

**APPLICABLE PRICING SUPPLEMENT (KSB009)**



**Sizanani Capital**

**KAGISO SIZANANI CAPITAL LIMITED (RF)**  
*(Incorporated with limited liability under Registration Number 2003/028948/07  
in the Republic of South Africa)*

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**ZAR2 000 000 000**

**Domestic Note and Redeemable Preference Share Programme**

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**Unconditionally and irrevocably guaranteed or in respect of which  
a put option has been conferred by**



**KAGISO TISO HOLDINGS PROPRIETARY LIMITED**  
*(Incorporated with limited liability under Registration Number 2011/000848/07 in the Republic of South Africa)*

**Issue of ZAR800 000 000 Senior Floating Rate Notes due 5 August 2020**

**General**

This document headed "Applicable Pricing Supplement" as read with Schedule 1 hereto headed "*Asset Cover Ratio and Borrowing Limit*" and Schedule 1A hereto headed "*Calculation methodology - Asset Cover Ratio*" ("**Applicable Pricing Supplement**") constitutes the Applicable Pricing Supplement relating to the Tranche of Notes described herein ("**Notes**", "**this Tranche**" and "**this Tranche of Notes**").

This Applicable Pricing Supplement (including Annexures "A" and "B") must be read in conjunction with the amended and updated Programme Memorandum dated 17 August 2012 (as further amended and/or supplemented from time to time) ("**Programme Memorandum**") prepared by Kagiso Sizanani Capital Limited (RF) ("**Issuer**") in connection with the Kagiso Sizanani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme ("**Programme**").

Notes issued under the Programme are not "inwardly listed" securities, as contemplated in Exchange Control Directive H entitled "*Inward Listings by Foreign Entities on South African Exchanges*" (31/2011) issued by the Financial Surveillance Department of the South African Reserve Bank in terms of the Exchange Control Regulations, 1961.

The amended and updated Programme Memorandum, dated 17 August 2012, was approved by the JSE on 14 August 2012.

To the extent that there is any conflict or inconsistency between the provisions of this Applicable Pricing Supplement (as read with Annexure "B") and the Programme Memorandum, the provisions of this Applicable Pricing Supplement (as read with Annexure "B") shall prevail.

Any capitalised terms not defined in in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed "*Terms and Conditions of the Instruments*" ("**Terms and Conditions**"). References to any Condition in this Applicable Pricing Supplement are to that Condition of the Terms and Conditions.

This Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions set out in this Applicable Pricing Supplement ("**Applicable Terms and**

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Conditions").

References to the "JSE Debt Listings Requirements" in this Applicable Pricing Supplement are to the JSE Debt Listings Requirements published by the JSE and set out in Bulletin 1 of 2014 (13 January 2014), as amended by Board Notice 138 of 2014 published in *Government Gazette* No. 38224 of 21 November 2014, and as further amended and/or supplemented from time to time. Board Notice 138 of 2014 came into effect on 22 December 2014.

#### Annexure "A"

The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations in respect of this Tranche is set out in Annexure "A" to this Applicable Pricing Supplement headed "*Disclosure Requirements in terms of paragraph 3(5) of the Commercial Paper Regulations*" ("Annexure "A").

#### Annexure "B"

Annexure "B" to this Applicable Pricing Supplement headed "*Supplementary and Legislative Updates*" ("Annexure "B") must be read in conjunction with the Programme Memorandum as at the Issue Date (see paragraph 1(f) below) ("**Current Programme Memorandum**") and this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the provisions of Annexure "B" and the Current Programme Memorandum, the provisions of Annexure "B" shall prevail.

### 1. GENERAL DESCRIPTION OF THE INSTRUMENTS

- |    |  |  |
|----|--|--|
| a) | Issuer                                     | Kagiso Sizanani Capital Limited (RF)   |
| b) | Guarantor                                  | Kagiso Tiso Holdings Proprietary Limited   |
|    | a. Tranche Number                          | 1  |
|    | b. Series Number                           | 9  |
| c) | Aggregate Principal Amount of this Tranche | ZAR800 000 000   |
| d) | Form of Notes                              | <p>The Notes in this Tranche are issued in registered uncertificated form and will be held in the CSD.</p> <p>Notwithstanding anything to the contrary contained in the Terms and Conditions:</p> <ol style="list-style-type: none"> <li>1. While a Tranche of Notes is held in its entirety in the CSD, the CSD will be named in the Register as the sole Noteholder of the Notes in that Tranche.</li> <li>2. Only the CSD's Nominee (in the case of Notes held in the CSD) and Noteholders named in the Register at 17h00 (South African time) on the Last Day to Register (in the case of Notes represented by Individual Certificates) will be entitled to payments of interest and/or principal in respect of the Notes.</li> <li>3. Payments of all amounts due and payable in respect of Notes will be made, in accordance with Condition 13, to the CSD's Nominee (in the case of Notes held in the CSD) or to the person named as the registered Noteholder of Notes in the Register at 17h00 (South African time) on the Last Day to Register (in the case of Notes represented by Individual Certificates).</li> </ol> |

The following terms shall, notwithstanding the definitions thereof in Condition 1, bear the following meanings:

- a) "**CSD**" means Strate Proprietary Limited (incorporated with limited liability in South Africa under registration number 1998/022242/07), licensed as a central securities depository in terms of the Financial Markets Act or any additional or alternate depository approved by the Issuer; provided that all references to "**CSD**" shall, whenever the

context permits in accordance with the rules and operating procedures for the time being of the CSD and CSD Participants, be deemed to include the CSD's Nominee;

- b) **"CSD's Nominee"** means a wholly-owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Securities Services Act (prior to 3 June 2014) or the Financial Markets Act (on and after 3 June 2014), as applicable, or such other entity, if any, as is named by the CSD and notified to the Issuer and/or CSD Participants in accordance with the rules and operating procedures for the time being of the CSD and CSD Participants, as the case may be, and any reference to "CSD's Nominee" shall, whenever the context permits, be deemed to include any successor nominee or other entity operating in terms of the Financial Markets Act;
- c) **"CSD Participant"** means a person accepted by the CSD as a participant in terms of the Securities Services Act (prior to 3 June 2014) or the Financial Markets Act (on and after 3 June 2014), as applicable;
- d) **"Financial Markets Act"** means the Financial Markets Act, 2012.
- |    |  |  |
|----|--|--|
| e) | Type of Instruments                                | Notes  |
| f) | Issue Date/First Settlement Date                   | 5 August 2015  |
| g) | Issue Price  | ZAR800 000 000   |
| h) | Specified Denomination (Principal Amount per Note) | ZAR1 000 000   |
| i) | Specified Currency                                 | ZAR  |
| j) | Business centre                                    | Johannesburg   |
| k) | Additional business centre                         | Not Applicable   |
| l) | Business Day Convention applicable                 | Yes  |
| m) | If Business Day Convention applicable, specify     | Modified Following Business Day Convention<br><br><b>"Modified Following Business Day Convention"</b> means, in relation to this Tranche of Notes, if the due date for payment of any amount under the Applicable Terms and Conditions of this Tranche of Notes falls on a day that is not a Business Day, the due date for such payment shall be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day. |
| n) | Calculation Agent                                  | Absa Corporate and Investment Bank, a division of Absa Bank Limited  |
| o) | Specified Office of the Calculation Agent          | 15 Alice Lane, Sandton, 2196, Republic of South Africa   |
| p) | Paying Agent                                       | The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division  |
| q) | Specified Office of the Paying Agent               | 25 Pixley Ka Isaka Seme Street, Johannesburg 2000, Republic of South Africa  |
| r) | Transfer Secretary                                 | Computershare Investor Services Proprietary Limited  |
| s) | Specified Office of the Transfer Secretary         | Ground Floor, 70 Marshall Street, Johannesburg, 2001, Republic of South Africa   |

- |    |  |   |
|----|--|---|
| t) | Representative                         | TMF Corporate Services (South Africa) Proprietary Limited (formerly GMG Trust Company (SA) Proprietary Limited) |
| u) | Specified Office of the Representative | 3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, 7708, Republic of South Africa                   |

## 2. DESCRIPTION OF THE NOTES

- |    |   |                              |
|----|---|------------------------------|
| a) | Status of Notes   | Senior Notes (Condition 5.1) |
| b) | Type of Notes/Interest basis  | Floating Rate Notes          |
| c) | Security  | Unsecured                    |
| d) | Automatic/optional conversion from one interest /payment basis to another | Not Applicable               |
| e) | Maturity Date   | 5 August 2020                |

## 3. FLOATING RATE NOTES

- |    |  |  |
|----|--|--|
| a) | Interest Rate  | The Notes in this Tranche will bear interest at the floating Interest Rate per annum (nominal annual compounded quarterly) equal to the sum of the Reference Rate (see paragraph 3(m) below) plus the Margin (see paragraph 3(k) below) (determined by the Calculation Agent in accordance with Condition 9.2.4) for the period from and including the Interest Commencement Date to but excluding the Applicable Maturity Date.   |
| b) | Interest Commencement Date   | 5 August 2015  |
| c) | Interest Payment Date(s)   | Quarterly in arrears on 5 November, 5 February, 5 May and 5 August of each year until the Applicable Maturity Date.  |
| d) | First Interest Payment Date  | 5 November 2015  |
| e) | Interest Period(s)   | The first Interest Period shall commence on (and include) the Interest Commencement Date (see paragraph 3(b) above) and end on (but exclude) the first Interest Payment Date. Thereafter, each successive Interest Period shall commence on (and include) the immediately preceding Interest Payment Date and end on (but exclude) the immediately following Interest Payment Date; provided that the final Interest Period shall end on (but exclude) the Applicable Maturity Date. |
| f) | Minimum Interest Rate  | Not Applicable   |
| g) | Maximum Interest Rate  | Not Applicable   |
| h) | Day Count Fraction   | Actual/365   |
| i) | Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest for Floating Rate Notes if different from that set out in the Terms and Conditions) | Not Applicable   |
| j) | Manner in which the Interest Rate is to be determined  | Screen Rate Determination (see paragraph 3(m) below)   |
| k) | Margin   | 3.85%  |
| l) | If ISDA Determination applicable:  | Not Applicable   |
| m) | If Screen Rate Determination applicable:   | Applicable   |

- a. Reference Rate ZAR-JIBAR-SAFEX Rate (being, subject to Condition 9.2.4), the average mid-market yield rate per annum for 3-month deposits in ZAR which appears on the Relevant Screen Page as the "SFX 3M YIELD" at or about the Relevant Time (see paragraph 3(m)(d) below) on the Interest Determination Date, determined by the Calculation Agent in accordance with Condition 9.2.4.
- b. Interest Determination Date(s) The first day of each Interest Period; provided that the first Interest Determination Date shall be Friday 31 July 2015.  
If any such date is not a Business Day, the Interest Determination Date will be first following day that is a Business Day, unless it would thereby fall into the next calendar month, in which event the Interest Determination Date will be brought forward to the first preceding Business Day.
- c. Relevant Screen Page Reuters Screen SAFEX page
- d. Relevant Time 11h00 (South African time)
- n) **If Other Determination applicable:** Not Applicable
- o) Determining Interest Rate/Margin/fall back provisions Not Applicable
- 4. PROVISIONS REGARDING REDEMPTION AT MATURITY**
- a) Final Redemption Amount payable on redemption at maturity pursuant to Condition 14.1:
- a. definition of Final Redemption Amount applicable Yes
- b. if definition of Final Redemption Amount not applicable, specify method of calculation of amount payable on redemption pursuant to Condition 14.1 Not Applicable
- 5. PROVISIONS REGARDING EARLY REDEMPTION AND LATE PAYMENT**
- a) Early Redemption Amount payable on early redemption pursuant to Condition 14.2:
- a. Definition of Early Redemption Amount applicable Yes
- b. If definition of Early Redemption not applicable, specify method of calculation of amount payable on early redemption pursuant to Condition 14.2 : Not Applicable
- b) Late Redemption Amount payable on late redemption pursuant to Condition 11:
- a. Definition of Late Redemption Amount applicable: Yes
- b. If definition of Late Redemption Amount not applicable, specify

method of calculation of amount payable on late redemption pursuant to Condition 11

#### 6. PROVISIONS REGARDING EVENT OF DEFAULT

- a) Following an Event of Default and the Enforcement of the Guarantee in respect of this Tranche:
- a. Calculation of Guarantee Amount in accordance with Condition 18.5.1 applicable Yes
- b. If calculation of Guarantee Amount in accordance with Condition 18.5.1 not applicable, specify method of calculation of Guarantee Amount Not Applicable

#### 7. ADDITIONAL EVENTS OF DEFAULT

- a) Condition 17.1
- In addition to the Events of Default described in Condition 17.1, an Event of Default shall also arise if any one or more of the following events or circumstances shall have occurred and be continuing:
- A. the Asset Cover Ratio falls below 2.75 (two point seven five) times and the Guarantor fails to remedy such Event of Default by restoring the Asset Cover Ratio to a level which is equal to or above 2.75 (two point seven five) within 5 (five) Business Days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer) in terms of paragraph 7(c)(A) below; and/or
- B. subject to the paragraph below, a Borrowing Limit Event of Default occurs and the Guarantor incurs additional Financial Indebtedness which ranks *pari passu* with or senior to the Guarantee without the Representative's written consent, and such event is not remedied within 5 (five) Business Days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer) in terms of paragraph 7(d)(A) below.
- A Borrowing Limit Event of Default that occurs on a Borrowing Limit Adjustment Date shall not be an Event of Default if, immediately prior to such Borrowing Limit Adjustment Date, no Potential Event of Default or Event of Default existed and the Borrowing Limit Event of Default occurred only as a result of the recalculation of the Borrowing Limit on such Borrowing Limit Adjustment Date.
- b) Notices
- Immediately upon becoming aware of a the Potential Event of Default described in paragraph 7(a)(A) above and/or the Potential Event of Default described in paragraph 7(a)(B) above), the Issuer shall notify the Representative thereof (and provide such details about such Potential Event of Default as the Representative may reasonably request).
- In addition, upon receipt by the Representative of notice from the Issuer of any Potential Event of Default (including any Potential Event of Default contemplated in paragraph 7(a)(A) above and/or any Potential Event of Default contemplated in paragraph 7(a)(B) above) or any Event of Default, as the case may be, or upon the Representative itself becoming aware that any such Potential Event of Default or any Event of Default,

as the case may be, has occurred and is continuing, the Representative shall promptly (i) give notice of such Potential Event of Default or Event of Default, as the case may be, to the holders of this Tranche of Notes (the "relevant Group of Noteholders") in accordance with Condition 23.1 and (ii) take instructions from the relevant Group of Noteholders, by way of an Extraordinary Resolution (as defined in Condition 18.1.2), in respect of the matters contemplated in the second paragraph of Condition 18.3 (as read with paragraph 7(c) below or paragraph 7(d) below, as applicable).

- c) **Asset Cover Ratio**
- A. Upon the occurrence of a Potential Event of Default contemplated in paragraph 7(a)(A) above, the Representative shall send the written notice contemplated in paragraph 7(a)(A) above to the Guarantor (with a copy to the Issuer).
- B. If the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Noteholders, the Representative shall, following the occurrence of an Event of Default contemplated in paragraph 7(a)(A) above, send a written notice to the Issuer (with a copy to the Guarantor) which notice shall declare that this Tranche of Notes is immediately repayable on the Early Termination Date, whereupon this Tranche of Notes shall become immediately repayable on the Early Termination Date.
- d) **Borrowing Limit**
- A. Upon the occurrence of a Potential Event of Default contemplated in paragraph 7(a)(B) above, the Representative shall send the written notice contemplated in paragraph 7(a)(B) above to the Guarantor (with a copy to the Issuer).
- B. If the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Noteholders, the Representative shall, following the occurrence of an Event of Default contemplated in paragraph 7(a)(B) above, send a written notice to the Issuer (with a copy to the Guarantor) which notice shall declare that this Tranche of Notes is immediately repayable on the Early Termination Date, whereupon this Tranche of Notes shall become immediately repayable on the Early Termination Date.
- e) **Interpretation**
- Subject as set out in paragraphs 7(a) to 7(d) inclusive above, all references to a Potential Event of Default and an Event of Default in the Terms and Conditions shall be construed to include the additional Potential Events of Default (and Events of Default) set out in paragraph 7(a) above.
- Capitalized terms not defined in this paragraph 7 shall have the meanings ascribed to those terms in Schedule 1 hereto headed "Asset Cover Ratio and Borrowing Limit" ("Schedule 1") or in the Terms and Conditions.
- For the avoidance of doubt, it is recorded that "Early Termination Date" shall have the meaning ascribed to it in Condition 18.1.3.
- f) **Asset Cover Ratio and Borrowing Limit**
- The provisions of Schedule 1 and Schedule 1A hereto headed "Calculation methodology - Asset Cover Ratio" ("Schedule 1A") shall apply to (and be incorporated by reference into) this paragraph 7.

## 8. ADDITIONAL PROVISIONS

- a) **Amendments to the Terms and** In terms of the JSE Debt Listings Requirements, among other things, those provisions of the Terms and Conditions which provide for

## Conditions

amendments to the Terms and Conditions must comply with the prescribed provisions of Rule 7.12 of the JSE Debt Listings Requirements.

This paragraph 8(a) below shall, to the extent set out below, amend Condition 25:

## Amendments

1. The Issuer may effect, without the consent of any Noteholder and/or the JSE, any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa (including, without limitation, all Applicable Laws and the Applicable Procedures).
2. Save as is provided in sub-paragraph 1 above, no amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) may be effected unless (i) the proposed amendment is first approved by the JSE and, after having obtained the approval of the JSE to the proposed amendment, (ii) the proposed amendment is in writing and signed by or on behalf of the Issuer and (iii):
  - a) if the proposed amendment is an amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) which are applicable to all of the Notes, (i) the proposed amendment is approved by an Extraordinary Resolution of all of the Noteholders (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of sub-paragraph 3 below) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Noteholders holding not less than 75% of the aggregate Outstanding Principal Amount of all of the Notes (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of sub-paragraph 3 below), as the case may be;
  - b) if the proposed amendment is an amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) which are applicable only to this Tranche of Notes, (i) the proposed amendment is approved by an Extraordinary Resolution of the relevant Group of Noteholders (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the relevant Group of Noteholders in terms of sub-paragraph 3 below) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Noteholders in the relevant Group of Noteholders holding not less than 75% of the aggregate Outstanding Principal Amount of all of the Notes in this Tranche (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the relevant Group of Noteholders in terms of sub-paragraph 3 below), as the case may be.
3. After having obtained the approval of the JSE to a proposed



amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) to be effected in terms of subparagraph 2 above, the Issuer shall (in the manner set out in Condition 23) notify all of the Noteholders or the relevant Group of Noteholders (as applicable) of such proposed amendment. Such notice shall (i) include the written resolution setting out such proposed amendment, (ii) the restrictions on voting under the Terms and Conditions, (iii) the last date on which all of the Noteholders or the relevant Group of Noteholders (as applicable) should return the signed written resolution, and the address to which the signed written resolution should be sent.

4. Any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) effected in terms of this paragraph 8(a) above will be binding on (as applicable) all of the Noteholders or the relevant Group of Noteholders, and such amendment will be notified to such Noteholders (in the manner set out in Condition 23) as soon as practicable thereafter.

- b) Conflict To the extent that there is any conflict or inconsistency between the provisions of the Terms and Conditions and the provisions of this Applicable Pricing Supplement, the provisions of this Applicable Pricing Supplement shall prevail.

#### 9. REGISTER CLOSED

- a) Last Day to Register Up until 17h00 (South African time) on 30 October, 30 January, 29 April and 30 July of each year until the Applicable Maturity Date, being, in each instance, the last date on which the Transfer Secretary will accept Transfer Forms and record in the Register the transfer of Notes represented by Individual Certificates.

- b) Register Closed Period The Register will be closed during the five days preceding each Interest Payment Date and the Applicable Maturity Date from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding the Interest Payment Date and the Applicable Maturity Date, being the period during which the Register is closed for purposes of giving effect to transfers, redemptions or payments in respect of Notes in this Tranche.

- c) Register Closed Dates 31 October, 31 January, 30 April and 31 July of each year until the Applicable Maturity Date.

#### 10. GENERAL

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|--|--|
| a) Additional selling restrictions           | Not Applicable                                   |
| b) Exchange Control Approval (if any)        | Not Applicable                                   |
| c) International Securities Numbering (ISIN) | ZAG000128281                                     |
| d) Stock Code Number                         | KSB009   |
| e) Financial exchange                        | JSE Limited (Interest Rate Market of the JSE)    |
| f) Debt Sponsor                              | One Capital Sponsor Services Proprietary Limited |
| g) Name of Dealer                            | One Capital Advisory Proprietary Limited         |
| h) Stabilisation Manager (if applicable)     | Not Applicable                                   |
| i) Method of distribution                    | Bookbuild  |
| j) Pricing Methodology                       | Not Applicable                                   |

k)	Rating (if any) assigned to this Tranche of Notes as at the Issue Date, Rating Agency and date on which such Rating (if any) is expected to be reviewed	Not Applicable
l)	Rating (if any) assigned to the Issuer as at the Issue Date, Rating Agency and date on which such Rating (if any) is expected to be reviewed	Not Applicable
m)	Rating (if any) assigned to the Guarantor as at the Issue Date, Rating Agency and date on which such Rating (if any) is expected to be reviewed	As at the Issue Date, the Guarantor has a domestic long term credit rating of Baa2.za and a domestic short term credit rating of P-2.za with a stable outlook from Moody's Investors Service South Africa Proprietary Limited, which was assigned on 19 March 2015 as stated in the credit opinion dated 19 March 2015. These ratings are expected to be reviewed on 19 March 2016.
n)	Governing law (if the laws of South Africa are not applicable)	Not Applicable
o)	Programme Amount as at the Issue Date	ZAR2 000 000 000
p)	Aggregate Outstanding Principal Amount of all of the Instruments issued under the Programme as at the Issue Date	ZAR850 000 000, excluding the aggregate Principal Amount of this Tranche and any other Tranche(s) of Instruments issued on the Issue Date specified in paragraph 1(f) above.
q)	Issuer confirmation as to Programme Amount	The Issuer confirms that the issue of this Tranche will not cause the Issuer to exceed the Programme Amount.
r)	Use of proceeds	The net proceeds from the issue of this Tranche of Notes will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.
s)	Commercial Paper Regulations	See Annexure "A" to this Applicable Pricing Supplement

**Responsibility:**

The Issuer accepts full responsibility for the information contained in the Current Programme Memorandum (as read with Annexure "B"), this Applicable Pricing Supplement, the annual financial statements of the Issuer and any amendments to such annual financial statements and each supplement to the Current Programme Memorandum published by the Issuer from time to time (except as otherwise stated therein).

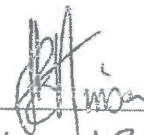
The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which would make any statement contained in the Current Programme Memorandum (as read with this Applicable Pricing Supplement and Annexure "B") false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the Current Programme Memorandum (as read with this Applicable Pricing Supplement and Annexure "B") contains or incorporates by reference (see the section of the Current Programme Memorandum headed "*Documents Incorporated by Reference*" as read with the section of Annexure "B" headed "*Documents Incorporated by Reference and Issuer Disclosure Supplement*") all information required by the JSE Debt Listings Requirements and all other Applicable Laws.

Application is hereby made to list Tranche 1 of Series 9 of the Notes on the Interest Rate Market of the JSE, as from 5 August 2015, pursuant to the Kagiso Sizanani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme.

For: KAGISO SIZANANI CAPITAL LIMITED (RF) (as Issuer)

By:   
duly authorised F.F Gillion (Director)

Date: 3 August 2015


By:   
duly authorised J.B Hinson (Director)

Date: 3 August 2015

For: KAGISO TISO HOLDINGS PROPRIETARY LIMITED (as Guarantor)

By:   
duly authorised F.F Gillion (Director)

Date: 3 August 2015

By:   
duly authorised J.B Hinson (Director)

Date: 3 August 2015

For: TMF CORPORATE SERVICES (SOUTH AFRICA) PROPRIETARY LIMITED (formerly GMG TRUST COMPANY (SA) PROPRIETARY LIMITED) (as Representative)

By: \_\_\_\_\_  
duly authorised

Date: \_\_\_\_\_ August 2015

By: \_\_\_\_\_  
duly authorised

Date: \_\_\_\_\_ August 2015

## SCHEDULE 1: ASSET COVER RATIO AND BORROWING LIMIT

1. The provisions of this Schedule 1 headed "Asset Cover Ratio and Borrowing Limit" ("**Schedule 1**") shall apply to (and be incorporated by reference into) paragraph 7 of the Applicable Pricing Supplement.

### 2. Definitions

In this Schedule 1, the following terms shall bear the following meanings:

"**Acceptable Bank**" means -

- a) a bank or financial institution which has a rating for its long-term unsecured and non-credit enhanced debt obligations of AA or higher by Standard & Poor's Rating Services ("**S&P**") or Fitch Ratings Limited ("**Fitch**") or A1 or higher by Moody's Investor Services Limited ("**Moody's**") or a comparable rating from an internationally recognised credit rating agency;
- b) any of Absa Bank Limited, Investec Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited or FirstRand Bank Limited; or
- c) any other bank or financial institution approved by the Representative;

"**Accounting Principles**" means generally accepted accounting principles in South Africa, including IFRS;

"**Asset Cover Ratio**" means, on any day, the ratio that -

- a) the aggregate Net Market Value of all the Guarantor Investments (excluding any Investment Entities (i) in respect of which an Insolvency Event has occurred and (ii) which has Financial Indebtedness that has not been guaranteed by the Guarantor, and including Investment Entities that (i) have a Net Market Value less than zero or in respect of which an Insolvency Event has occurred and (ii) which has Financial Indebtedness that has been guaranteed by the Guarantor) plus Cash and Cash Equivalent Investments plus Financial Indebtedness incurred by an Investment Entity to the extent that (i) the Net Market Value of that Investment Entity is less than zero and (ii) the Financial Indebtedness has been guaranteed by the Guarantor, on such day,

bears to:

- b) the Guarantor Indebtedness on such day plus Financial Indebtedness of Cardona on such day plus Financial Indebtedness incurred by an Investment Entity to the extent that (i) the Net Market Value of that Investment Entity is less than zero and (ii) the Financial Indebtedness has been guaranteed by the Guarantor (such amount, calculated in accordance with this paragraph (b), being the "**Indebtedness**");

"**Board**" means the board of directors of the Guarantor;

"**Borrowing Limit**" means, in relation to the Guarantor, in respect of the period commencing on the Issue Date and ending on the Applicable Maturity Date, the amount of the Indebtedness, as increased or decreased (as applicable) with effect from each applicable Borrowing Limit Adjustment Date, in order to maintain, as at each such Borrowing Limit Adjustment Date, an Asset Cover Ratio of not less than 4.1 (four point one) times;

"**Borrowing Limit Adjustment Date**" means -

- a) the last day of each Financial Year occurring until the Applicable Maturity Date; and
- b) any day on which a Third Party Creditor delivers written notice to the Guarantor and/or any affiliate of the Guarantor requiring a review of the Borrowing Limit;

"**Borrowing Limit Adjustment Notice**" means the written notice contemplated in paragraph (b) of the definition of "Borrowing Limit Adjustment Date" above;

"**Borrowing Limit Event of Default**" means, on any day (subject to clause 4(B)(c) below), the Asset Cover Ratio falls below 4.1 (four point one) times;

"**Calculation Date**" means each day as at which the Asset Cover Ratio is required to be determined, being the last day of each Financial Year occurring until the Applicable Maturity Date, the last day of each Financial Half Year occurring until the Applicable Maturity Date and each date on which a Borrowing Limit Adjustment Notice is delivered by a Third Party Creditor in the manner contemplated in clause 2.1(c) below;

"**Cardona**" means Cardona Investments 428 Proprietary Limited (RF) (incorporated with limited liability under

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registration number 2011/009733/07 in South Africa);

**"Cardona Facility Agreement"** means the written facility agreement entered into between Cardona (as borrower) and certain lenders on or about 24 May 2014;

**"Cardona Facility Outstandings"** means, at any time, the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable by Cardona (as borrower) in terms of the Cardona Facility Agreement, as reflected in the audited annual financial statements of the Guarantor for the financial year ended 30 June 2014 and the unaudited interim consolidated summary financial statements of the Guarantor for the half-year ended 31 December 2014;

**"Cash"** means, at any time, cash denominated in Rand in hand or at bank and (in the latter case) credited to an account in the name of the Guarantor with an Acceptable Bank and to which the Guarantor is alone beneficially entitled and for so long as -

- a) that Cash is repayable on demand or within 30 (thirty) days of demand;
- b) repayment of that Cash is not contingent on the prior discharge of any other indebtedness of the Guarantor or of any other person whatsoever or on the satisfaction of any other condition other than notice or demand therefor (but not exceeding the period of demand referred to in paragraph (a) above); and
- c) there is no Security over that Cash except for any netting or set-off arrangement entered into by the Guarantor in the ordinary course of its banking arrangements;

**"Cash Equivalent Investments"** means any of the following, provided in each case that the Guarantor is alone beneficially entitled to the Cash Equivalent Investment and provided further that the Cash Equivalent Investment is not subject to any Security:

- a) certificates of deposit maturing within 1 (one) year after the relevant date of calculation, issued by an Acceptable Bank;
- b) any investment in marketable obligations issued or guaranteed by the Government of the Republic of South Africa or by an instrumentality or agency of the Government of the Republic of South Africa having an equivalent credit rating which:
  - A. matures within 1 (one) year after the relevant date of calculation; and
  - B. is not convertible to any other Security;
- c) commercial paper not convertible to any other Security:
  - A. for which a recognised trading market exists;
  - B. issued in South Africa;
  - C. which matures within 1 (one) year after the relevant date of calculation; and
  - D. which has a credit rating of A-1 or higher by S&P or Fitch or P-1 or higher by Moody's or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- d) investments accessible within 30 (thirty) days in money market funds which have a credit rating of either a A-1 or higher by S&P or Fitch or P-1 or higher by Moody's and invest substantially all their assets in securities of the types described in sub-paragraphs (a) to (c) inclusive above;
- e) investments in balanced equity funds accessible within 12 (twelve) months; or
- f) any other debt security or investment approved by the Representative;

**"Finance Lease"** means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease;

**"Financial Half Year"** means each date occurring 6 (six) months after the last day of each Financial Year;

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- a) moneys borrowed and debit balances at banks or other financial institutions;

- b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- d) the amount of any liability in respect of Finance Leases;
- e) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- g) any amount raised by the issue of shares which are redeemable or are otherwise classified as borrowings under the Accounting Principles;
- h) any amount of any liability under an advance or deferred purchase agreement if (a) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (b) the agreement is in respect of the supply of assets or services and payment is due more than 90 (ninety) days after the date of supply;
- i) any agreement or option to re-acquire an asset if one of the primary reasons for entering into such agreement or option is to raise finance;
- j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles;
- k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in sub-paragraphs (a) to (j) inclusive above;

"Financial Year" means the financial year of the Issuer, ending on 30 June of every calendar year;

"Gross Market Value" means, in respect of each Guarantor Investment -

- a) on the Calculation Date envisaged in clause 2.1(a), the Gross Market Value of such Guarantor Investment as set out in the Valuation Report delivered pursuant to clause 2.1(a) or the Adjusted Valuation Report (as the case may be); and;
- b) on the Calculation Date envisaged in clause 2.1(b), the Gross Market Value of such Guarantor Investment as set out in the Valuation Report delivered pursuant to clause 2.1(b) or the Adjusted Valuation Report (as the case may be);

"Guarantor Facility Agreement" means the written term facility agreement entered into between the Guarantor (as borrower) and certain banks (as lenders) on or about 24 May 2014;

"Guarantor Facility Outstandings" means, at any time, the aggregate of:

- a) all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable by the Guarantor (as borrower) to the lenders in terms of the Guarantor Facility Agreement, including any claim for damages or restitution and any claim as a result of any recovery by the Guarantor (or any business rescue practitioner, liquidator or trustee, as the case may be, of the Issuer) of a payment or discharge on the grounds of preference, and any amounts which would be included in any of the above but for any discharge, non-provability or unenforceability of those amounts in any insolvency or other proceedings;
- b) all amounts (if any) due and payable by the Guarantor (as guarantor) to all of the Instrument Holders of Instruments in issue under the Programme, pursuant to the Programme Memorandum, in terms of the Guarantee and/or the Put Option Agreement,

as reflected in the audited annual financial statements of the Guarantor for the financial year ended 30 June 2014 and the unaudited interim consolidated summary financial statements of the Guarantor for the half-year ended 31 December 2014;

"Guarantor Indebtedness" means Financial Indebtedness of the Guarantor excluding any Ring-fenced Debt;

"Guarantor Investments" means a direct or indirect investment by the Guarantor in an Investment Entity other

than Cardona including but not limited to -

- a) Cash or Cash Equivalent Investments with a maturity date longer than 30 (thirty) days but shorter than 12 (twelve) months;
- b) a subscription for any shares of any class in the Investment Entity; and/or
- c) a contribution to the capital of the Investment Entity in any other form; and/or
- d) a loan made to the Investment Entity; and/or
- e) subscription for any instrument of any nature issued by the Investment Entity including, without limitation, any bonds, debentures, bills and/or warrants;

"IFRS" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to relevant financial statements;

"Independent Valuer" means one of the 4 (four) largest auditing firms in South Africa or a merchant bank;

"Insolvency Event" means, in relation to any person, any of the following events or circumstances:

- a) it is dissolved or de-registered;
- b) an order or declaration is made, or a resolution is passed, for the administration, custodianship, bankruptcy, liquidation, winding-up, receivership, trusteeship, de-registration or dissolution (and, in each case, whether provisional or final) of it, its assets or its estate or an order or declaration is made, or a resolution is passed, to authorise the commencement of any business rescue proceeding in respect of it, its assets or its estate;
- c) it convenes any meeting to consider the passing of a resolution for the administration, custodianship, bankruptcy, liquidation, winding-up, receivership, trusteeship, de-registration or dissolution (and, in each case, whether provisional or final) of it, its assets or its estate or to authorise the commencement of any business rescue proceeding in respect of it, its assets or its estate;
- d) it seeks the appointment of an administrator, liquidator (whether provisional or final), business rescue practitioner, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets or estate;
- e) it has a secured party take possession of all or substantially all its assets pursuant to an enforcement, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 (thirty) days thereafter;
- f) it is unable (or admits inability) to pay its debts generally as they fall due or is (or admits to being) otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness or proposes or seeks to make or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness;
- g) it takes any proceeding or other step with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof which it would otherwise be unable to pay when due) or proposes to take any such step;
- h) any receiver, administrative receiver, judicial receiver, administrator, compulsory manager, judicial custodian, trustee in bankruptcy, liquidator, business rescue practitioner or the like is appointed in respect of it, its estate or any material part of its assets or it requests any such appointment;
- i) it commits any act which, if such act was committed by a natural person, would be an act of insolvency within the meaning of section 8 of the Insolvency Act, 1936 or any equivalent legislation in any jurisdiction to which such person is subject;
- j) it takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

"Investment Entity" means a company, body corporate or other entity, or partnership, limited partnership, unincorporated entity, or other collective investment scheme;

**"Listed Investments"** means, on any day, such Guarantor Investments consisting of shares or other securities issued by an Investment Entity which are, on such day, listed on a recognised stock exchange including, without limitation, the JSE Limited;

**"Net Market Value"** means, on any day, in respect of each Guarantor Investment, the Gross Market Value of each Guarantor Investment less any Financial Indebtedness in respect of such Guarantor investment incurred by the Investment Entity holding such Guarantor Investment;

**"Ring-fenced Debt"** means -

- a) in relation to the Guarantor, any Financial Indebtedness incurred by the Guarantor in respect of projects being undertaken by the Guarantor in terms of which the recourse which the providers of such Financial Indebtedness have is limited to the assets or the project which such Financial Indebtedness is used to finance; and
- b) in relation to each Guarantor Investment, any Financial Indebtedness incurred by the Guarantor in acquiring such Guarantor Investment, in terms of which the recourse which the providers of such Financial Indebtedness have is limited to such Guarantor Investment;

**"Security"** means -

- a) any mortgage, notarial bond, pledge, lien, assignment or cession conferring security, hypothecation, security interest, preferential right or trust arrangement or other encumbrance securing any obligation of any person; or
- b) any arrangement under which money or claims to, or for the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- c) any other security interest of any kind whatsoever, or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is or may be leased or reacquired or acquired; or
- d) any other type of preferential agreement or arrangement (including any title transfer and retention arrangement), the effect of which is the creation of a security interest;

**"Third Party Creditor"** means any third party creditor of the Guarantor which, pursuant to a written agreement concluded between the Guarantor and that third party creditor, becomes entitled to increase or decrease the Borrowing Limit;

**"Treasury Transaction"** means any currency or interest purchase, cap or collar agreement, forward rate agreements, interest rates or currency future or option contracts, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined interest rate and currency swap agreement and any other similar agreement in each case entered into in connection with protection against or benefit from fluctuation in any rate or price;

**"Unlisted Investments"** means, on any day, all the Guarantor Investments other than the Listed Investments on such day;

**"Valuation Report"** means a valuation report prepared by an Independent Valuer (in accordance with the methodology set out in Schedule 1A), the Board or, as the case may be, the Guarantor's investment committee (acting under a delegation of authority from the Board), setting out the Gross Market Value and the Net Market Value of the relevant Guarantor Investments as at the applicable Calculation Date and the methodology used to determine such values.

## 2. Provision of Valuation Report and Compliance Certificate

### 2.1 The Issuer shall deliver a Valuation Report -

- a) prepared by an Independent Valuer, to the Representative within 60 (sixty) Business Days of the last day of each Financial Year occurring until the Applicable Maturity Date;
- b) prepared by the Board or, as the case may be, the Guarantor's investment committee (acting under a delegation of authority from the Board) in respect of the Guarantor Investments which comprise not less than 75% (seventy five per cent) of the aggregate Net Market Value of all the Guarantor Investments (using the methodology applied by the Independent Valuer to prepare the Valuation Report contemplated



in clause 2.1(a)), to the Representative within 60 (sixty) Business Days of each Financial Half Year occurring until the Applicable Maturity Date; provided that:

- A. the 75% (seventy five per cent) of the Guarantor Investments contemplated in this clause 2.1(b) shall include 100% (one hundred per cent) of the Listed Investments;
  - B. for purposes of determining the Asset Cover Ratio in accordance with clause 4, the 25% (twenty five per cent) of the Guarantor Investments not forming part of the valuation contemplated in this clause 2.1(b) shall be given the value attributed to such Guarantor Investments in the Valuation Report delivered pursuant to clause 2.1(a) in respect of the last day of the immediately preceding Financial Year; and
  - C. if the Board or the Guarantor's investment committee (as the case may be), determines that, as a result of any change in circumstances since the date of the most recent Valuation Report delivered to the Representative prior to that Financial Half Year, any Guarantor Investment requires an independent valuation, the Guarantor shall procure that such independent valuation of such Guarantor Investment is made and included in the Valuation Report contemplated in this clause 2.1(b).
- c) prepared by the Board, to the Representative on such other date as may be required by a Third Party Creditor pursuant to the delivery of a Borrowing Limit Adjustment Notice, which Valuation Report will use:
- A. in respect of Unlisted Investments, the values of such Unlisted Investments as set out in the most recent Valuation Report delivered to the Representative; and
  - B. in respect of Listed Investments, the values of such Listed Investments as at the date on which the Borrowing Limit Adjustment Notice is delivered (using the methodology applied by the Independent Valuer to prepare the Valuation Report contemplated in clause 2.1(a) above).
- 2.2 The Issuer shall supply a certificate complying with the provisions of this clause 2.2 ("**Compliance Certificate**") to the Representative on each date on which the Valuation Reports are delivered to the Representative. The Compliance Certificate shall set out the Asset Cover Ratio as at the applicable Calculation Date. Each Compliance Certificate shall be signed by a director of the Issuer.

### 3. Financial Testing

The Asset Cover Ratio shall be tested as at:

- a) the last day of each Financial Year occurring until the Applicable Maturity Date;
- b) the last day of each Financial Half Year occurring until the Applicable Maturity Date;
- c) each date on which a Borrowing Limit Adjustment Notice is delivered by a Third Party Creditor in the manner contemplated in clause 2.1(c),

by reference to (i) in respect of the Gross Market Value, the most recent Valuation Report delivered pursuant to clause 2.1(a) or clause 2.1(b) or clause 2.1(c), as applicable, and (ii) in respect of all other information required for determining the Asset Cover Ratio, the most recent financial statements or management accounts of the Issuer and Valuation Report, delivered by the Issuer to the Representative prior to the applicable Calculation Date and the Compliance Certificate delivered pursuant to clause 2.2.

### 4. Events of Default:

#### 4.1 Asset Cover Ratio

It shall be an Event of Default if the Asset Cover Ratio falls below 2.75 (two point seven five) times and the Guarantor fails to remedy such Event of Default by restoring the Asset Cover Ratio to a level which is equal to or above 2.75 (two point seven five) times within 5 (five) Business Days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer), in terms of paragraph 7(c)(A) of the Applicable Pricing Supplement.

#### 4.2 Borrowing Limit

- a) Subject to clause 4.2(b), it shall be an Event of Default if a Borrowing Limit Event of Default occurs and the Guarantor incurs additional Financial Indebtedness which ranks *pari passu* with or senior to the Guarantee without the Representative's written consent, and such event is not remedied within 5 (five)

Business Days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer) in terms of paragraph 7(d)(A) of the Applicable Pricing Supplement.

- b) A Borrowing Limit Event of Default that occurs on a Borrowing Limit Adjustment Date shall not be an Event of Default if, immediately prior to such Borrowing Limit Adjustment Date, no Potential Event of Default or Event of Default existed and the Borrowing Limit Event of Default occurred only as a result of the recalculation of the Borrowing Limit on such Borrowing Limit Adjustment Date.

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## SCHEDULE 1A: CALCULATION METHODOLOGY - ASSET COVER RATIO

## GUARANTOR COVENANT CALCULATION AT [30 JUNE 2014]

	KTH
<u>Assets</u>	
Equity Value of Investments	9,664
Cash	951
<b>Total Asset Value</b>	<b>10,615</b>
<u>Debt</u>	
Bond Program	850
DEG facility	25
KTH facility	105
Cardona facility	605
<b>Total debt</b>	<b>1,585</b>
NAV excl head office costs	9,030
Head office costs	Note 1 1,084
<b>NAV post head office costs</b>	<b>7,946</b>
Guarantor Asset Value	10,615
Guarantor Net Asset Value	9,030
For purposes of calculating Asset Cover Ratio	<b>6.70</b>

Notes

1 The deduction of R1,084m for "head office" costs is an overall discount that includes other subjective factors that have attracted a discount such as complexity of the Guarantor structure, inherent CGT etc.

**ANNEXURE "A" TO THE APPLICABLE PRICING SUPPLEMENT**

**DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS**

The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations in respect of the Tranche of Notes described in the Applicable Pricing Supplement (the "**relevant Tranche**") is set out in this Annexure "A" (except where such information is disclosed in the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B")):

**1. Paragraph 3(5)(a)**

The Issuer of the relevant Tranche is Kagiso Sizanani Capital Limited (RF). The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) is Kagiso Tiso Holdings Proprietary Limited (RF).

**2. Paragraph 3(5)(b)**

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments, thereby reflecting the adequacy of the liquidity and solvency of the Issuer.

**3. Paragraph 3(5)(c)**

The auditors of the Issuer as at the Issue Date are PricewaterhouseCoopers Incorporated. PricewaterhouseCoopers Incorporated has acted as the auditors of the Issuer's latest audited annual financial statements.

**4. Paragraph 3(5)(d)**

- a) The Issuer has, prior to the Issue Date, issued ZAR850 000 000 of "*commercial paper*" (as defined in the Commercial Paper Regulations); and
- b) As at Issue Date, to the best of the Issuer's knowledge and belief, the Issuer estimates that it will not issue any further "*commercial paper*" (as defined in the Commercial Paper Regulations) during the Issuer's current financial year (1 July 2015 to 30 June 2016) (excluding the relevant Tranche).

**5. Paragraph 3(5)(e)**

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the relevant Tranche is contained in the Current Programme Memorandum and the Applicable Pricing Supplement (as read with Annexure "B").

**6. Paragraph 3(5)(f)**

Save as disclosed in the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B"), there has been no material adverse change in the Issuer's financial position since the date of its last audited annual financial statements.

**7. Paragraph 3(5)(g)**

The relevant Tranche will be listed on the Interest Rate Market of the JSE.

**8. Paragraph 3(5)(h)**

The net proceeds from the issue of this Tranche of Notes will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.

**9. Paragraph 3(5)(i)**

The obligations of the Issuer in respect of the relevant Tranche are unsecured.

**10. Paragraph 3(5)(j)**

PricewaterhouseCoopers Incorporated have confirmed that nothing has come to their attention that causes them to believe that the issue of the relevant Tranche under the Programme, pursuant to the Current Programme Memorandum (as read with the Applicable Pricing Supplement and Annexure "B") does not comply in all material respects with the provisions of the Commercial Paper Regulations.

**11. Audited financial statements**

Where, in relation to the issue of the relevant Tranche, the Current Programme Memorandum and/or the Applicable

Pricing Supplement (as read with Annexure "B") is distributed and/or made available for inspection in South Africa, a copy of the Issuer's latest audited annual financial statements will at all times separately accompany (either by electronic delivery or by physical delivery) the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B"), as required by the Commercial Paper Regulations.

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## **ANNEXURE "B" TO THE APPLICABLE PRICING SUPPLEMENT**

### **SUPPLEMENTARY AND LEGISLATIVE UPDATES**

Any capitalised terms not defined in this Annexure "B" shall have the meanings ascribed to them in the Applicable Pricing Supplement.

This Annexure "B" must be read in conjunction with the Current Programme Memorandum and the Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the provisions of this Annexure "B" and the Current Programme Memorandum, the provisions of this Annexure "B" shall prevail.

### **DOCUMENTS INCORPORATED BY REFERENCE AND ISSUER DISCLOSURE SUPPLEMENT**

Without limiting the documents and agreements which are incorporated by reference into the Current Programme Memorandum in terms of the section of the Current Programme Memorandum headed "*Documents Incorporated by Reference*", the following documents are incorporated by reference into, and form part of, this Annexure "B":

- a) the audited annual financial statements of the Issuer for the financial year ended 30 June 2014 which include the independent auditor's reports in respect of such financial statements;
- b) the audited annual financial statements of the Issuer for the financial year ended 30 June 2015 which will include the independent auditor's reports in respect of such financial statements;
- c) the unaudited interim consolidated summary financial statements of the Guarantor for the half-year ended 31 December 2014;
- d) the annual report of the Guarantor for the financial year ended 30 June 2014, which includes the audited consolidated annual financial statements of the Guarantor for the financial year ended 30 June 2014 and the independent auditor's reports in respect of such financial statements;
- e) the annual report of the Guarantor for the financial year ended 30 June 2015, which will include the audited consolidated annual financial statements of the Guarantor for the financial year ended 30 June 2015 and the independent auditor's reports in respect of such financial statements.

Any statement contained in the Current Programme Memorandum (in particular, but without limitation, Annexure "D" to the Current Programme Memorandum headed "*Issuer Disclosure Supplement*") or in any document which is incorporated by reference into the Current Programme Memorandum shall be deemed to be modified or superseded, for the purpose of this Annexure "B", to the extent that a statement contained in any audited annual financial statements referred to in paragraphs (a) and (b) above and/or unaudited interim consolidated summary financial statements referred to in paragraph (c) above and/or annual reports referred to in paragraphs (d) and (e) above modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The audited annual financial statements of the Issuer for the financial year ended 30 June 2014 is available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual financial statements are available on the following website: <http://www.kth.co.za>.

The (i) audited annual financial statements of the Issuer for the financial year ended 30 June 2015 and (ii) the respective audited annual financial statements of the Issuer for all financial years of the Issuer after the Issue Date will (as and when such annual financial statements are approved and become available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer. In addition, these annual financial statements will (as and when such annual financial statements are approved and become available) be available on the following website: <http://www.kth.co.za>.

The unaudited interim consolidated summary financial statements of the Guarantor for the half year ended 31 December 2014 and the annual report of the Guarantor for the financial year ended 30 June 2014 are available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

The annual report of the Guarantor for the financial year ended 30 June 2015 will (as and when such annual report is approved and becomes available) be available for inspection, upon request, during normal office hours, at the Specified Office of the Issuer.

## SOUTH AFRICAN TAXATION

*The summary in this section headed "South African Taxation" below is intended to deal with the more important fiscal provisions that could be relevant on the treatment of the Notes from a fiscal perspective as at the Issue Date. The contents of this section headed "South African Taxation" are not intended to and do not constitute tax advice and do not purport to describe all of the considerations that may be relevant to a prospective subscriber for or holder of or purchaser of Notes. Prospective Noteholders of Notes should consult their professional advisers in this regard.*

### **Income tax - treatment of premium and/or discount as well as interest on the Notes**

The taxation of "interest" is regulated by section 24J of the Income Tax Act, 1962 ("**Income Tax Act**") on the basis that interest must be accounted for in the hands of a Noteholder on a yield-to-maturity basis. For tax purposes "interest" as defined in section 24J of the Income Tax Act ("**Interest**") has a wide meaning and includes, among other things, not just interest and related finance charges, but also any discount or premium payable or receivable in terms of or in respect of a financial arrangement. However, to the extent that a Noteholder is a "covered person" as defined in section 24JB of the Income Tax Act, the Noteholder should apply the provisions of section 24JB of the Income Tax Act instead.

A different treatment applies in the hands of the Issuer as the Issuer must account for financial instruments on a mark-to-market basis consistent with accounting principles as set out in section 24JB of the Income Tax Act.

### **Original issue discount or premium**

Any discount that arises pursuant to the original issue of the Notes will be treated as Interest for tax purposes, and the amount of the discount will be deemed to accrue to the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until the Maturity Date.

Any original issue premium over the Principal Amount of the Notes will also be treated as Interest for tax purposes and will be taken into account in calculating the return to the Noteholder on a yield to maturity basis as if such Noteholder were to hold the Notes until the Maturity Date.

### **Interest on the Notes**

A "resident" (as defined in section 1 of the Income Tax Act) ("**Resident**") will, subject to any available exemptions, be taxed on its worldwide income. Accordingly, a Resident Noteholder will be liable for income tax, subject to available exemptions, on any income received or accrued in respect of the Notes held by that Resident Noteholder in the relevant year of assessment of that Resident Noteholder.

A person who or which is not a Resident ("**Non-Resident**") is currently taxed in South Africa under the Income Tax Act only on income from a source within or deemed to be sourced within South Africa, subject to any relief available in any applicable convention concluded between the Government of the Republic of South Africa and the relevant other contracting state for the avoidance of double taxation ("**DTA**").

Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received by or accrued to that Non-Resident Noteholder in respect of Notes which are held by that Non-Resident Noteholder may be regarded as being from a South African source.

However, interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect of Notes which are held by that Non-Resident Noteholder should be exempt from income tax under section 10(1)(h) of the Income Tax Act (see, however the Withholding Tax on interest paid to a Non-Resident under "**Withholding tax**" below).

The section 10(1)(h) exemption will not apply to a Non-Resident Noteholder if:

- a) that Non-Resident Noteholder is a natural person who was physically present in South Africa for a period exceeding 183 calendar days in aggregate during the relevant year of assessment; or
- b) the debt from which the Interest arises is effectively connected to a permanent establishment of that Non-Resident Noteholder in South Africa.

If a Non-Resident Noteholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, (a) that Non-Resident Noteholder should be exempt from the Withholding Tax on Interest paid to Non-Residents (see "**Withholding tax**" below), (b) an exemption from or reduction of tax liability under the Income Tax Act may be available under an applicable DTA and (c) certain entities may be exempt from income tax.

Prospective Non-Resident Noteholders must consult their own professional advisers as to whether the interest income

earned on the Notes to be held by them will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable DTA.

As regards liability for the withholding tax on Interest paid to Non-resident Noteholders, see "*Withholding tax on Interest paid to Non-Residents*" below.

#### ***Withholding tax on Interest paid to Non-Residents***

In terms of Part IVB of the amended Income Tax Act, a withholding tax on Interest paid to Non-Residents (at a rate of 15% of the amount of the Interest) ("**Withholding Tax**") came into effect on 1 March 2015.

#### ***Withholding Tax – the Notes***

Interest which, during the relevant year of assessment of a Non-Resident Noteholder, is received or accrued in respect of Notes which are held by that Non-Resident Noteholder may be regarded as being from a South African source.

Subject to any Withholding Tax relief provided for in the Income Tax Act (see the paragraph below) or an applicable DTA, the Withholding Tax will be imposed in respect of all payments of Interest from a South African source to Non-Residents (other than payments of Interest to a Non-Resident who is not entitled to the section 10(1)(h) exemption referred to under "*Income tax - treatment of premium and/or discount as well as interest on the Notes*" above and which Non-Resident is therefore liable for the payment of income tax on such Interest).

However, payments of Interest under Notes held by Non-Resident Noteholders will be exempt from Withholding Tax if (among other exemptions) such Notes are listed on a "*recognised exchange*". The JSE is a "*recognised exchange*".

Accordingly, where Notes are listed on the Interest Rate Market of the JSE and such Notes are held by Non-Resident Noteholders, payments of Interest under such Notes will be exempt from Withholding Tax.

#### ***Withholding Tax – the Guarantee***

In terms of the Guarantee, following an Event of Default and the Enforcement of the Guarantee in respect of a Tranche of Notes, the Guarantor has irrevocably and unconditionally agreed to pay the Guarantee Amount to the relevant Noteholders, on the Guarantee Payment Date, in accordance with the Guarantee, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement

Any payments made by the Guarantor to Non-Resident Noteholders under the Note Guarantee (even where such payments follow a failure to pay Interest under the relevant Notes) should not be subject to Withholding Tax.

#### ***Dividends***

Generally dividends are exempt from income tax in terms of section 10(1)(k) of the Income Tax Act. However, the exemption from income tax on dividends is subject to a number of exclusions and shareholders must carefully consider whether or not the exemption if section 10(1)(k) of the Income Tax Act applies.

In addition, dividends received by or accrued to persons in respect of "*hybrid-equity instruments*" and/or "*third-party backed shares*" may be deemed to be income in terms of section 8E and section 8EA of the Income Tax Act, respectively, and no longer be exempt from income tax in terms of section 10(1)(k) of the Income Tax Act. The provisions of section 8E and 8EA of the Income Tax Act will apply to dividends received by or accrued to a person during any year of assessment if the Redeemable Preference Shares constitute "*hybrid-equity instruments*" or "*third-party backed shares*" at any time during the relevant year of assessment.

Whether or not the Redeemable Preference Shares will constitute "*hybrid-equity instruments*" and/or "*third-party backed shares*" will depend on the applicable Terms and Conditions. Existing as well as prospective subscribers for or purchasers of any Redeemable Preference Shares must consult their professional advisers in this regard.

In terms of the Put Option Agreement, the Guarantor has irrevocably and unconditionally granted to the Redeemable Preference Share Holders, following an Event of Default, an irrevocable put option to sell the relevant Tranche of Redeemable Preference Shares to the Guarantor, for a consideration equal to the Put Option Amount, in accordance with the Put Option Agreement, the Terms and Conditions and the Representative Agreement. Following the Enforcement of the Put Option, the Guarantor shall pay the Put Option Amount to the relevant Redeemable Preference Share Holders on the Put Option Implementation Date, in accordance with the Put Option Agreement, the Terms and Conditions, the Representative Agreement and the Paying Agency Agreement.

The Redeemable Preference Shares may well constitute "*third-party backed shares*". Careful consideration therefore needs to be given as to whether any of the exclusions in section 8EA(3) of the Income Tax Act are applicable.



### **Withholding tax on dividends**

Part VIII of Chapter II imposes a withholding tax on dividends declared by (i) a company which is a resident, and (ii) a company which is not a Resident if the share in respect of which that dividend is paid is listed on the JSE.

Dividends paid to a Resident and Non-Resident holders of Redeemable Preference Shares will normally be subject to the dividend withholding tax at a rate of 15%. However, section 64F of the Income Tax Act exempts various different types of entities from the withholding tax on dividends. Amongst others, Resident companies and pension funds are exempt from the dividends tax. Non-Residents are, however, subject to the dividends tax although it is possible that in specific instances a non-Resident could obtain limited relief from the dividends tax in terms of the DTA.

The dividends tax must ordinarily be deducted by the company declaring the dividend. However, if the instrument in respect of which the dividend is declared is listed on, among others, the JSE then (i) the company in question will pay the dividends, without deducting withholding tax, to the participant (being a "regulated intermediary") and (ii) the participant will deduct the withholding tax prior to making payment of the applicable dividends to the holders of beneficial interests in the relevant shares.

Accordingly, a CSD Participant is obliged to deduct the dividends tax from any dividends which it pays over to a holder of Redeemable Preference Shares, unless the CSD Participant receives (i) confirmation that the beneficial owner of the dividend is exempt from dividends tax in terms of section 64F of the Income Tax Act, or is subject to a reduced dividend rate in terms of the applicable DTA and ii), a written undertaking to inform the CSD Participant should the beneficial owner no longer qualify for the exemption listed in section 64F of the Income Tax Act or cease to be the beneficial owner. The applicable declarations and/or undertakings in line with section 64F of the Income Tax Act can be obtained from the CSD Participant, the broker or the South African Revenue Service website.

Any redemption amounts, which constitute contributed tax capital ("CTC"), will not constitute a dividend and will not accordingly attract dividend withholding tax. Only the redemption amounts that do not constitute CTC may be subject to the dividend withholding tax and dividend exemption in section 10(1)(k) of the Income Tax Act.

### **Redemption and/or sale of the Redeemable Preference Shares**

The capital gains tax consequences of the redemption of preference shares is typically that (i) a distribution which a company makes is not a dividend if the amount thereof is debited to the company's CTC (and such a distribution is, instead and for tax purposes, a return of capital), and (ii) the company typically debits rolled up dividends on redemption to its retained earnings and an amount equal to the original subscription price of the preference shares to its CTC, and (iii) the proceeds which the shareholder receives as a result of the disposal of its preference share, is equal to the subscription price paid for that preference share, and (iv) if the shareholder was the original subscriber for the preference share, the proceeds of the disposal of its share will be equal to its base cost and the shareholder will not realise a capital gain.

If any holder of a Redeemable Preference Share sells that Redeemable Preference Share, such holder will (i) realise a capital gain if the proceeds obtained by it on disposal exceed the base cost of the Redeemable Preference Share, or (ii) incur a capital loss if the base cost of the Redeemable Preference Share exceeds its proceeds. Resident holders of Redeemable Preference Shares will be subject to capital gains tax on their capital gains, but non-Resident holders of Redeemable Preference Shares will be subject to capital gains tax only if the applicable Redeemable Preference Share is attributable to a permanent establishment of that non-Resident in South Africa.

### **Disposal of the Notes**

If a Noteholder sells or otherwise disposes of a Note, Taxes (whether income tax or capital gains tax) may be levied on such sale or disposal.

Taxes (whether income tax or capital gains tax) may be levied on the disposal or deemed disposal of any Notes held by a Resident Noteholder. Generally, income tax will be leviable to the extent that a Resident Noteholder is a trader or has acquired the Notes for speculative purposes. Capital gains tax will be leviable to the extent that the Notes have been acquired by a Resident Noteholder for investment purposes and the disposal is not regarded as part of a profit-making transaction even though the South African Revenue Service has generally taken the view that these type of transactions would generally be on revenue account.

Any discount or premium on acquisition which has already been treated as Interest for income tax purposes under section 24J of the Income Tax Act (see "Original issue discount or premium" above) will not again be taken into account when determining any capital gain or loss.

Taxes (whether income tax or capital gains tax) will not be levied on the disposal or deemed disposal of Notes by a Non-Resident Noteholder unless the profits made on the disposal or deemed disposal of such Notes are from a South African source or are attributable to a permanent establishment of that Non-Resident Noteholder in South Africa during the relevant year of assessment of that Non-Resident Noteholder. An applicable DTA may provide such Non-Resident Noteholder with relief from such Taxes.

#### **Indirect taxes**

##### *Value-added tax*

In terms of the Value-Added Tax Act, 1991 ("**VAT Act**"), no value-added tax ("**VAT**") is payable on the issue or transfer of the Instruments. The issue, allotment or transfer of ownership of the Instruments will constitute a "*financial service*", the supply of which is exempt from VAT in terms of section 12(a) of the VAT Act. However, commissions or other charges that are payable on the facilitation of this "*financial service*" are, in principle, subject to VAT at the standard current rate of 14%), depending on the circumstances and the identity of the service provider.

##### *Securities Transfer Tax*

The issue, transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 ("**Securities Transfer Tax Act**"). Any future transfer duties and/or taxes that may be introduced in respect of (or be applicable to) the transfer and/or redemption of Notes will be for the account of the Noteholders.

The Securities Transfer Tax Act imposes securities transfer tax on the transfer and on the redemption of the Redeemable Preference Shares at a rate equal to 0.25% of the higher of the Issue Price of the Redeemable Preference Shares and their market value. Such securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the transfer of the Redeemable Preference Shares (prior to the Enforcement of the Put Option) will be for the account of the Redeemable Preference Share Holders. Such securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the redemption of the Redeemable Preference Shares (prior to the Enforcement of the Put Option) will be for the account of the Issuer. Following the Enforcement of the Put Option, the Guarantor shall pay the securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the transfer of the relevant Redeemable Preference Shares.

Save as set out above, no indirect taxes on the issue, transfer or redemption of the Instruments are payable in respect of the Instruments as at 5 August 2015.



APPLICABLE PRICING SUPPLEMENT (KSB009)



Sizanani Capital

**KAGISO SIZANANI CAPITAL LIMITED (RF)**  
*(Incorporated with limited liability under Registration Number 2003/028948/07  
in the Republic of South Africa)*

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ZAR2 000 000 000

Domestic Note and Redeemable Preference Share Programme

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Unconditionally and irrevocably guaranteed or in respect of which  
a put option has been conferred by



**KAGISO TISO HOLDINGS PROPRIETARY LIMITED**  
*(Incorporated with limited liability under Registration Number 2011/000848/07 in the Republic of South Africa)*

Issue of ZAR800 000 000 Senior Floating Rate Notes due 5 August 2020

#### General

This document headed "Applicable Pricing Supplement" as read with Schedule 1 hereto headed "Asset Cover Ratio and Borrowing Limit" and Schedule 1A hereto headed "Calculation methodology - Asset Cover Ratio" ("**Applicable Pricing Supplement**") constitutes the Applicable Pricing Supplement relating to the Tranche of Notes described herein ("**Notes**", "**this Tranche**" and "**this Tranche of Notes**").

This Applicable Pricing Supplement (including Annexures "A" and "B") must be read in conjunction with the amended and updated Programme Memorandum dated 17 August 2012 (as further amended and/or supplemented from time to time) ("**Programme Memorandum**") prepared by Kagiso Sizanani Capital Limited (RF) ("**Issuer**") in connection with the Kagiso Sizanani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme ("**Programme**").

Notes issued under the Programme are not "inwardly listed" securities, as contemplated in Exchange Control Directive H entitled "Inward Listings by Foreign Entities on South African Exchanges" (31/2011) issued by the Financial Surveillance Department of the South African Reserve Bank in terms of the Exchange Control Regulations, 1961.

The amended and updated Programme Memorandum, dated 17 August 2012, was approved by the JSE on 14 August 2012.

To the extent that there is any conflict or inconsistency between the provisions of this Applicable Pricing Supplement (as read with Annexure "B") and the Programme Memorandum, the provisions of this Applicable Pricing Supplement (as read with Annexure "B") shall prevail.

Any capitalised terms not defined in in this Applicable Pricing Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed "Terms and Conditions of the Instruments" ("**Terms and Conditions**"). References to any Condition in this Applicable Pricing Supplement are to that Condition of the Terms and Conditions.

This Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions set out in this Applicable Pricing Supplement ("**Applicable Terms and**

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Conditions").

References to the "JSE Debt Listings Requirements" in this Applicable Pricing Supplement are to the JSE Debt Listings Requirements published by the JSE and set out in Bulletin 1 of 2014 (13 January 2014), as amended by Board Notice 138 of 2014 published in *Government Gazette* No. 38224 of 21 November 2014, and as further amended and/or supplemented from time to time. Board Notice 138 of 2014 came into effect on 22 December 2014.

#### Annexure "A"

The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations in respect of this Tranche is set out in Annexure "A" to this Applicable Pricing Supplement headed "*Disclosure Requirements in terms of paragraph 3(5) of the Commercial Paper Regulations*" ("Annexure "A").

#### Annexure "B"

Annexure "B" to this Applicable Pricing Supplement headed "*Supplementary and Legislative Updates*" ("Annexure "B") must be read in conjunction with the Programme Memorandum as at the Issue Date (see paragraph 1(f) below) ("*Current Programme Memorandum*") and this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the provisions of Annexure "B" and the Current Programme Memorandum, the provisions of Annexure "B" shall prevail.

### 1. GENERAL DESCRIPTION OF THE INSTRUMENTS

- |    |  |   |
|----|--|---|
| a) | Issuer                                     | Kagiso Sizanani Capital Limited (RF)  |
| b) | Guarantor                                  | Kagiso Tiso Holdings Proprietary Limited  |
|    | a. Tranche Number                          | 1   |
|    | b. Series Number                           | 9   |
| c) | Aggregate Principal Amount of this Tranche | ZAR800 000 000  |
| d) | Form of Notes                              | The Notes in this Tranche are issued in registered uncertificated form and will be held in the CSD. |
- Notwithstanding anything to the contrary contained in the Terms and Conditions:
1. While a Tranche of Notes is held in its entirety in the CSD, the CSD will be named in the Register as the sole Noteholder of the Notes in that Tranche.
  2. Only the CSD's Nominee (in the case of Notes held in the CSD) and Noteholders named in the Register at 17h00 (South African time) on the Last Day to Register (in the case of Notes represented by Individual Certificates) will be entitled to payments of interest and/or principal in respect of the Notes.
  3. Payments of all amounts due and payable in respect of Notes will be made, in accordance with Condition 13, to the CSD's Nominee (in the case of Notes held in the CSD) or to the person named as the registered Noteholder of Notes in the Register at 17h00 (South African time) on the Last Day to Register (in the case of Notes represented by Individual Certificates).

The following terms shall, notwithstanding the definitions thereof in Condition 1, bear the following meanings:

- a) "CSD" means Strate Proprietary Limited (incorporated with limited liability in South Africa under registration number 1998/022242/07), licensed as a central securities depository in terms of the Financial Markets Act or any additional or alternate depository approved by the Issuer; provided that all references to "CSD" shall, whenever the

context permits in accordance with the rules and operating procedures for the time being of the CSD and CSD Participants, be deemed to include the CSD's Nominee;

- b) **"CSD's Nominee"** means a wholly-owned subsidiary of the CSD approved by the Registrar of Securities Services in terms of the Securities Services Act (prior to 3 June 2014) or the Financial Markets Act (on and after 3 June 2014), as applicable, or such other entity, if any, as is named by the CSD and notified to the Issuer and/or CSD Participants in accordance with the rules and operating procedures for the time being of the CSD and CSD Participants, as the case may be, and any reference to "CSD's Nominee" shall, whenever the context permits, be deemed to include any successor nominee or other entity operating in terms of the Financial Markets Act;
- c) **"CSD Participant"** means a person accepted by the CSD as a participant in terms of the Securities Services Act (prior to 3 June 2014) or the Financial Markets Act (on and after 3 June 2014), as applicable;
- d) **"Financial Markets Act"** means the Financial Markets Act, 2012.
- e) Type of Instruments Notes
- f) Issue Date/First Settlement Date 5 August 2015
- g) Issue Price ZAR800 000 000
- h) Specified Denomination (Principal Amount per Note) ZAR1 000 000
- i) Specified Currency ZAR
- j) Business centre Johannesburg
- k) Additional business centre Not Applicable
- l) Business Day Convention applicable Yes
- m) If Business Day Convention applicable, specify Modified Following Business Day Convention  
**"Modified Following Business Day Convention"** means, in relation to this Tranche of Notes, if the due date for payment of any amount under the Applicable Terms and Conditions of this Tranche of Notes falls on a day that is not a Business Day, the due date for such payment shall be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.
- n) Calculation Agent Absa Corporate and Investment Bank, a division of Absa Bank Limited
- o) Specified Office of the Calculation Agent 15 Alice Lane, Sandton, 2196, Republic of South Africa
- p) Paying Agent The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
- q) Specified Office of the Paying Agent 25 Pixley Ka Isaka Seme Street, Johannesburg 2000, Republic of South Africa
- r) Transfer Secretary Computershare Investor Services Proprietary Limited
- s) Specified Office of the Transfer Secretary Ground Floor, 70 Marshall Street, Johannesburg, 2001, Republic of South Africa

- |    |  |   |
|----|--|---|
| t) | Representative                         | TMF Corporate Services (South Africa) Proprietary Limited (formerly GMG Trust Company (SA) Proprietary Limited) |
| u) | Specified Office of the Representative | 3rd Floor, 200 on Main, Cnr Main and Bowwood Roads, Claremont, 7708, Republic of South Africa                   |

## 2. DESCRIPTION OF THE NOTES

- |    |   |                              |
|----|---|------------------------------|
| a) | Status of Notes   | Senior Notes (Condition 5.1) |
| b) | Type of Notes/Interest basis  | Floating Rate Notes          |
| c) | Security  | Unsecured                    |
| d) | Automatic/optional conversion from one interest /payment basis to another | Not Applicable               |
| e) | Maturity Date   | 5 August 2020                |

## 3. FLOATING RATE NOTES

- |    |  |  |
|----|--|--|
| a) | Interest Rate  | The Notes in this Tranche will bear interest at the floating Interest Rate per annum (nominal annual compounded quarterly) equal to the sum of the Reference Rate (see paragraph 3(m) below) plus the Margin (see paragraph 3(k) below) (determined by the Calculation Agent in accordance with Condition 9.2.4) for the period from and including the Interest Commencement Date to but excluding the Applicable Maturity Date.   |
| b) | Interest Commencement Date   | 5 August 2015  |
| c) | Interest Payment Date(s)   | Quarterly in arrears on 5 November, 5 February, 5 May and 5 August of each year until the Applicable Maturity Date.  |
| d) | First Interest Payment Date  | 5 November 2015  |
| e) | Interest Period(s)   | The first Interest Period shall commence on (and include) the Interest Commencement Date (see paragraph 3(b) above) and end on (but exclude) the first Interest Payment Date. Thereafter, each successive Interest Period shall commence on (and include) the immediately preceding Interest Payment Date and end on (but exclude) the immediately following Interest Payment Date; provided that the final Interest Period shall end on (but exclude) the Applicable Maturity Date. |
| f) | Minimum Interest Rate  | Not Applicable   |
| g) | Maximum Interest Rate  | Not Applicable   |
| h) | Day Count Fraction   | Actual/365   |
| i) | Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest for Floating Rate Notes if different from that set out in the Terms and Conditions) | Not Applicable   |
| j) | Manner in which the Interest Rate is to be determined  | Screen Rate Determination (see paragraph 3(m) below)   |
| k) | Margin   | 3.85%  |
| l) | If ISDA Determination applicable:  | Not Applicable   |
| m) | If Screen Rate Determination applicable:   | Applicable   |

- a. Reference Rate ZAR-JIBAR-SAFEX Rate (being, subject to Condition 9.2.4), the average mid-market yield rate per annum for 3-month deposits in ZAR which appears on the Relevant Screen Page as the "SFX 3M YIELD" at or about the Relevant Time (see paragraph 3(m)(d) below) on the Interest Determination Date, determined by the Calculation Agent in accordance with Condition 9.2.4.
- b. Interest Determination Date(s) The first day of each Interest Period; provided that the first Interest Determination Date shall be Friday 31 July 2015.  
  
If any such date is not a Business Day, the Interest Determination Date will be first following day that is a Business Day, unless it would thereby fall into the next calendar month, in which event the Interest Determination Date will be brought forward to the first preceding Business Day.
- c. Relevant Screen Page Reuters Screen SAFEY page
- d. Relevant Time 11h00 (South African time)
- n) **If Other Determination applicable:** Not Applicable
- o) Determining Interest Rate/Margin/fall back provisions Not Applicable
- 4. PROVISIONS REGARDING REDEMPTION AT MATURITY**
- a) Final Redemption Amount payable on redemption at maturity pursuant to Condition 14.1:
- a. definition of Final Redemption Amount applicable Yes
- b. if definition of Final Redemption Amount not applicable, specify method of calculation of amount payable on redemption pursuant to Condition 14.1 Not Applicable
- 5. PROVISIONS REGARDING EARLY REDEMPTION AND LATE PAYMENT**
- a) Early Redemption Amount payable on early redemption pursuant to Condition 14.2:
- a. Definition of Early Redemption Amount applicable Yes
- b. If definition of Early Redemption not applicable, specify method of calculation of amount payable on early redemption pursuant to Condition 14.2 : Not Applicable
- b) Late Redemption Amount payable on late redemption pursuant to Condition 11:
- a. Definition of Late Redemption Amount applicable: Yes
- b. If definition of Late Redemption Amount not applicable, specify

method of calculation of  
amount payable on late  
redemption pursuant to  
Condition 11

#### 6. PROVISIONS REGARDING EVENT OF DEFAULT

- a) Following an Event of Default and the Enforcement of the Guarantee in respect of this Tranche:
- a. Calculation of Guarantee Amount in accordance with Condition 18.5.1 applicable Yes
- b. If calculation of Guarantee Amount in accordance with Condition 18.5.1 not applicable, specify method of calculation of Guarantee Amount Not Applicable

#### 7. ADDITIONAL EVENTS OF DEFAULT

- a) Condition 17.1
- In addition to the Events of Default described in Condition 17.1, an Event of Default shall also arise if any one or more of the following events or circumstances shall have occurred and be continuing:
- A. the Asset Cover Ratio falls below 2.75 (two point seven five) times and the Guarantor fails to remedy such Event of Default by restoring the Asset Cover Ratio to a level which is equal to or above 2.75 (two point seven five) within 5 (five) Business Days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer) in terms of paragraph 7(c)(A) below; and/or
- B. subject to the paragraph below, a Borrowing Limit Event of Default occurs and the Guarantor incurs additional Financial Indebtedness which ranks *pari passu* with or senior to the Guarantee without the Representative's written consent, and such event is not remedied within 5 (five) Business Days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer) in terms of paragraph 7(d)(A) below.
- A Borrowing Limit Event of Default that occurs on a Borrowing Limit Adjustment Date shall not be an Event of Default if, immediately prior to such Borrowing Limit Adjustment Date, no Potential Event of Default or Event of Default existed and the Borrowing Limit Event of Default occurred only as a result of the recalculation of the Borrowing Limit on such Borrowing Limit Adjustment Date.
- b) Notices
- Immediately upon becoming aware of a the Potential Event of Default described in paragraph 7(a)(A) above and/or the Potential Event of Default described in paragraph 7(a)(B) above), the Issuer shall notify the Representative thereof (and provide such details about such Potential Event of Default as the Representative may reasonably request).
- In addition, upon receipt by the Representative of notice from the Issuer of any Potential Event of Default (including any Potential Event of Default contemplated in paragraph 7(a)(A) above and/or any Potential Event of Default contemplated in paragraph 7(a)(B) above) or any Event of Default, as the case may be, or upon the Representative itself becoming aware that any such Potential Event of Default or any Event of Default,

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as the case may be, has occurred and is continuing, the Representative shall promptly (i) give notice of such Potential Event of Default or Event of Default, as the case may be, to the holders of this Tranche of Notes (the "relevant Group of Noteholders") in accordance with Condition 23.1 and (ii) take instructions from the relevant Group of Noteholders, by way of an Extraordinary Resolution (as defined in Condition 18.1.2), in respect of the matters contemplated in the second paragraph of Condition 18.3 (as read with paragraph 7(c) below or paragraph 7(d) below, as applicable).

- c) Asset Cover Ratio
- A. Upon the occurrence of a Potential Event of Default contemplated in paragraph 7(a)(A) above, the Representative shall send the written notice contemplated in paragraph 7(a)(A) above to the Guarantor (with a copy to the Issuer).
- B. If the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Noteholders, the Representative shall, following the occurrence of an Event of Default contemplated in paragraph 7(a)(A) above, send a written notice to the Issuer (with a copy to the Guarantor) which notice shall declare that this Tranche of Notes is immediately repayable on the Early Termination Date, whereupon this Tranche of Notes shall become immediately repayable on the Early Termination Date.
- d) Borrowing Limit
- A. Upon the occurrence of a Potential Event of Default contemplated in paragraph 7(a)(B) above, the Representative shall send the written notice contemplated in paragraph 7(a)(B) above to the Guarantor (with a copy to the Issuer).
- B. If the Representative is so instructed by an Extraordinary Resolution of the relevant Group of Noteholders, the Representative shall, following the occurrence of an Event of Default contemplated in paragraph 7(a)(B) above, send a written notice to the Issuer (with a copy to the Guarantor) which notice shall declare that this Tranche of Notes is immediately repayable on the Early Termination Date, whereupon this Tranche of Notes shall become immediately repayable on the Early Termination Date.
- e) Interpretation
- Subject as set out in paragraphs 7(a) to 7(d) inclusive above, all references to a Potential Event of Default and an Event of Default in the Terms and Conditions shall be construed to include the additional Potential Events of Default (and Events of Default) set out in paragraph 7(a) above.
- Capitalized terms not defined in this paragraph 7 shall have the meanings ascribed to those terms in Schedule 1 hereto headed "Asset Cover Ratio and Borrowing Limit" ("Schedule 1") or in the Terms and Conditions.
- For the avoidance of doubt, it is recorded that "Early Termination Date" shall have the meaning ascribed to it in Condition 18.1.3.
- f) Asset Cover Ratio and Borrowing Limit
- The provisions of Schedule 1 and Schedule 1A hereto headed "Calculation methodology - Asset Cover Ratio" ("Schedule 1A") shall apply to (and be incorporated by reference into) this paragraph 7.

## 8. ADDITIONAL PROVISIONS

- a) Amendments to the Terms and
- In terms of the JSE Debt Listings Requirements, among other things, those provisions of the Terms and Conditions which provide for

## Conditions

amendments to the Terms and Conditions must comply with the prescribed provisions of Rule 7.12 of the JSE Debt Listings Requirements.

This paragraph 8(a) below shall, to the extent set out below, amend Condition 25:

## Amendments

1. The Issuer may effect, without the consent of any Noteholder and/or the JSE, any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa (including, without limitation, all Applicable Laws and the Applicable Procedures).
2. Save as is provided in sub-paragraph 1 above, no amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) may be effected unless (i) the proposed amendment is first approved by the JSE and, after having obtained the approval of the JSE to the proposed amendment, (ii) the proposed amendment is in writing and signed by or on behalf of the Issuer and (iii):
  - a) if the proposed amendment is an amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) which are applicable to all of the Notes, (i) the proposed amendment is approved by an Extraordinary Resolution of all of the Noteholders (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of sub-paragraph 3 below) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Noteholders holding not less than 75% of the aggregate Outstanding Principal Amount of all of the Notes (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the Noteholders in terms of sub-paragraph 3 below), as the case may be;
  - b) if the proposed amendment is an amendment to any of the Applicable Terms and Conditions (including any of the Terms and Conditions) which are applicable only to this Tranche of Notes, (i) the proposed amendment is approved by an Extraordinary Resolution of the relevant Group of Noteholders (provided that the relevant Extraordinary Resolution shall be passed within 15 (fifteen) Business Days after the proposed amendment is submitted to the relevant Group of Noteholders in terms of sub-paragraph 3 below) or (ii) the written resolution containing the proposed amendment is signed by or on behalf of Noteholders in the relevant Group of Noteholders holding not less than 75% of the aggregate Outstanding Principal Amount of all of the Notes in this Tranche (provided that the relevant written resolution shall be signed within 15 (fifteen) Business Days after the proposed amendment is submitted to the relevant Group of Noteholders in terms of sub-paragraph 3 below), as the case may be.
3. After having obtained the approval of the JSE to a proposed



amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) to be effected in terms of subparagraph 2 above, the Issuer shall (in the manner set out in Condition 23) notify all of the Noteholders or the relevant Group of Noteholders (as applicable) of such proposed amendment. Such notice shall (i) include the written resolution setting out such proposed amendment, (ii) the restrictions on voting under the Terms and Conditions, (iii) the last date on which all of the Noteholders or the relevant Group of Noteholders (as applicable) should return the signed written resolution, and the address to which the signed written resolution should be sent.

4. Any amendment to the Applicable Terms and Conditions (including any of the Terms and Conditions) effected in terms of this paragraph 8(a) above will be binding on (as applicable) all of the Noteholders or the relevant Group of Noteholders, and such amendment will be notified to such Noteholders (in the manner set out in Condition 23) as soon as practicable thereafter.

- b) Conflict To the extent that there is any conflict or inconsistency between the provisions of the Terms and Conditions and the provisions of this Applicable Pricing Supplement, the provisions of this Applicable Pricing Supplement shall prevail.

#### 9. REGISTER CLOSED

- a) Last Day to Register Up until 17h00 (South African time) on 30 October, 30 January, 29 April and 30 July of each year until the Applicable Maturity Date, being, in each instance, the last date on which the Transfer Secretary will accept Transfer Forms and record in the Register the transfer of Notes represented by Individual Certificates.

- b) Register Closed Period The Register will be closed during the five days preceding each Interest Payment Date and the Applicable Maturity Date from 17h00 (South African time) on the Last Day to Register until 17h00 (South African time) on the day preceding the Interest Payment Date and the Applicable Maturity Date, being the period during which the Register is closed for purposes of giving effect to transfers, redemptions or payments in respect of Notes in this Tranche.

- c) Register Closed Dates 31 October, 31 January, 30 April and 31 July of each year until the Applicable Maturity Date.

#### 10. GENERAL

- |  |  |
|--|--|
| a) Additional selling restrictions           | Not Applicable                                   |
| b) Exchange Control Approval (if any)        | Not Applicable                                   |
| c) International Securities Numbering (ISIN) | ZAG000128281                                     |
| d) Stock Code Number                         | KSB009   |
| e) Financial exchange                        | JSE Limited (Interest Rate Market of the JSE)    |
| f) Debt Sponsor                              | One Capital Sponsor Services Proprietary Limited |
| g) Name of Dealer                            | One Capital Advisory Proprietary Limited         |
| h) Stabilisation Manager (if applicable)     | Not Applicable                                   |
| i) Method of distribution                    | Bookbuild  |
| j) Pricing Methodology                       | Not Applicable                                   |

k)	Rating (if any) assigned to this Tranche of Notes as at the Issue Date, Rating Agency and date on which such Rating (if any) is expected to be reviewed	Not Applicable
l)	Rating (if any) assigned to the Issuer as at the Issue Date, Rating Agency and date on which such Rating (if any) is expected to be reviewed	Not Applicable
m)	Rating (if any) assigned to the Guarantor as at the Issue Date, Rating Agency and date on which such Rating (if any) is expected to be reviewed	As at the Issue Date, the Guarantor has a domestic long term credit rating of Baa2.za and a domestic short term credit rating of P-2.za with a stable outlook from Moody's Investors Service South Africa Proprietary Limited, which was assigned on 19 March 2015 as stated in the credit opinion dated 19 March 2015. These ratings are expected to be reviewed on 19 March 2016.
n)	Governing law (if the laws of South Africa are not applicable)	Not Applicable
o)	Programme Amount as at the Issue Date	ZAR2 000 000 000
p)	Aggregate Outstanding Principal Amount of all of the Instruments issued under the Programme as at the Issue Date	ZAR850 000 000, excluding the aggregate Principal Amount of this Tranche and any other Tranche(s) of Instruments issued on the Issue Date specified in paragraph 1(f) above.
q)	Issuer confirmation as to Programme Amount	The issuer confirms that the issue of this Tranche will not cause the Issuer to exceed the Programme Amount.
r)	Use of proceeds	The net proceeds from the issue of this Tranche of Notes will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.
s)	Commercial Paper Regulations	See Annexure "A" to this Applicable Pricing Supplement

#### Responsibility:

The Issuer accepts full responsibility for the information contained in the Current Programme Memorandum (as read with Annexure "B"), this Applicable Pricing Supplement, the annual financial statements of the Issuer and any amendments to such annual financial statements and each supplement to the Current Programme Memorandum published by the Issuer from time to time (except as otherwise stated therein).

The Issuer certifies that, to the best of its knowledge and belief, there are no facts the omission of which would make any statement contained in the Current Programme Memorandum (as read with this Applicable Pricing Supplement and Annexure "B") false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that the Current Programme Memorandum (as read with this Applicable Pricing Supplement and Annexure "B") contains or incorporates by reference (see the section of the Current Programme Memorandum headed "*Documents Incorporated by Reference*" as read with the section of Annexure "B" headed "*Documents Incorporated by Reference and Issuer Disclosure Supplement*") all information required by the JSE Debt Listings Requirements and all other Applicable Laws.

Application is hereby made to list Tranche 1 of Series 9 of the Notes on the Interest Rate Market of the JSE, as from 5 August 2015, pursuant to the Kagiso Sizanani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme.

For: KAGISO SIZANANI CAPITAL LIMITED (RF) (as Issuer)

By: \_\_\_\_\_  
*duly authorised*

By: \_\_\_\_\_  
*duly authorised*

Date: \_\_\_\_\_ August 2015

Date: \_\_\_\_\_ August 2015

For: KAGISO TISO HOLDINGS PROPRIETARY LIMITED (as Guarantor)

By: \_\_\_\_\_  
*duly authorised*

By: \_\_\_\_\_  
*duly authorised*

Date: \_\_\_\_\_ August 2015

Date: \_\_\_\_\_ August 2015

For: TMF CORPORATE SERVICES (SOUTH AFRICA) PROPRIETARY LIMITED (formerly GMG TRUST COMPANY (SA) PROPRIETARY LIMITED) (as Representative)

By: *A. Collis*  
*duly authorised* A. Collis

By: \_\_\_\_\_  
*duly authorised*

Date: 3 August 2015

~~Date: \_\_\_\_\_ August 2015~~

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## SCHEDULE 1: ASSET COVER RATIO AND BORROWING LIMIT

1. The provisions of this Schedule 1 headed "*Asset Cover Ratio and Borrowing Limit*" ("**Schedule 1**") shall apply to (and be incorporated by reference into) paragraph 7 of the Applicable Pricing Supplement.

### 2. Definitions

In this Schedule 1, the following terms shall bear the following meanings:

"**Acceptable Bank**" means -

- a) a bank or financial institution which has a rating for its long-term unsecured and non-credit enhanced debt obligations of AA or higher by Standard & Poor's Rating Services ("**S&P**") or Fitch Ratings Limited ("**Fitch**") or A1 or higher by Moody's Investor Services Limited ("**Moody's**") or a comparable rating from an internationally recognised credit rating agency;
- b) any of Absa Bank Limited, Investec Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited or FirstRand Bank Limited; or
- c) any other bank or financial institution approved by the Representative;

"**Accounting Principles**" means generally accepted accounting principles in South Africa, including IFRS;

"**Asset Cover Ratio**" means, on any day, the ratio that -

- a) the aggregate Net Market Value of all the Guarantor Investments (excluding any Investment Entities (i) in respect of which an Insolvency Event has occurred and (ii) which has Financial Indebtedness that has not been guaranteed by the Guarantor, and including Investment Entities that (i) have a Net Market Value less than zero or in respect of which an Insolvency Event has occurred and (ii) which has Financial Indebtedness that has been guaranteed by the Guarantor) plus Cash and Cash Equivalent Investments plus Financial Indebtedness incurred by an Investment Entity to the extent that (i) the Net Market Value of that Investment Entity is less than zero and (ii) the Financial Indebtedness has been guaranteed by the Guarantor, on such day,

bears to:

- b) the Guarantor Indebtedness on such day plus Financial Indebtedness of Cardona on such day plus Financial Indebtedness incurred by an Investment Entity to the extent that (i) the Net Market Value of that Investment Entity is less than zero and (ii) the Financial Indebtedness has been guaranteed by the Guarantor (such amount, calculated in accordance with this paragraph (b), being the "**Indebtedness**");

"**Board**" means the board of directors of the Guarantor;

"**Borrowing Limit**" means, in relation to the Guarantor, in respect of the period commencing on the Issue Date and ending on the Applicable Maturity Date, the amount of the Indebtedness, as increased or decreased (as applicable) with effect from each applicable Borrowing Limit Adjustment Date, in order to maintain, as at each such Borrowing Limit Adjustment Date, an Asset Cover Ratio of not less than 4.1 (four point one) times;

"**Borrowing Limit Adjustment Date**" means -

- a) the last day of each Financial Year occurring until the Applicable Maturity Date; and
- b) any day on which a Third Party Creditor delivers written notice to the Guarantor and/or any affiliate of the Guarantor requiring a review of the Borrowing Limit;

"**Borrowing Limit Adjustment Notice**" means the written notice contemplated in paragraph (b) of the definition of "Borrowing Limit Adjustment Date" above;

"**Borrowing Limit Event of Default**" means, on any day (subject to clause 4(B)(c) below), the Asset Cover Ratio falls below 4.1 (four point one) times;

"**Calculation Date**" means each day as at which the Asset Cover Ratio is required to be determined, being the last day of each Financial Year occurring until the Applicable Maturity Date, the last day of each Financial Half Year occurring until the Applicable Maturity Date and each date on which a Borrowing Limit Adjustment Notice is delivered by a Third Party Creditor in the manner contemplated in clause 2.1(c) below;

"**Cardona**" means Cardona Investments 428 Proprietary Limited (RF) (incorporated with limited liability under

registration number 2011/009733/07 in South Africa);

**"Cardona Facility Agreement"** means the written facility agreement entered into between Cardona (as borrower) and certain lenders on or about 24 May 2014;

**"Cardona Facility Outstandings"** means, at any time, the aggregate of all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable by Cardona (as borrower) in terms of the Cardona Facility Agreement, as reflected in the audited annual financial statements of the Guarantor for the financial year ended 30 June 2014 and the unaudited interim consolidated summary financial statements of the Guarantor for the half-year ended 31 December 2014;

**"Cash"** means, at any time, cash denominated in Rand in hand or at bank and (in the latter case) credited to an account in the name of the Guarantor with an Acceptable Bank and to which the Guarantor is alone beneficially entitled and for so long as -

- a) that Cash is repayable on demand or within 30 (thirty) days of demand;
- b) repayment of that Cash is not contingent on the prior discharge of any other indebtedness of the Guarantor or of any other person whatsoever or on the satisfaction of any other condition other than notice or demand therefor (but not exceeding the period of demand referred to in paragraph (a) above; and
- c) there is no Security over that Cash except for any netting or set-off arrangement entered into by the Guarantor in the ordinary course of its banking arrangements;

**"Cash Equivalent Investments"** means any of the following, provided in each case that the Guarantor is alone beneficially entitled to the Cash Equivalent Investment and provided further that the Cash Equivalent Investment is not subject to any Security:

- a) certificates of deposit maturing within 1 (one) year after the relevant date of calculation, issued by an Acceptable Bank;
- b) any investment in marketable obligations issued or guaranteed by the Government of the Republic of South Africa or by an instrumentality or agency of the Government of the Republic of South Africa having an equivalent credit rating which:
  - A. matures within 1 (one) year after the relevant date of calculation; and
  - B. is not convertible to any other Security;
- c) commercial paper not convertible to any other Security:
  - A. for which a recognised trading market exists;
  - B. issued in South Africa;
  - C. which matures within 1 (one) year after the relevant date of calculation; and
  - D. which has a credit rating of A-1 or higher by S&P or Fitch or P-1 or higher by Moody's or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- d) investments accessible within 30 (thirty) days in money market funds which have a credit rating of either a A-1 or higher by S&P or Fitch or P-1 or higher by Moody's and invest substantially all their assets in securities of the types described in sub-paragraphs (a) to (c) inclusive above;
- e) investments in balanced equity funds accessible within 12 (twelve) months; or
- f) any other debt security or investment approved by the Representative;

**"Finance Lease"** means any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease;

**"Financial Half Year"** means each date occurring 6 (six) months after the last day of each Financial Year;

**"Financial Indebtedness"** means any indebtedness for or in respect of:

- a) moneys borrowed and debit balances at banks or other financial institutions;

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- b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- d) the amount of any liability in respect of Finance Leases;
- e) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- g) any amount raised by the issue of shares which are redeemable or are otherwise classified as borrowings under the Accounting Principles;
- h) any amount of any liability under an advance or deferred purchase agreement if (a) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (b) the agreement is in respect of the supply of assets or services and payment is due more than 90 (ninety) days after the date of supply;
- i) any agreement or option to re-acquire an asset if one of the primary reasons for entering into such agreement or option is to raise finance;
- j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under the Accounting Principles;
- k) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in sub-paragraphs (a) to (j) inclusive above;

"Financial Year" means the financial year of the Issuer, ending on 30 June of every calendar year;

"Gross Market Value" means, in respect of each Guarantor Investment -

- a) on the Calculation Date envisaged in clause 2.1(a), the Gross Market Value of such Guarantor Investment as set out in the Valuation Report delivered pursuant to clause 2.1(a) or the Adjusted Valuation Report (as the case may be); and;
- b) on the Calculation Date envisaged in clause 2.1(b), the Gross Market Value of such Guarantor investment as set out in the Valuation Report delivered pursuant to clause 2.1(b) or the Adjusted Valuation Report (as the case may be);

"Guarantor Facility Agreement" means the written term facility agreement entered into between the Guarantor (as borrower) and certain banks (as lenders) on or about 24 May 2014;

"Guarantor Facility Outstandings" means, at any time, the aggregate of:

- a) all amounts of principal, accrued and unpaid interest and all and any other amounts due and payable by the Guarantor (as borrower) to the lenders in terms of the Guarantor Facility Agreement, including any claim for damages or restitution and any claim as a result of any recovery by the Guarantor (or any business rescue practitioner, liquidator or trustee, as the case may be, of the Issuer) of a payment or discharge on the grounds of preference, and any amounts which would be included in any of the above but for any discharge, non-provability or unenforceability of those amounts in any insolvency or other proceedings;
- b) all amounts (if any) due and payable by the Guarantor (as guarantor) to all of the Instrument Holders of Instruments in issue under the Programme, pursuant to the Programme Memorandum, in terms of the Guarantee and/or the Put Option Agreement,

as reflected in the audited annual financial statements of the Guarantor for the financial year ended 30 June 2014 and the unaudited interim consolidated summary financial statements of the Guarantor for the half-year ended 31 December 2014;

"Guarantor Indebtedness" means Financial Indebtedness of the Guarantor excluding any Ring-fenced Debt;

"Guarantor Investments" means a direct or indirect investment by the Guarantor in an Investment Entity other

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than Cardona including but not limited to -

- a) Cash or Cash Equivalent Investments with a maturity date longer than 30 (thirty) days but shorter than 12 (twelve) months;
- b) a subscription for any shares of any class in the Investment Entity; and/or
- c) a contribution to the capital of the Investment Entity in any other form; and/or
- d) a loan made to the Investment Entity; and/or
- e) subscription for any instrument of any nature issued by the Investment Entity including, without limitation, any bonds, debentures, bills and/or warrants;

"IFRS" means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to relevant financial statements;

"Independent Valuer" means one of the 4 (four) largest auditing firms in South Africa or a merchant bank;

"Insolvency Event" means, in relation to any person, any of the following events or circumstances:

- a) it is dissolved or de-registered;
- b) an order or declaration is made, or a resolution is passed, for the administration, custodianship, bankruptcy, liquidation, winding-up, receivership, trusteeship, de-registration or dissolution (and, in each case, whether provisional or final) of it, its assets or its estate or an order or declaration is made, or a resolution is passed, to authorise the commencement of any business rescue proceeding in respect of it, its assets or its estate;
- c) it convenes any meeting to consider the passing of a resolution for the administration, custodianship, bankruptcy, liquidation, winding-up, receivership, trusteeship, de-registration or dissolution (and, in each case, whether provisional or final) of it, its assets or its estate or to authorise the commencement of any business rescue proceeding in respect of it, its assets or its estate;
- d) it seeks the appointment of an administrator, liquidator (whether provisional or final), business rescue practitioner, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets or estate;
- e) it has a secured party take possession of all or substantially all its assets pursuant to an enforcement, or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 (thirty) days thereafter;
- f) it is unable (or admits inability) to pay its debts generally as they fall due or is (or admits to being) otherwise insolvent or stops, suspends or threatens to stop or suspend payment of all or a material part of its indebtedness or proposes or seeks to make or makes a general assignment or any arrangement or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of its indebtedness;
- g) it takes any proceeding or other step with a view to the general readjustment, rescheduling or deferral of its indebtedness (or any part thereof which it would otherwise be unable to pay when due) or proposes to take any such step;
- h) any receiver, administrative receiver, judicial receiver, administrator, compulsory manager, judicial custodian, trustee in bankruptcy, liquidator, business rescue practitioner or the like is appointed in respect of it, its estate or any material part of its assets or it requests any such appointment;
- i) it commits any act which, if such act was committed by a natural person, would be an act of insolvency within the meaning of section 8 of the Insolvency Act, 1936 or any equivalent legislation in any jurisdiction to which such person is subject;
- j) it takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts;

"Investment Entity" means a company, body corporate or other entity, or partnership, limited partnership, unincorporated entity, or other collective investment scheme;

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**"Listed Investments"** means, on any day, such Guarantor Investments consisting of shares or other securities issued by an Investment Entity which are, on such day, listed on a recognised stock exchange including, without limitation, the JSE Limited;

**"Net Market Value"** means, on any day, in respect of each Guarantor Investment, the Gross Market Value of each Guarantor Investment less any Financial Indebtedness in respect of such Guarantor Investment incurred by the Investment Entity holding such Guarantor Investment;

**"Ring-fenced Debt"** means -

- a) in relation to the Guarantor, any Financial Indebtedness incurred by the Guarantor in respect of projects being undertaken by the Guarantor in terms of which the recourse which the providers of such Financial Indebtedness have is limited to the assets or the project which such Financial Indebtedness is used to finance; and
- b) in relation to each Guarantor Investment, any Financial Indebtedness incurred by the Guarantor in acquiring such Guarantor Investment, in terms of which the recourse which the providers of such Financial Indebtedness have is limited to such Guarantor Investment;

**"Security"** means -

- a) any mortgage, notarial bond, pledge, lien, assignment or cession conferring security, hypothecation, security interest, preferential right or trust arrangement or other encumbrance securing any obligation of any person; or
- b) any arrangement under which money or claims to, or for the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- c) any other security interest of any kind whatsoever, or any agreement to sell or otherwise dispose of any asset on terms whereby such asset is or may be leased or reacquired or acquired; or
- d) any other type of preferential agreement or arrangement (including any title transfer and retention arrangement), the effect of which is the creation of a security interest;

**"Third Party Creditor"** means any third party creditor of the Guarantor which, pursuant to a written agreement concluded between the Guarantor and that third party creditor, becomes entitled to increase or decrease the Borrowing Limit;

**"Treasury Transaction"** means any currency or interest purchase, cap or collar agreement, forward rate agreements, interest rates or currency future or option contracts, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined interest rate and currency swap agreement and any other similar agreement in each case entered into in connection with protection against or benefit from fluctuation in any rate or price;

**"Unlisted Investments"** means, on any day, all the Guarantor Investments other than the Listed Investments on such day;

**"Valuation Report"** means a valuation report prepared by an Independent Valuer (in accordance with the methodology set out in Schedule 1A), the Board or, as the case may be, the Guarantor's investment committee (acting under a delegation of authority from the Board), setting out the Gross Market Value and the Net Market Value of the relevant Guarantor Investments as at the applicable Calculation Date and the methodology used to determine such values.

## 2. Provision of Valuation Report and Compliance Certificate

### 2.1 The Issuer shall deliver a Valuation Report -

- a) prepared by an Independent Valuer, to the Representative within 60 (sixty) Business Days of the last day of each Financial Year occurring until the Applicable Maturity Date;
- b) prepared by the Board or, as the case may be, the Guarantor's investment committee (acting under a delegation of authority from the Board) in respect of the Guarantor Investments which comprise not less than 75% (seventy five per cent) of the aggregate Net Market Value of all the Guarantor Investments (using the methodology applied by the Independent Valuer to prepare the Valuation Report contemplated

in clause 2.1(a)), to the Representative within 60 (sixty) Business Days of each Financial Half Year occurring until the Applicable Maturity Date; provided that:

- A. the 75% (seventy five per cent) of the Guarantor Investments contemplated in this clause 2.1(b) shall include 100% (one hundred per cent) of the Listed Investments;
  - B. for purposes of determining the Asset Cover Ratio in accordance with clause 4, the 25% (twenty five per cent) of the Guarantor Investments not forming part of the valuation contemplated in this clause 2.1(b) shall be given the value attributed to such Guarantor Investments in the Valuation Report delivered pursuant to clause 2.1(a) in respect of the last day of the immediately preceding Financial Year; and
  - C. if the Board or the Guarantor's investment committee (as the case may be), determines that, as a result of any change in circumstances since the date of the most recent Valuation Report delivered to the Representative prior to that Financial Half Year, any Guarantor Investment requires an independent valuation, the Guarantor shall procure that such independent valuation of such Guarantor Investment is made and included in the Valuation Report contemplated in this clause 2.1(b).
- c) prepared by the Board, to the Representative on such other date as may be required by a Third Party Creditor pursuant to the delivery of a Borrowing Limit Adjustment Notice, which Valuation Report will use:
- A. in respect of Unlisted Investments, the values of such Unlisted Investments as set out in the most recent Valuation Report delivered to the Representative; and
  - B. in respect of Listed Investments, the values of such Listed Investments as at the date on which the Borrowing Limit Adjustment Notice is delivered (using the methodology applied by the Independent Valuer to prepare the Valuation Report contemplated in clause 2.1(a) above).
- 2.2 The Issuer shall supply a certificate complying with the provisions of this clause 2.2 ("**Compliance Certificate**") to the Representative on each date on which the Valuation Reports are delivered to the Representative. The Compliance Certificate shall set out the Asset Cover Ratio as at the applicable Calculation Date. Each Compliance Certificate shall be signed by a director of the Issuer.

### 3. Financial Testing

The Asset Cover Ratio shall be tested as at:

- a) the last day of each Financial Year occurring until the Applicable Maturity Date;
- b) the last day of each Financial Half Year occurring until the Applicable Maturity Date;
- c) each date on which a Borrowing Limit Adjustment Notice is delivered by a Third Party Creditor in the manner contemplated in clause 2.1(c),

by reference to (i) in respect of the Gross Market Value, the most recent Valuation Report delivered pursuant to clause 2.1(a) or clause 2.1(b) or clause 2.1(c), as applicable, and (ii) in respect of all other information required for determining the Asset Cover Ratio, the most recent financial statements or management accounts of the issuer and Valuation Report, delivered by the Issuer to the Representative prior to the applicable Calculation Date and the Compliance Certificate delivered pursuant to clause 2.2.

### 4. Events of Default:

#### 4.1 Asset Cover Ratio

It shall be an Event of Default if the Asset Cover Ratio falls below 2.75 (two point seven five) times and the Guarantor fails to remedy such Event of Default by restoring the Asset Cover Ratio to a level which is equal to or above 2.75 (two point seven five) times within 5 (five) Business Days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer), in terms of paragraph 7(c)(A) of the Applicable Pricing Supplement.

#### 4.2 Borrowing Limit

- a) Subject to clause 4.2(b), it shall be an Event of Default if a Borrowing Limit Event of Default occurs and the Guarantor incurs additional Financial Indebtedness which ranks *pari passu* with or senior to the Guarantee without the Representative's written consent, and such event is not remedied within 5 (five)

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Business Days after the date of the written notice sent by the Representative to the Guarantor (with a copy to the Issuer) in terms of paragraph 7(d)(A) of the Applicable Pricing Supplement.

- b) A Borrowing Limit Event of Default that occurs on a Borrowing Limit Adjustment Date shall not be an Event of Default if, immediately prior to such Borrowing Limit Adjustment Date, no Potential Event of Default or Event of Default existed and the Borrowing Limit Event of Default occurred only as a result of the recalculation of the Borrowing Limit on such Borrowing Limit Adjustment Date.

**ANNEXURE "A" TO THE APPLICABLE PRICING SUPPLEMENT**

**DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS**

The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations in respect of the Tranche of Notes described in the Applicable Pricing Supplement (the "**relevant Tranche**") is set out in this Annexure "A" (except where such information is disclosed in the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B")):

1. **Paragraph 3(5)(a)**  
The Issuer of the relevant Tranche is Kagiso Sizanani Capital Limited (RF). The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) is Kagiso Tiso Holdings Proprietary Limited (RF).
2. **Paragraph 3(5)(b)**  
The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments, thereby reflecting the adequacy of the liquidity and solvency of the Issuer.
3. **Paragraph 3(5)(c)**  
The auditors of the Issuer as at the Issue Date are PricewaterhouseCoopers Incorporated. PricewaterhouseCoopers Incorporated has acted as the auditors of the Issuer's latest audited annual financial statements.
4. **Paragraph 3(5)(d)**
  - a) The Issuer has, prior to the Issue Date, issued ZAR850 000 000 of "*commercial paper*" (as defined in the Commercial Paper Regulations); and
  - b) As at Issue Date, to the best of the Issuer's knowledge and belief, the Issuer estimates that it will not issue any further "*commercial paper*" (as defined in the Commercial Paper Regulations) during the Issuer's current financial year (1 July 2015 to 30 June 2016) (excluding the relevant Tranche).
5. **Paragraph 3(5)(e)**  
All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the relevant Tranche is contained in the Current Programme Memorandum and the Applicable Pricing Supplement (as read with Annexure "B").
6. **Paragraph 3(5)(f)**  
Save as disclosed in the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B"), there has been no material adverse change in the Issuer's financial position since the date of its last audited annual financial statements.
7. **Paragraph 3(5)(g)**  
The relevant Tranche will be listed on the Interest Rate Market of the JSE.
8. **Paragraph 3(5)(h)**  
The net proceeds from the issue of this Tranche of Notes will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.
9. **Paragraph 3(5)(i)**  
The obligations of the Issuer in respect of the relevant Tranche are unsecured.
10. **Paragraph 3(5)(j)**  
PricewaterhouseCoopers Incorporated have confirmed that nothing has come to their attention that causes them to believe that the issue of the relevant Tranche under the Programme, pursuant to the Current Programme Memorandum (as read with the Applicable Pricing Supplement and Annexure "B") does not comply in all material respects with the provisions of the Commercial Paper Regulations.
11. **Audited financial statements**  
Where, in relation to the issue of the relevant Tranche, the Current Programme Memorandum and/or the Applicable

Pricing Supplement (as read with Annexure "B") is distributed and/or made available for inspection in South Africa, a copy of the Issuer's latest audited annual financial statements will at all times separately accompany (either by electronic delivery or by physical delivery) the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B"), as required by the Commercial Paper Regulations.

## SCHEDULE 1A: CALCULATION METHODOLOGY - ASSET COVER RATIO

## GUARANTOR COVENANT CALCULATION AT [30 JUNE 2014]

	KTH
<u>Assets</u>	
Equity Value of Investments	9,664
Cash	951
<b>Total Asset Value</b>	<b>10,615</b>
<u>Debt</u>	
Bond Program	850
DEG facility	25
KTH facility	105
Cardona facility	605
<b>Total debt</b>	<b>1,585</b>
NAV excl head office costs	9,030
Head office costs	Note 1 1,084
<b>NAV post head office costs</b>	<b>7,946</b>
Guarantor Asset Value	10,615
Guarantor Net Asset Value	9,030
For purposes of calculating Asset Cover Ratio	6.70

Notes

1 The deduction of R1,084m for "head office" costs is an overall discount that includes other subjective factors that have attracted a discount such as complexity of the Guarantor structure, inherent CGT etc.

**ANNEXURE "A" TO THE APPLICABLE PRICING SUPPLEMENT**

**DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS**

The information required to be disclosed in terms of paragraph 3(5) of the Commercial Paper Regulations in respect of the Tranche of Notes described in the Applicable Pricing Supplement (the "relevant Tranche") is set out in this Annexure "A" (except where such information is disclosed in the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B")):

**1. Paragraph 3(5)(a)**

The Issuer of the relevant Tranche is Kagiso Sizanani Capital Limited (RF). The "ultimate borrower" (as defined in the Commercial Paper Regulations) is Kagiso Tiso Holdings Proprietary Limited (RF).

**2. Paragraph 3(5)(b)**

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments, thereby reflecting the adequacy of the liquidity and solvency of the Issuer.

**3. Paragraph 3(5)(c)**

The auditors of the Issuer as at the Issue Date are PricewaterhouseCoopers Incorporated. PricewaterhouseCoopers Incorporated has acted as the auditors of the Issuer's latest audited annual financial statements.

**4. Paragraph 3(5)(d)**

- a) The Issuer has, prior to the Issue Date, issued ZAR850 000 000 of "commercial paper" (as defined in the Commercial Paper Regulations); and
- b) As at Issue Date, to the best of the Issuer's knowledge and belief, the Issuer estimates that it will not issue any further "commercial paper" (as defined in the Commercial Paper Regulations) during the Issuer's current financial year (1 July 2015 to 30 June 2016) (excluding the relevant Tranche).

**5. Paragraph 3(5)(e)**

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the relevant Tranche is contained in the Current Programme Memorandum and the Applicable Pricing Supplement (as read with Annexure "B").

**6. Paragraph 3(5)(f)**

Save as disclosed in the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B"), there has been no material adverse change in the Issuer's financial position since the date of its last audited annual financial statements.

**7. Paragraph 3(5)(g)**

The relevant Tranche will be listed on the Interest Rate Market of the JSE.

**8. Paragraph 3(5)(h)**

The net proceeds from the issue of this Tranche of Notes will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.

**9. Paragraph 3(5)(i)**

The obligations of the Issuer in respect of the relevant Tranche are unsecured.

**10. Paragraph 3(5)(j)**

PricewaterhouseCoopers Incorporated have confirmed that nothing has come to their attention that causes them to believe that the issue of the relevant Tranche under the Programme, pursuant to the Current Programme Memorandum (as read with the Applicable Pricing Supplement and Annexure "B") does not comply in all material respects with the provisions of the Commercial Paper Regulations.

**11. Audited financial statements**

Where, in relation to the issue of the relevant Tranche, the Current Programme Memorandum and/or the Applicable



Pricing Supplement (as read with Annexure "B") is distributed and/or made available for inspection in South Africa, a copy of the Issuer's latest audited annual financial statements will at all times separately accompany (either by electronic delivery or by physical delivery) the Current Programme Memorandum and/or the Applicable Pricing Supplement (as read with Annexure "B"), as required by the Commercial Paper Regulations.

Taxes (whether income tax or capital gains tax) will not be levied on the disposal or deemed disposal of Notes by a Non-Resident Noteholder unless the profits made on the disposal or deemed disposal of such Notes are from a South African source or are attributable to a permanent establishment of that Non-Resident Noteholder in South Africa during the relevant year of assessment of that Non-Resident Noteholder. An applicable DTA may provide such Non-Resident Noteholder with relief from such Taxes.

#### Indirect taxes

##### *Value-added tax*

In terms of the Value-Added Tax Act, 1991 ("**VAT Act**"), no value-added tax ("**VAT**") is payable on the issue or transfer of the Instruments. The issue, allotment or transfer of ownership of the Instruments will constitute a "*financial service*", the supply of which is exempt from VAT in terms of section 12(a) of the VAT Act. However, commissions or other charges that are payable on the facilitation of this "*financial service*" are, in principle, subject to VAT at the standard current rate of 14%), depending on the circumstances and the identity of the service provider.

##### *Securities Transfer Tax*

The issue, transfer and redemption of the Notes will not attract securities transfer tax under the Securities Transfer Tax Act, 2007 ("**Securities Transfer Tax Act**"). Any future transfer duties and/or taxes that may be introduced in respect of (or be applicable to) the transfer and/or redemption of Notes will be for the account of the Noteholders.

The Securities Transfer Tax Act imposes securities transfer tax on the transfer and on the redemption of the Redeemable Preference Shares at a rate equal to 0.25% of the higher of the Issue Price of the Redeemable Preference Shares and their market value. Such securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the transfer of the Redeemable Preference Shares (prior to the Enforcement of the Put Option) will be for the account of the Redeemable Preference Share Holders. Such securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the redemption of the Redeemable Preference Shares (prior to the Enforcement of the Put Option) will be for the account of the Issuer. Following the Enforcement of the Put Option, the Guarantor shall pay the securities transfer tax (and any future transfer duties and/or taxes that may be introduced) in respect of (or be applicable to) the transfer of the relevant Redeemable Preference Shares.

Save as set out above, no indirect taxes on the issue, transfer or redemption of the Instruments are payable in respect of the Instruments as at 5 August 2015.

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