through a branch or agency through or from which the Preferred Securities are held or the income from them arises (or, where that Holder is a company, that Holder does not carry on a trade in the United Kingdom through a permanent establishment through or from which the Preferred Securities are held or the income from them arises).

### (b) Distributions on the Preferred Securities

The Guarantor understands that the Issuer should be classified as a partnership for UK taxation purposes and should not constitute a “unit trust scheme” for the purposes of UK taxation. On the basis that the Issuer is treated for the purposes of UK taxation as a partnership, payments of Distributions on Preferred Securities may be made without withholding for or on account of UK taxation.

### (c) Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or SDRT should arise in respect of the issue or subsequent transfer of the Preferred Securities.

## Netherlands

### (a) General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Preferred Securities for residents of The Netherlands. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Preferred Securities. This summary does not address The Netherlands tax consequences of a holder of Preferred Securities who holds, alone or together with his or her partner or certain other related persons, directly or indirectly,

5 per cent. or more of the Preferred Securities of the Issuer or the rights to acquire, directly or indirectly, such interest. Each prospective holder of Preferred Securities should consult a professional adviser with respect to the tax consequences of an investment in the Preferred Securities. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

This summary is based on The Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Offering Circular, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

For the purpose of the principal Netherlands tax consequences described herein, it is assumed that the Issuer is neither a resident nor deemed to be a resident of The Netherlands for Netherlands tax purposes.

**(b) Netherlands Withholding Tax**

No Netherlands withholding tax is due upon payments on the Preferred Securities.

**(c) Netherlands Corporate Income Tax and Individual Income Tax**

*Residents of The Netherlands*

If the holder of Preferred Securities is subject to Netherlands corporate income tax and the Preferred Securities are attributable to its (deemed) business assets, income derived from the Preferred Securities and gains realised upon the redemption and disposal of the Preferred Securities are generally taxable in The Netherlands.

If the holder of Preferred Securities is an individual, resident or deemed to be resident of The Netherlands for Netherlands tax purposes (including the individual holder of Preferred Securities who has opted to be taxed as a resident of The Netherlands), the income derived from the Preferred Securities and the gains realised upon the redemption and disposal of the Preferred Securities are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the holder of Preferred Securities has an enterprise or an interest in an enterprise, to which enterprise the Preferred Securities are attributable; or
- (ii) such income or gains qualify as “income from miscellaneous activities” (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities with respect to the Preferred Securities that exceed “regular, active portfolio management” (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the individual holder of Preferred Securities, the actual income derived from the Preferred Securities and the actual gains realised with respect to the Preferred Securities will not be taxable. Instead, such holder of Preferred Securities will be taxed at a flat rate of 30 per cent. on deemed income from “savings and investments” (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4 per cent. of the average of the individual’s “yield basis” (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual’s yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the Preferred Securities will be included in the individual’s yield basis.

**(d) Netherlands Gift and Inheritance Taxes**

*Residents of The Netherlands*

Generally, gift and inheritance taxes will be due in The Netherlands in respect of the acquisition of the Preferred Securities by way of a gift by, or on the death of, a holder of Preferred Securities who is a resident or deemed to be a resident of The Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.



An individual of The Netherlands nationality is deemed to be a resident of The Netherlands for the purposes of The Netherlands gift and inheritance tax, if he or she has been resident in The Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of The Netherlands for the purposes of The Netherlands gift and inheritance tax only if he or she has been residing in The Netherlands at any time during the twelve months preceding the time of the gift.

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

### **EU Directive on the Taxation of Savings Income**

On 3rd June, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income. Under the Directive Member States will (if equivalent measures have been introduced by certain non-EU countries) be required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

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## Subscription and Sale

Pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 22nd June, 2005, BNP Paribas and UBS Limited (together, the “**Managers**”) have jointly and severally agreed to subscribe for the Preferred Securities at a price of €1,000 per Preferred Security in respect of €150,000,000 in principal amount and €1,023.24 per Preferred Security in respect of €50,000,000 in principal amount. The Managers will receive a combined selling, management and underwriting commission of €10 per Preferred Security. In addition, the Managers shall be reimbursed for certain of their expenses in connection with the issue of the Preferred Securities. The Managers are entitled to terminate the Subscription Agreement in certain circumstances before the issue of the Preferred Securities.

### United States

The Preferred Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Preferred Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Preferred Securities from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Preferred Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement:

- (a) it has not offered or sold, and prior to the expiry of six months from the Closing Date will not offer or sell, any Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the UK within the meaning of the Public Offers of Securities Regulations 1995;
- (b) it has only offered or sold and will only offer or sell Preferred Securities to (a) investment professionals falling within article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CIS Order**”) and article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the “**Financial Promotion Order**”), who have professional experience of participating in unregulated schemes and of matters relating to investments; and/or (b) persons falling within article 22(2) of the Promotion of CIS Order and article 49(2) of the Financial Promotion Order; and/or (c) any other persons to whom this Offering Circular may be communicated lawfully;
- (c) it has in place and will have in place proper systems and procedures to prevent any person other than those persons described in (b) above from participating in the Preferred Securities;
- (d) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the FSMA) received by it in connection with the issue of the Preferred Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Guarantor; and

- (e) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

### Republic of Italy

The offering of the Preferred Securities has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Preferred Securities may be offered, sold or delivered, nor may copies of this Offering Circular (in preliminary or final form) or of any other document relating to the Preferred Securities be distributed in the Republic of Italy, except:

- (i) to professional investors (“*operatori qualificati*”), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the “**Financial Services Act**”) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended.

Any offer, sale or delivery of the Preferred Securities or distribution of copies of this Offering Circular (in preliminary or final form), Preliminary Offering Circular or any other document relating to the Preferred Securities in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 (the “**Banking Act**”), as amended; and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (c) in accordance with any other applicable laws and regulations.

### France

Each of the Managers and the General Partner on behalf of the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Preferred Securities to the public in the Republic of France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Offering Circular or any other offering material relating to the Preferred Securities, and that such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account as defined in and in accordance with Articles L.411-1 and L.411-2 of the *Code Monétaire et Financier* and *décret* No. 98-880 dated 1st October, 1999.

### General

No action has been or will be taken in any country or jurisdiction (other than The Netherlands) by the Issuer, the Guarantor or the Managers that would, or is intended to, permit a public offering of the Preferred Securities or possession or distribution of any offering material relating thereto, in any country or jurisdiction where any such action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Preferred Securities or have in their possession or distribute such offering material, in all cases at their own expense.

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## General Information

### Authorisations

The Limited Partnership Agreement to establish the Issuer was duly authorised by a resolution of the board of directors of the General Partner passed on 20th June, 2005.

The entering into of the Limited Partnership Agreement, the Agency Agreement, the Administration Agreement, the Subscription Agreement and the Subordinated Guarantee by the Guarantor was authorised by a resolution of the board of directors of the Guarantor passed on 20th June, 2005.

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer and/or the Guarantor under the laws of England and Wales have been given for the issue of the Preferred Securities and for the Issuer, the General Partner and the Guarantor, as the case may be, to undertake and perform their respective obligations as appropriate under the Limited Partnership Agreement, the Subscription Agreement, the Agency Agreement, the Preferred Securities and the Subordinated Guarantee.

### Clearing Systems

The Preferred Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0222692328 and the Common Code is 022269232. The Euronext Amsterdam Security Code (*Fondscode*) is 15454.

### No Significant Change

Save as disclosed herein, there has been no significant change in the financial or trading position of the Guarantor or the Group or of the Issuer and there has been no material adverse change in the financial position or prospects of the Guarantor or the Group or of the Issuer since 31st March, 2005 in the case of the Guarantor and the Group and since its establishment in the case of the Issuer.

### Litigation

There are no legal, arbitration or administrative proceedings involving any of the Issuer, the Guarantor or any Subsidiary of the Group (and no such proceedings are pending or threatened) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer, the Guarantor or any Subsidiary of the Group.

### Accounts

The auditors of the Issuer and the Guarantor are Ernst & Young LLP, Chartered Accountants and Registered Auditors, of 1 More London Place, London SE1 2AF.

The Guarantor's auditors have made reports under Section 235 of the Act on statutory accounts in respect of the DLC Group for the years ended 31st March, 2005, 31st March, 2004 and 31st March, 2003 which were not qualified within the meaning of Section 262 of the Act and did not contain any statements made under Section 237(2) or (3) of the Act. The report of the Guarantor's auditors stated that to the fullest extent permitted by law, the auditors do not accept or assume responsibility to anyone other than the company and the company's members as a body, for their audit work, for the audit report, or for the opinions the Guarantor's auditors have formed.

The inclusion of such a statement was recommended in recent guidance issued by the Institute of Chartered Accountants in England and Wales for inclusion in all Section 235 audit reports produced by audit firms.

### Documents

Copies of this Offering Circular and the following financial statements will be available free of charge from the specified offices of the Paying and Transfer Agents for so long as any of the Preferred Securities remains outstanding:

- (a) the unaudited consolidated financial statements of the Guarantor for the Group in respect of the financial years ended 31st March, 2005, 31st March, 2004 and 31st March, 2003, respectively;
- (b) the audited consolidated financial statements of the Guarantor for the DLC Group in respect of the financial years ended 31st March, 2004 and 31st March, 2003, respectively;
- (c) the most recently published unaudited annual consolidated financial statements of the Guarantor for the Group and the most recently published unaudited interim consolidated financial statements of the Guarantor for the Group; and
- (d) the most recently published audited annual consolidated financial statements of the Guarantor for the DLC Group and the most recently published unaudited interim consolidated financial statements of the Guarantor for the DLC Group.

The Guarantor currently prepares unaudited consolidated accounts and an unaudited consolidated balance sheet for the Group on an annual basis and unaudited consolidated interim accounts for the Group on a semi-annual basis.

The Guarantor also currently prepares audited consolidated accounts and an audited consolidated balance sheet for the DLC Group on an annual basis and unaudited consolidated interim accounts for the DLC Group on a semi-annual basis.

The Guarantor does not currently publish non-consolidated financial statements.

The first financial statements of the Issuer are expected to be prepared for the period ending on 31st March, 2006. Thereafter, it is intended that the Issuer will prepare audited annual financial statements, copies of which will be available free of charge at the offices of the Listing Agent and the Paying and Transfer Agents. It is not intended that the Issuer will publish interim financial statements.

In addition, the following documents are available for inspection at the specified offices of the Paying and Transfer Agents for so long as any of the Preferred Securities remains outstanding:

- (a) the Subscription Agreement;
- (b) the Subordinated Guarantee;
- (c) the Limited Partnership Agreement;
- (d) the Administration Agreement;
- (e) the Agency Agreement; and
- (f) the Memorandum and Articles of Association of the Guarantor.

### Incorporation by Reference

The unaudited consolidated financial statements of the Guarantor for the Group in respect of the financial years ended 31st March, 2005, 31st March, 2004 and 31st March, 2003, the audited consolidated financial statements of the Guarantor for the DLC Group in respect of the financial years ended 31st March, 2005, 31st March, 2004 and 31st March, 2003, the Limited Partnership Agreement of the Issuer and the Articles of Association of the Guarantor are incorporated by reference in this Offering Circular.

### Notices

Notices to the Holders of Preferred Securities, including notices for meetings of Holders of the Preferred Securities and non-payment of distributions or other amounts in relation to the Preferred Securities will be mailed to the holder of record and will be published, for so long as the Preferred Securities are listed on Euronext Amsterdam and the rules of Euronext Amsterdam N.V. so require, in a daily newspaper of general circulation in The Netherlands, which for the time being shall be *Het Financieele Dagblad*, and in the Daily Official List (*Officiële Prijscourant*) of Euronext Amsterdam N.V. Any mailed notice shall be deemed to have been given one day after the date on which it was posted and any notice published in a newspaper shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

## Summary Financial Information

The following table provides summary consolidated financial information for Investec plc (excluding Investec Limited) as at and for each of the three financial years ended 31st March, 2005, 31st March, 2004 and 31st March, 2003, which in each case has been extracted without material adjustment from the information included in the unaudited financial statements of Investec plc for the years ended 31st March, 2005, 31st March, 2004 and 31st March, 2003 respectively.

	Year ended 31st March, 2005	Year ended 31st March, 2004	Year ended 31st March, 2003
	(unaudited)		
Net interest income (£m) .....	67	68	79
Total operating income (£m) .....	344	303	301
Operating profit before amortisation of goodwill, exceptional items and taxation (£'000) .....	76	55	17
Profit before tax (£m) .....	48	30	(51)
Capital resources at period end .....	677	689	543
Total shareholders' funds (£m) (excluding minority interests) .....	456	473	494
Total assets (£m) .....	7,952	6,223	6,895
Capital adequacy ratio (%) .....	15.5	17.3	14.2

## SUMMARY FINANCIAL INFORMATION

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### *Financial Overview of the DLC Group's operations*

Under the contractual arrangements implementing the DLC structure, Investec Limited and Investec plc effectively form a single economic entity in which the economic and voting rights of shareholders are equalised. In accordance with this structure, under UK GAAP the accounts of Investec plc and Investec Limited are combined in accordance with section 227(5) of the Companies Act 1985 to show the financial position of the DLC Group.

The following table provides summary financial information for the DLC Group as at and for each of the three financial years ended 31st March, 2005, 31st March, 2004 and 31st March, 2003, which in each case has been extracted from the information included in the audited financial statements of the DLC Group for the years ended 31st March, 2005, 31st March, 2004 and 31st March, 2003 respectively. The financial information for 31st March, 2004 and 31st March, 2003 has been restated for changes to accounting policies and disclosures.

<b>Salient Financial Features and key Statistics</b>	<b>Year</b>	<b>Year</b>	<b>Year</b>
	<b>ended 31st</b>	<b>ended 31st</b>	<b>ended 31st</b>
	<b>March,</b>	<b>March,</b>	<b>March,</b>
	<b>2005</b>	<b>2004*</b>	<b>2003*</b>
	<b>(audited)</b>	<b>(audited)</b>	<b>(audited)</b>
Earnings per share before exceptional items and amortisation of goodwill (pence) .....	140.8	103.8	96.1
Headline earnings per share (pence).....	141.7	103.5	89.6
Basic earnings per share (pence).....	81.5	60.0	(67.6)
Diluted earnings per share (pence) .....	79.0	59.6	(67.6)
Dividends declared per share (pence) .....	67.0	58.0	54.0
Dividend cover (times) .....	2.1	1.79	1.78
Net tangible asset value per share (pence) .....	467.0	414.8	357.8
Weighted number of ordinary shares in issue (millions) .....	107.4	102.3	93.3
Total number of shares in issue (millions) .....	118.6	118.6	113.0
Combined group market capitalisation (£ millions) .....	1,844	1,292	695
Closing share price (pence) .....	1,555	1,089	615
Number of employees in the group .....	4,163	4,458	4,874
Average \$/£ exchange rate .....	1.85	1.69	1.55
Average ZAR/£ exchange rate .....	11.47	12.02	15.04

\* Restated for changes to accounting policies and disclosures



## SUMMARY FINANCIAL INFORMATION

	Year ended 31st March, 2005 (audited)	Year ended 31st March, 2004* (audited)	Year ended 31st March, 2003* (audited)
<b>Profit and Loss Account and Selected Returns</b>			
Earnings attributable to ordinary shareholders before exceptional items and amortisation of goodwill (£'000) .....	151,146	106,203	89,668
Headline earnings (£'000) .....	152,163	105,873	83,595
Operating profit before amortisation of goodwill, exceptional items and taxation (£'000) .....	208,343	132,260	85,762
Operating profit: South Africa and Other (% of total) .....	63.8%	58.6%	81.0%
Operating profit: Non-South Africa and Other (% of total) .....	36.2%	41.4%	19.0%
Cost to income ratio (%) .....	66.8%	72.7%	80.0%
Staff compensation to operating income ratio (%) .....	43.8%	47.3%	51.1%
Return on average equity shareholders' funds (%) .....	23.6%	16.6%	14.5%
Return on average adjusted shareholders' funds (%) .....	21.3%	15.4%	12.8%
Recurring/annuity income as a percentage of operating income (%) .....	65.2%	64.8%	69.1%
Net-interest income as a percentage of operating income (%) .....	19.2%	18.8%	21.3%
Non-interest income as a percentage of operating income (%) .....	80.8%	81.2%	78.7%
Effective tax rate (%) .....	27.5%	21.0%	6.3%
<b>Balance Sheet</b>			
Total capital resources (£ millions) .....	1,480	1,303	907
Total shareholders' funds (£ millions) .....	967	766	588
Total equity shareholders' funds (excl. preference shares) (£ millions) .....	643	639	588
Total assets (£ millions) .....	17,911	15,319	14,863
Core loans and advances (£ millions) .....	5,848	4,846	3,908
Core loans and advances as a percentage of total assets (%) .....	32.7%	31.6%	26.3%
Total assets under administration (£ millions) .....	56,810	47,763	40,507

\* Restated for changes to accounting policies and disclosures

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London EC2V 7QP

**GUARANTOR**

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London EC2V 7QP

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**PAYING AND TRANSFER AGENTS**

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**REGISTRAR**

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