

**ENSafrica**

1 North Wharf Square  
Loop Street Foreshore Cape Town 8001  
P O Box 2293 Cape Town South Africa 8000  
doceX 14 Cape Town  
tel +2721 410 2500 fax +2721 410 2555  
info@ENSafrica.com ENSafrica.com

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**SUBSCRIPTION AGREEMENT**

in respect of the

**UMGENI WATER ZAR4,000,000,000 DOMESTIC MEDIUM TERM NOTE PROGRAMME**

amongst

**UMGENI WATER**  
(as Issuer)

and

**INVESTEC BANK LIMITED**  
(as Dealer)

## 1. PARTIES

1.1. The parties to this Agreement are:

1.1.1. **UMGENI WATER** (as Issuer);

1.1.2. **INVESTEC BANK LIMITED** (as Dealer),

(collectively, the "**Parties**", and each of them a "**Party**" to this Agreement).

1.2. The Parties agree as set out below.

## 2. INTRODUCTION

2.1. The Issuer proposes to issue ZAR935,000,000 Senior Unsecured Notes (the "**Notes**") under the Umgeni Water ZAR4,000,000,000 Domestic Medium Term Note Programme pursuant to the Programme Memorandum dated 9 December 2015, as amended and restated as of 29 February 2016 prepared by it (as such Programme Memorandum is amended, novated and/or replaced from time to time) (the "**Programme Memorandum**"). The terms of the issue shall be set out in the form of the Applicable Pricing Supplement attached to this Agreement as **Annexure A**.

2.2. This Agreement is supplemental to the Programme Agreement dated 9 December 2015 (as such Programme Agreement is amended, novated and/or replaced from time to time) (the "**Programme Agreement**") entered into between the Issuer, the Arranger and the Dealers party thereto. The provisions of the Programme Agreement applicable to the issue of the Notes shall, save to the extent varied by this Agreement, be deemed to be incorporated in this Agreement.

2.3. The Parties hereto wish to record the arrangements agreed between them in relation to the issue of the Notes referred to in clause 2.1 above.

2.4. Capitalised terms used in this Agreement shall have the meanings given to them in the Programme Agreement.

## 3. APPOINTMENT

The Dealer is appointed in respect of the issue and placing of the Notes contemplated in this Agreement and is a party to the Programme Agreement, and accordingly no New Dealers are appointed in terms of this Agreement.

## 4. ISSUE OF NOTES

Subject to the terms and conditions of the Programme Agreement and this Agreement, the Issuer hereby agrees to issue the Notes and the Dealer agrees to act as agent for the Issuer and use its

reasonable endeavours to procure the subscription for the Notes by investors at a purchase price equal to 100% (one hundred per cent.) of the Nominal Amount of the Notes (the "**Procurement Purchase Price**") in consideration for which the Issuer agrees to pay the Dealer a fee as agreed (the "**Procurement Commission**") in the mandate letter dated on or about 7 December 2015 and signed by the Issuer and Dealer (the "**Mandate Letter**").

## 5. EXPENSES

- 5.1. The Issuer shall bear and pay (together with any applicable value-added or similar tax) all reasonable costs and expenses incurred in or in connection with the printing of Individual Certificates (if any), this Agreement and the Applicable Pricing Supplement, the listing of the Notes on the Financial Exchange and making initial delivery of the Notes. The arrangements in relation to expenses have been separately agreed between the Issuer and the Lead Manager in terms of the Mandate Letter.
- 5.2. The Issuer shall be provided with copies of all marketing material produced by the Dealer in relation to the Programme.

## 6. CONDITIONS PRECEDENT

The obligation of the Dealer to act as agent for the Issuer to procure the subscription for the Notes is conditional upon:

- 6.1. the execution by all Parties of this Agreement on or prior to the Issue Date;
- 6.2. the conditions set out in clause 6.2 of the Programme Agreement being satisfied as of the Issue Date; and
- 6.3. the delivery to the Dealer on or before the Issue Date of:
- 6.3.1. legal opinions addressed to the Dealer dated the Issue Date in such form and with such contents as the Dealer may reasonably require from Edward Nathan Sonnenbergs Inc., legal advisors to the Issuer;
- 6.3.2. a certificate dated as at the Issue Date signed by a duly authorised officer(s) of the Issuer giving confirmation that:
- 6.3.2.1. all the conditions set out in clause 6.2 of the Programme Agreement entered into in respect of the Programme between the Issuer, the Arranger and the Dealers named therein, have been satisfied (provided that where any condition contains reference to the opinion of any Dealer, such reference has been ignored);

- 6.3.2.2. there has been no fact or circumstance which is likely to have a material adverse effect on the ability of the Issuer to perform its payment obligations under the Notes ("**Material Adverse Effect**"), nor any development involving a prospective Material Adverse Effect, in or affecting the properties and conditions (financial or otherwise) of the Issuer since the date of its latest audited financial statements which is material in the context of the issue of the Notes;
  - 6.3.2.3. the representations and warranties of the Issuer contained in clause 7 of the Programme Agreement are true, accurate and correct at, and as if made today, and the Issuer has performed all of its obligations under the Subscription Agreement and/or the Programme Agreement to be performed on or before today; and
  - 6.3.2.4. the issue of the Notes by the Issuer would not give rise to any breach of any limit on the borrowings of the Issuer; and
  - 6.3.3. comfort letters dated the date hereof and the Issue Date from the Auditor General (South Africa) as the independent auditors of the Issuer, in such form with such content as the Dealer may reasonably request.
- 6.4. If any of the foregoing conditions are not satisfied on or before the Issue Date, this Agreement shall terminate on such date and the Parties hereto shall be under no further liability arising out of this Agreement (except for the liability of the Issuer in relation to expenses as provided in clause 5 above and except for any liability arising before or in relation to such termination), provided that the Dealer may in its discretion waive any of the aforesaid conditions of the Programme Agreement) or any of them.

## 7. **TERMINATION**

The Dealer may, by notice to the Issuer, terminate this Agreement at any time prior to payment of the purchase money referred to in clause 4 above to the Issuer if in the reasonable opinion of the Dealer, after consultation with the Issuer, if practicable, there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in the opinion of the Dealer be likely to prejudice materially the success of the offering or distribution of the Notes or dealings in the Notes in the secondary market, and, upon such notice being given, the Parties to this Agreement shall (except for the liability of the Issuer in relation to expenses as provided in clause 5 above of this Agreement and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Agreement.

## 8. NOTICES AND *DOMICILIA*

### 8.1. Notices

Each Party chooses the addresses set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

### 8.2. Notices

8.2.1. Each Party chooses the address set out opposite its name below as its address to which any written notice in connection with this Agreement may be addressed.

8.2.1.1. **Issuer:** Umgeni Water

Physical: 310 Burger Street  
Pietermaritzburg, 3201  
South Africa

Attention: The CFO: Mr Thamsanqa Hlongwa

Tel: (033) 341 1058

email address: [thami.hlongwa@umgeni.co.za](mailto:thami.hlongwa@umgeni.co.za)

8.2.1.2. **Dealer:** Investec Bank Limited

Physical: 100 Grayston Drive  
Sandton, 2196  
South Africa

Attention: Mr Louis Dirker

Tel: (011) 286 7799

email address: [Louis.dirker@investec.co.za](mailto:Louis.dirker@investec.co.za)

8.2.2. Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by telefax transmitted to its telefax number or by electronic mail to its email address, both as set out opposite its name above.

8.2.3. Either Party may by written notice to the other Party(ies) change its chosen addresses, telefax number and/or email address for the purposes of clause 20.1.1 of the Programme Agreement to any other address(es), telefax number and/or email address, provided that the change shall become effective on the 14<sup>th</sup> (fourteenth) day after the receipt of the notice by the addressee.

8.2.4. Any notice given in terms of this Agreement shall:

8.2.4.1. if delivered by hand be deemed to have been received by the addressee on the date of delivery;

8.2.4.2. if transmitted by facsimile, or electronic mail, be deemed to have been received by the addressee on the 1<sup>st</sup> (first) Business Day after the date of transmission,

unless the contrary is proved.

8.2.5. Notwithstanding anything to the contrary herein contained, a written notice or communication actually received by a Party shall be an adequate written notice or communication to it, notwithstanding that it was not sent to or delivered at its chosen address, telefax number and/or email address.

### 8.3. *Domicilia*

8.3.1. The Parties choose the physical addresses referred to in clause 8.2 of the Programme Agreement as their respective *domicilium citandi et executandi* at which documents in legal proceedings in connection with this Agreement may be served.

8.3.2. A Party may by written notice to the other Party(ies) change its *domicilium* from time to time to another address, not being a post office box or a *poste restante*, in South Africa; provided that any such change shall only be effective on the 14<sup>th</sup> (fourteenth) day after deemed receipt of the notice by the other Party(ies) pursuant to clause 20.1.4 of the Programme Agreement.

## 9. **CONFIDENTIALITY**

9.1. The Parties shall treat as strictly confidential all information received or obtained as a result of entering into or performing this Agreement which relates to:

9.1.1. the provisions of this Agreement;

9.1.2. the negotiations relating to this Agreement;

9.1.3. the subject matter of this Agreement; and/or

9.1.4. the other Party(ies).

9.2. A Party may disclose information which would otherwise be confidential if and to the extent:

9.2.1. required by law;

- 9.2.2. required by any securities exchange or regulatory or governmental body to which the Party(ies) is/are subject, wherever situated, whether or not the requirement for information has the force of law;
- 9.2.3. required to vest the full benefit of this Agreement in the other Party(ies);
- 9.2.4. disclosed to the professional advisors, auditors and bankers of the Party(ies);
- 9.2.5. the information has come into the public domain through no fault of that Party; and/or
- 9.2.6. the other Party(ies) has/have given prior written approval to the disclosure, provided that any information so disclosed shall be disclosed only after notification to the other Party(ies).

## 10. **GOVERNING LAW**

The entire provisions of this Agreement shall be governed by and construed in accordance with the laws of South Africa.

## 11. **JURISDICTION**

The Parties hereby irrevocably and unconditionally consent to the non-exclusive jurisdiction of the South Gauteng High Court, Johannesburg, being a local seat of the Gauteng Division of the High Court of South Africa (or any successor court) in regard to all matters arising from this Agreement.

## 12. **SEVERABILITY**

Each provision in this Agreement is severable from all others, notwithstanding the manner in which they may be linked together or grouped grammatically, and if in terms of any judgment or order, any provision, phrase, sentence, paragraph or clause is found to be defective or unenforceable for any reason, the remaining provisions, phrases, sentences, paragraphs and clauses shall nevertheless continue to be of full force. In particular, and without limiting the generality of the foregoing, the Parties hereto acknowledge their intention to continue to be bound by this Agreement notwithstanding that any provision may be found to be unenforceable or void or voidable, in which event the provision concerned shall be severed from the other provisions, each of which shall continue to be of full force.

## 13. **GENERAL**

- 13.1. This document constitutes the sole record of the agreement between the Parties in regard to the subject matter thereof.

- 13.2. No Party shall be bound by any express or implied term, representation, warranty, promise or the like, not recorded herein.
- 13.3. No addition to, variation or consensual cancellation of this Agreement (including this clause 13.3) and no extension of time, waiver or relaxation or suspension of any of the provisions or terms of this Agreement, shall be of any force or effect unless in writing and signed by or on behalf of all the Parties.
- 13.4. No latitude, extension of time or other indulgence which may be given or allowed by any Party to any other Party in respect of the performance of any obligation hereunder or enforcement of any right arising from this Agreement and no single or partial exercise of any right by any Party shall under any circumstances be construed to be an implied consent by such Party or operate as a waiver or a novation of, or otherwise affect any of that Party's rights in terms of or arising from this Agreement or estop such Party from enforcing, at any time and without notice, strict and punctual compliance with each and every provision or term hereof.
- 13.5. The Parties undertake at all times to do all such things, to perform all such acts and to take all such steps and to procure the doing of all such things, the performance of all such actions and the taking of all such steps as may be open to them and necessary for or incidental to the putting into effect or maintenance of the terms, conditions and import of this Agreement.
- 13.6. Save as is specifically provided in this Agreement, no Party shall be entitled to cede or delegate any of its rights or obligations under this Agreement without the prior written consent of the other Parties affected by such transfer of rights or obligations, which consent may not unreasonably be withheld or delayed.

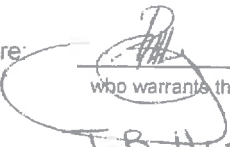
14. **COUNTERPARTS**

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original of the Party or Parties executing the same and all of which together with be deemed to constitute one and the same agreement.




SIGNED at Pietermaritzburg this 3<sup>RD</sup> day of MARCH 2016.

For: **UMGENI WATER**  
(as Issuer)

Signature:   
who warrants that he / she is duly authorised thereto

Name: T. B. HLONGWA CA(SA)

Capacity: GENERAL MANAGER: FINANCE

Signature:   
who warrants that he / she is duly authorised thereto

Name: C. V. GAMEDE

Capacity: CHIEF EXECUTIVE

SIGNED at Sandton this 7<sup>th</sup> day of March 2016.

For: **INVESTEC BANK LIMITED**  
(as Arranger and Dealer")

Signature: ABotla  
who warrants that he / she is duly authorised thereto

Name: ABotla  
Capacity: **Annerie Botha**  
Authorised Signatory

Signature:   
who warrants that he / she is duly authorised thereto

Name: L M Dinker  
Capacity: Authorised Signatory

**Annexure A**

**APPLICABLE PRICING SUPPLEMENT (in relation to ZAR935,000,000 Senior Unsecured Fixed Rate Notes)**



## UMGENI WATER

*(Established in the Republic of South Africa under Proclamation No. 114 of 1974 (Government Gazette No. 4300 of 14 June 1974) and in terms of section 108(2) of the Water Act, 1956 and now deemed to be established in terms of the Water Services Act, 1997 read together with the Public Finance Management Act, 1999)*

### **Issue of ZAR935,000,000 Senior Unsecured Notes**

#### **Under its ZAR4,000,000,000 Domestic Medium Term Note Programme**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 9 December 2015, as amended and restated on 29 February 2016 and approved by the JSE on 29 February 2016, prepared by Umgeni Water in connection with the Umgeni Water ZAR4,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the “**Programme Memorandum**”).

Any capitalised terms not defined 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 Notes*”.

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

#### **DESCRIPTION OF THE NOTES**

1.	Issuer	Umgeni Water
2.	Status of Notes	Senior unsecured fixed rate Notes
3.	Form of Notes	Listed Registered Notes (uncertificated)
4.	Series Number	UG26
5.	Tranche Number	1

6.	Aggregate Nominal Amount:	ZAR935,000,000
	i. Series	ZAR935,000,000
	ii. Tranche	ZAR935,000,000
7.	Interest	Interest-bearing
8.	Interest Payment Basis	Fixed Rate Notes
9.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
10.	Form of Notes	Registered Notes: The Notes in this Tranche are issued in uncertificated form and are held by the CSD.
11.	Issue Date	9 March 2016
12.	Nominal Amount per Note	ZAR1,000,000
13.	Specified Denomination	ZAR1,000,000
14.	Issue Price	100%
15.	Interest Commencement Date	9 March 2016
16.	Maturity Date	9 March 2026
17.	Applicable Business Day Convention	Following Business Day
18.	Final Redemption Amount	100% of the Nominal Amount of each Note
19.	Last Date to Register	by 17h00 on 27 February and 29 August of each year until the Maturity Date
20.	Books Closed Period(s)	The Register will be closed from 28 February to 8 March and from 30 August to 8 September (all dates inclusive) in each year until the Maturity Date

#### **FIXED RATE NOTES**

21.	i. Fixed Rate of Interest	11.31% (eleven point thirty one per cent.) per annum payable semi-annually in arrear
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ii.	Interest Payment Date(s)	9 March and 9 September in each year up to and including the Maturity Date
iii.	Fixed Coupon Amount(s)	N/A
iv.	Initial Broken Amount	N/A
v.	Final Broken Amount	N/A
vi.	Interest Periods	Each successive period from and including one Interest Payment Date up to but excluding the next Interest Payment Date; provided that the first Interest Period will be deemed to have commenced on (and include) the Interest Commencement Date and the last Interest Period will end on (but exclude) the Maturity Date.
vii.	Day Count Fraction	Actual/365
viii.	Any other terms relating to the particular method of calculating interest	N/A
	<b>FLOATING RATE NOTES</b>	N/A
	<b>ZERO COUPON NOTES</b>	N/A
	<b>PARTLY PAID NOTES</b>	N/A
	<b>INSTALMENT NOTES</b>	N/A
	<b>MIXED RATE NOTES</b>	N/A
	<b>INDEX-LINKED NOTES</b>	N/A
	<b>DUAL CURRENCY NOTES</b>	N/A
	<b>EXCHANGEABLE NOTES</b>	N/A
	<b>EXTENDIBLE NOTES</b>	N/A
	<b>OTHER NOTES</b>	N/A

**PROVISIONS REGARDING REDEMPTION / MATURITY**

22.	Issuer's Optional Redemption:	No
	If yes:	
	i. Optional Redemption Date(s)	N/A
	ii. Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	N/A
	iii. Minimum period of notice (if different from Condition 10.3 <i>(Redemption at the Option of the Issuer)</i> )	N/A
	iv. If redeemable in part:	N/A
	Minimum Redemption Amount(s)	N/A
	Higher Redemption Amount(s)	N/A
	v. Other terms applicable on Redemption	
23.	Redemption at the Option of the Senior Noteholders:	No
	If yes:	
	i. Optional Redemption Date(s)	N/A
	ii. Optional Redemption Amount(s)	N/A
	iii. Minimum period of notice (if different from Condition 10.4 <i>(Redemption at the Option of the Senior Noteholders)</i> )	N/A
	iv. If redeemable in part:	
	Minimum Redemption Amount(s)	N/A
	Higher Redemption Amount(s)	N/A

v.	Other terms applicable on Redemption	N/A
vi.	Attach pro forma put notice(s)	N/A
24.	Redemption At Maturity	Yes, as stated in Condition 10.1 of the Terms and Conditions
25.	Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required).	Yes
	If an amount other than the Early Redemption Amount is payable on redemption for taxation reasons or on Event of Default:	
i.	Amount payable; or	N/A
ii.	Method of calculation of amount payable	N/A

#### **GENERAL**

26.	Notes in issue	<p>As at the date of this issue, the Issuer has issued Notes in the aggregate total amount of ZAR600,000,000 under the Programme.</p> <p>The aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date, together with the aggregate Nominal Amount of this Tranche (when issued), will not exceed the Programme Amount.</p>
27.	Financial Exchange	Interest Rate Market of the JSE
28.	Calculation Agent	Investec Bank Limited
29.	Paying Agent	Absa Corporate and Investment Banking, a division of Absa Bank Limited
30.	Specified office of the Paying Agent	<p>15 Alice Lane</p> <p>Sandown, Sandton</p> <p>2196, South Africa</p>



31.	Transfer Agent	Computershare Investor Services Proprietary Limited
32.	Additional selling restrictions	N/A
33.	ISIN No.	ZAG000133760
34.	Stock Code	UG26
35.	Method of distribution	Dutch Auction
36.	If syndicated, names of Managers	N/A
37.	Name of the Dealer	Investec Bank Limited
38.	Governing law (if the laws of South Africa are not applicable)	N/A
39.	Use of proceeds	The proceeds of the issues of the Tranche of Notes will be utilised by the Issuer for its general corporate purposes
40.	Pricing Methodology	Standard JSE pricing methodology
41.	Other provisions	See <b>Annexure A</b> to this Applicable Pricing Supplement.
42.	Issuer Rating and issue date thereof	Standard & Poors: zaAAA / zaA-1 (January 2016); and  Fitch Ratings: AA+(zaf) / F1+(zaf) (March 2015)
43.	Date of rating review	Standard & Poors: January 2017; and  Fitch Ratings: March 2016
44.	Rating Agency	Standard & Poors; and  Fitch Ratings

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

1. Paragraph 3(5)(a)

The ultimate borrower is the Issuer.

2. Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

3. Paragraph 3(5)(c)

The auditor of the Issuer is the Auditor General (South Africa).

4. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has already issued ZAR600,000,000 Notes (excluding Notes relating to this issuance); and
- (ii) other than the current issue of Notes, the Issuer estimates that it will not issue any additional Notes during the current financial year, ending 30 June 2016.

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 Notes is contained in the Programme Memorandum and the Applicable Pricing Supplement.

6. Paragraph 3(5)(f)

There has been no material adverse change in the financial or trading position of the Issuer since the date of its last audited financial statements up to the date of this Applicable Pricing Supplement.

7. Paragraph 3(5)(g)

The Notes issued will be listed.

8. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for its general corporate purposes.

9. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured.

10. Paragraph 3(5)(j)

The Auditor-General (South Africa), the statutory auditors of the Issuer, have confirmed that nothing has come to their attention to indicate that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

**Responsibility:**

The Issuer accepts full responsibility for the accuracy of the information contained in this Applicable Pricing Supplement and the annual financial report, the amendments to the annual financial report or any supplements 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 that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that this Applicable Pricing Supplement contains all information required by law and the JSE Listings Requirements.

Application is hereby made to list this issue of Notes on 9 March 2016.

SIGNED at PIETERMARITZBURG on this 7<sup>TH</sup> day of MARCH 2016.

for and on behalf of:

**UMGENI WATER**

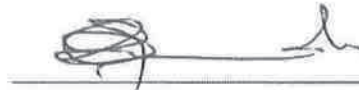



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Name: T.B Hlongwa CA(SA)

Capacity: General Manager: Finance

Who warrants his/her authority hereto




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Name: C.V Gamede

Capacity: Chief Executive

Who warrants his/her authority hereto

## Annexure A

**ADDITIONAL/AMENDED TERMS AND CONDITIONS RELATING TO THESE NOTES**

The additional/amended Terms and Conditions set out in this Annexure A will only apply to the Notes issued pursuant to this Applicable Pricing Supplement and not to any other Notes issued pursuant to the Programme Memorandum.

The Terms and Conditions set out in the Programme Memorandum are amended in relation to these Tranches of Notes as follows:

**General**

1. Paragraph (a) on page 10 of the section titled “Documents Incorporated By Reference” in the Programme Memorandum is replaced by a new paragraph (a) as follows:

*“(a) a material change in the condition (financial or otherwise) of the Issuer occurs; or”*

2. Paragraph (b) on page 10 of the section titled “Documents Incorporated By Reference” in the Programme Memorandum is amended by the deletion of the word “an” and the insertion of the words “a material” at the beginning of the paragraph immediately before the words “event has occurred ...”
3. The paragraph titled “Rating of Notes” in the section titled “Summary of the Programme” is amended by the deletion of the words “provided that the Rating Agency has confirmed in writing that all of its respective current Rating(s) of Tranches of Notes then in issue will not be downgraded or withdrawn as a result of the issue of such unrated Tranche of Notes.”

**Condition 1 (Interpretation)**

4. Condition 1 is amended by the insertion of the following definitions in the correct alphabetical order:

<b>“Change of Control”</b>	means in relation to the Issuer, any event which results in Control of the Issuer becoming vested in a person or group of persons which did not, immediately before the event in question, have such Control;
<b>“Change of Control Event”</b>	shall occur as is described in Condition 10.5.1;
<b>“Change of Control Period”</b>	means, in relation to a Change of Control of the Issuer, the period starting 90 (ninety) days before and ending 90 (ninety) days after the date on which that Change of Control of the Issuer is notified to Noteholders in accordance with Condition 18 ( <i>Notices</i> );

- “Control”** means, possessing, directly or indirectly, the power to (i) direct or cause the direction of the management and policies of the Issuer, or (ii) control in any other manner the appointment or removal of all or the majority of the directors of Issuer;
- “Minimum Rating Level”** where a long-term national scale rating is applicable, means a national scale rating of **“Baa3.za”** by Moody’s or **“BBB-(zaf)”** by Fitch or **“zaBBB-”** by S&P or **“BBB-”** by GCR or their equivalent (from time to time), or better;
- “Rating Downgrade”** shall be deemed to have occurred if the long-term national scale rating (if any) previously assigned to the Issuer, the Programme or the Notes by any Rating Agency is:
- (a) either withdrawn by the Rating Agency or cancelled by the Issuer unless in each case it is simultaneously replaced by a Rating of at least the Minimum Rating Level from another Rating Agency; or
  - (b) changed to any Rating that is deemed by the relevant Rating Agency, in accordance with its rating grades and criteria, to be below the Minimum Rating Level;
5. The definition of “Early Redemption Amount” in Condition 1 is amended by the insertion of the words “, 10.5 (*Redemption in the event of a change of control and a change in the credit rating*)” immediately after the words “*Conditions 10.2 (Redemption for Tax Reasons)*”.
6. The definition of “Encumbrance” in Condition 1 is amended by the insertion of the word “*lien*” immediately after the word “*hypothecation*”.
7. The definition of “Extraordinary Resolution” in Condition 1 is deleted and replaced by the following new definition of “Extraordinary Resolution”:
- “Extraordinary Resolution”** (a) a resolution passed at a meeting (duly convened) of the relevant Noteholders or, as the case may be, by a majority consisting of not less than 75% (seventy-five per cent) of the persons voting at such meeting upon a show of hands or by proxy or if a poll be duly demanded then by a majority consisting of not less than 75% (seventy-five per cent) of the votes given on such poll (the “**Standard Threshold**”); provided that, in accordance with the JSE Debt Listings Requirements, where a resolution (and where such resolution forms part of a composite resolution, in relation

to that specific resolution only) relates to an amendment to the Terms and Conditions (other than an amendment contemplated in Condition 19.2), such resolution will need to be approved by the greater of:

- i. relevant Noteholders representing not less than 66.67% (sixty-six point six seven percent) (or, if prescribed by the rules and/or listings requirements of the relevant Financial Exchange, such higher amount as may be required from time to time) of the value of the relevant Notes (being determined with reference to the aggregate outstanding Nominal Amount of the Notes Outstanding held by such relevant Noteholders as it bears to the aggregate outstanding Nominal Amount of all of the relevant Notes Outstanding), notwithstanding that the meeting of relevant Noteholders may otherwise be duly convened or quorated and that other matters (including other Extraordinary Resolutions) may otherwise validly be considered and approved at such meeting; and
  - ii. the Standard Threshold; and
- (b) a resolution passed, other than at a meeting (duly convened) of the Noteholders, in respect of which relevant Noteholders representing not less than 75% (seventy-five per cent) of the value of all relevant Notes of the relevant Noteholders (being determined with reference to the aggregate outstanding Nominal Amount of the Notes Outstanding held by such relevant Noteholders as it bears to the aggregate outstanding Nominal Amount of all of the relevant Notes Outstanding), voted in favour by signing in writing a resolution in counterparts. Where the requisite approval is obtained within 20 (twenty) Business Days from the date the resolution is submitted to the relevant Noteholders, such a resolution shall be as valid and effectual as if it had been passed at a meeting (duly convened) of the relevant Noteholders, provided that notice shall have been given to all relevant Noteholders in terms of Condition 18 (*Notices*), unless all of the relevant Noteholders consent in writing to the waiver of the required notice contemplated in Condition 18 (*Notices*), provided that where (i) a resolution (and where such resolution

forms part of a composite resolution, in relation to that specific resolution only) relates to an amendment to the Terms and Conditions (other than an amendment contemplated in Condition 19.1) and (iii) a higher amount is prescribed under the JSE Debt Listings requirements in relation to amendments to the Terms and Conditions, the resolution will need to be passed by relevant Noteholders representing not less than such higher percentage of the value of the relevant Notes.

For purposes of this definition, “**relevant Noteholders**” refers to a meeting of (i) all of the Noteholders or (ii) holders of Notes of a particular Series of Notes or (iii) holders of Notes of a particular ranking (such as Senior Notes or Subordinated Notes), as the case may be depending on whether the matter under consideration at such meeting affects such holders’ rights under such Notes or requires their approval in terms of the Terms and Conditions or Applicable Law, and “**relevant Notes**” refers to all Notes of a particular Series or Notes of a particular ranking, as the case may be;

8. The definition of “Indebtedness” is amended to include the words “, *including, but not limited to indebtedness in the form of bonds, notes and debentures*” immediately after words “*party lender*”.
9. The definition of “Material Adverse Effect” in Condition 1 is deleted.
10. The definition of “Material Subsidiary” in “Condition 1 is amended by the replacement of the words “*15% (fifteen percent)*” with the words “*10% (ten percent)*”.
11. The definition of “Permitted Encumbrance” in “Condition 1 is amended by:
  - 11.1. the insertion of the words “, *provided that the proceeds of such securitisation or like arrangement are utilised in the ordinary course of the Issuer’s business*” immediately after the words “*market practice*” in sub-paragraph (b) thereof; and
  - 11.2. the insertion of a new sub-paragraph (h) as follows:

*“(h) any Encumbrance created by operation of law or statute in the ordinary course of business; or”,*

and sub-paragraphs (h) and (i) (including any references to these sub-paragraphs in the Terms and Conditions) shall be renumbered as sub-paragraphs (i) and (j), respectively.

12. The definition of “Reference Banks” is amended by the replacement of the word “four” with the word “five”.

**Condition 6 (Status and Characteristics of Subordinated Notes)**

13. Condition 6.2 is amended by:
- 13.1. the insertion of the words “(including any damages or other amounts payable (if any))” immediately after the words “the claims of the persons entitled to payment of amounts due in respect of the Subordinated Notes”;
- 13.2. the deletion of the words “to the extent that in any such event, and provided as aforesaid”; and
- 13.3. the insertion of the words “Accordingly, in any such event and provided as aforesaid, no holder of a Subordinated Note shall be entitled to prove or tender to prove a claim in respect of such Subordinated Notes, to the extent that any other indebtedness of the Issuer which is admissible in any such curatorship, dissolution, insolvency or winding-up (other than Subordinated Indebtedness) would not be paid or discharged in full as a result of such proof,” immediately after the words: “Subordinated Indebtedness” in the fifth line of that Condition.

**Condition 7 (Negative Pledge)**

14. Condition 7 is amended by the insertion:
- 14.1. of a new Condition 7.1 as follows: “This Condition 7 only applies to Senior Notes and is only for the benefit of Senior Noteholders.”, and Condition 7.1 (including any references to that Condition in the Terms and Conditions) shall be renumbered as Condition 7.2; and
- 14.2. immediately after Condition 7.1 (renumbered to Condition 7.2 pursuant to paragraph 14.1 above), of a new Condition 7.3 as follows: “For so long as no Tranche of Senior Notes remains Outstanding, the provisions of Condition 7.1 shall apply mutatis mutandis to the Subordinated Notes.” and Condition 7.2 (including any references to that Condition in the Terms and Conditions) shall be renumbered as Condition 7.4.

**Condition 10 (Redemption and Purchase)**

15. Condition 10 is amended by the insertion of the following new Condition 10.5:

**“10.5 Redemption in the event of a change of control and a change in the credit rating**

*10.5.1 A Change of Control Event shall occur if a Change of Control occurs and within the Change of Control Period there is a Rating Downgrade in relation to the Issuer, the Programme or any Tranche of Notes rated by a Rating Agency.*



10.5.2 Promptly upon the Issuer becoming aware that a Change of Control Event has occurred, the Issuer shall give notice to the Noteholders in accordance with Condition 18 (Notices) specifying the nature of the Change of Control Event and the circumstances giving rise to it and the procedure for exercising the option per Condition 10.5.3.

10.5.3 If at any time while any Note remains Outstanding, upon the occurrence of a Change of Control Event, the Issuer shall, and only if the Noteholders have:

10.5.3.1.1 in terms of Condition 18 (Notices) issued a notice to convene a meeting of Noteholders within 30 (thirty) days of the date of which the Change of Control Event occurred;

10.5.3.1.2 resolved in terms of Condition 20 (Meetings of Noteholders) by way of Extraordinary Resolution requiring the redemption of the Notes of that Class of Noteholders; and

10.5.3.1.3 issued a written notice to the Issuer from that Class of Noteholders to redeem such Note,

*redeem all Notes held by that Class of Noteholders at the Early Redemption Amount together with accrued interest (if any). Such redemption shall occur on the next Interest Payment Date following such Change of Control Event unless the said Interest Payment Date falls within 14 (fourteen) days of receipt of the notice referred to in Condition 10.5.3.3, in which case the Issuer shall redeem the said Notes on the second Interest Payment Date following the said Change of Control Event.”*

and Conditions 10.5 (Early Redemption Amounts) to Condition 10.12 (Applicable Procedures) (including any references to these Conditions in the Terms and Conditions) shall be renumbered as Conditions 10.6 (Early Redemption Amounts) to 10.13 (Applicable Procedures), respectively.

16. Condition 10.5 (renumbered Condition 10.6 pursuant to paragraph 15 above) is amended by the insertion of the words “, 10.5 (Redemption in the event of a change of control and a change in the credit rating)” between the references to Condition 10.2 and Condition 16.

**Condition 11 (Taxation)**

17. Condition 11 (Taxation) is amended by the deletion of the following hanging paragraph: “The payment of any Taxes by the Issuer as an agent or representative tax payer for a Noteholder shall not constitute a withholding or deduction for the purposes of this Condition 11.”

18. Condition 11.2 is hereby amended by the replacement of Condition 11.2.2 with a new Condition 11.2.2 as follows:

*“11.2.2. held by or on behalf of a Noteholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future including, without limitation, by making a declaration of non-residence or other similar claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder); or”*

19. Condition 11.2.3 is amended by the insertion of the words “*income or*” immediately before the words “*taxable income*” and the words “*the Income Tax Act) or capital gain (as contemplated in paragraph 3 of Schedule 8 to*” between the words “*(as defined in section 1 of*” and “*the Income Tax Act or taxable capital gain*”.

20. Condition 11.2 is amended by the deletion of Condition 11.2.6 and the insertion, immediately after Condition 11.2.5, of new Conditions 11.2.6, 11.2.7, 11.2.8, 11.2.9, 11.2.10 and 11.2.11 as follows.

*“11.2.6. if such withholding or deduction arises in terms of the US Foreign Account Tax Compliance Act (“**FATCA**”), any regulations or agreements thereunder, official interpretations thereof, any intergovernmental approach thereto, or implementing legislation adopted by another jurisdiction in connection with FATCA; or”;*

*“11.2.7. held by or on behalf of a Noteholder who could lawfully reduce (but has not so reduced) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future including, without limitation, by making a declaration of non-residence or other similar claim or filing for the reduction to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Noteholder) – to the extent that such Noteholder could lawfully reduce such withholding or deduction but failed to do so; or”*

*“11.2.8. held by or on behalf of a Noteholder in circumstances where such party could lawfully reduce the amount of taxation otherwise levied or leviable upon the principal or interest by virtue of any non-South African tax laws applicable to such Noteholder, whether by way of a tax credit, rebate deduction or reduction equal to all or part of the amount withheld or otherwise, and whether or not it is actually claimed and/or granted and/or allowed; or”*

*“11.2.9. in respect of any present or future taxes, duties, assessments or governmental charges of whatever nature which are payable otherwise than by withholding from payment of principal or interest, if any, with respect to such Note; or”;*

*“11.2.10. where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or”; and*

*“11.2.11. any combination of the eventualities set out in clauses 11.2.1 to 11.2.10 above.”.*

**Condition 16 (Events Of Default)**

21. Condition 16.1.1.3 is amended by the deletion of the words *“giving rise to a Material Adverse Effect”* immediately after the words *“Senior Notes”* and immediately after the word *“such”*, respectively, and by the insertion of the word *“failure”* immediately after the word *“such”*.
22. Condition 16.1.1.4 is amended by the deletion of the words *“30 (thirty)”* and the insertion of the words *“21 (twenty one)”* immediately after the word *“within”*.
23. Condition 16.1.1.6 is amended by the deletion of the words *“7 (seven)”* and the insertion of the words *“21 (twenty one)”* immediately after the word *“within”*.
24. Condition 16.1.1.9 is amended by the deletion of the words *“and as a result a Material Adverse Effect has occurred and is continuing”*.
25. Condition 16.1 is amended by the insertion of a new Condition 16.1.1.10 as follows:
 

*“16.1.1.10. the Issuer or any Material Subsidiary, as the case may be, ceases to carry on the whole or a substantial part of its business, or otherwise as approved by an Extraordinary Resolution of the Senior Noteholders and the Issuer or any Material Subsidiary, as the case may be, stops payment of, or is unable to, or admits to being unable to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts (or any class of its debts) pursuant to or for the purposes of any Applicable Law; or”* and Condition 16.1.1.10 (including any references to that Condition in the Terms and Conditions) shall be renumbered as Condition 16.1.1.12.
26. Condition 16.1 is amended by the insertion of a new Condition 16.1.1.11 as follows:
 

*“16.1.1.11. any step is taken by or under any authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of the Issuer or any Material Subsidiary, as the case may be, or a material part of the assets of the Issuer or any Material Subsidiary, as the case may be or any of the securities issued by the Issuer or any Material Subsidiary, as the case may be; or”*
27. The hanging paragraph in Condition 16.1.1 is amended by the deletion of the words *“no such action may be taken by a holder of Senior Notes”* and the insertion of the words *“although an amount may be due it will not be regarded as being payable”* immediately after the words *“provided that”*.

28. Condition 16.2.1 is amended by the insertion of the words “(other than an Event of Default specifically contemplated in Condition 16.2.2 below)” immediately after the word “occurs”.

**Condition 18 (Notices)**

Condition 18.1 deleted and replaced with a new Condition 18 as follows:

**“18. NOTICES**

**18.1 Notices to Noteholders**

*Notices to holders of Notes shall be valid:*

*18.1.1 in the case of uncertificated Notes listed on the JSE, if delivered to the JSE and electronically published on SENS, or any other similar service, established by the JSE; or*

*18.1.2 in the case of unlisted uncertificated Notes, if mailed to their registered addresses appearing in the Register or, if permitted, electronically published on SENS, or any other similar service, established by the JSE*

*18.1.3 in the case of Notes being represented by an Individual Certificate, if mailed to registered addresses of the holders of the Notes appearing in the Register and published, not earlier than 4 (four) calendar days after the date of posting of such notice by registered mail, in an English language daily newspaper of general circulation in South Africa.*

*18.1.4 Any such notice shall be deemed to have been given on the 7<sup>th</sup> (seventh) day after the day on which it is mailed or the day of its publication, as the case may be.*

*18.1.5 Notwithstanding Conditions 18.1.1 and 18.1.4 above, any notice given to holders of uncertificated Notes shall be valid if a copy thereof has been delivered to the JSE (in the case of uncertificated Notes listed on the JSE only), the CSD and the Participants.*

**18.2 Notices to the Issuer**

*18.2.1 Any notice to the Issuer shall be deemed to have been received by the Issuer, if delivered to the registered office of the Issuer, on the date of delivery, and if sent by registered mail, on the seventh day after the day on which it is sent. The Issuer may change its registered office upon prior written notice to Noteholders specifying such new registered office.*

*18.2.2 For so long as any of the Notes are uncertificated, notice may be given by any holder of an uncertificated Note to the Issuer via the relevant Participant in accordance with*

*the Applicable Procedures, in such manner as the Issuer and the relevant Participants may approve for this purpose.”*

**Condition 20 (Meetings of Noteholders)**

29. Condition 20.2 is amended by the insertion of the words “*(in each case including but not limited to, by means of video conferencing, telephone and other electronic means)*” immediately after the word “speak and immediately before the word “at”.
30. In the sub-paragraph headed “South Africa” under the paragraph headed “Selling Restrictions” in the section headed “Subscription and Sale”, the reference to ZAR1,000,000 is replaced with a reference to “*the Specified Denomination*”.