



Sizananani 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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**ZAR 2 000 000 000**

**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 (RF)**

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

**Issue of ZAR250 000 000 Floating Rate Notes  
under the Programme**

This document constitutes the Applicable Pricing Supplement relating to the Tranche of Instruments described herein.

This Applicable Pricing Supplement 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 Sizananani Capital Limited (RF) ("**Issuer**") in connection with the Kagiso Sizananani Capital Limited (RF) ZAR2 000 000 000 Domestic Note and Redeemable Preference Share Programme ("**Programme**").

The Programme Memorandum 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 and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

References in this Applicable Pricing Supplement to the Terms and Conditions are to Section 7 of the Programme Memorandum headed "**Terms and Conditions of the Instruments**". References to any Condition in this Applicable Pricing Supplement are to that Condition of the Terms and Conditions. Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Terms and Conditions.

**1. GENERAL DESCRIPTION OF THE INSTRUMENTS**

- |    |                |   |
|----|----------------|---|
| a) | Issuer         | Kagiso Sizananani Capital Limited (RF)        |
| b) | Guarantor      | Kagiso Tiso Holdings Proprietary Limited (RF) |
| a. | Tranche Number | 1   |

b.	Series Number	7
c)	Aggregate Principal Amount of Tranche as at the Issue Date	ZAR250 000 000
d)	Form of Instruments	The Notes in this Tranche are issued in registered uncertificated form and will be held in the CSD.
e)	Type of Instruments	Notes
f)	Issue Date	31 August 2012
g)	Issue Price	ZAR250 000 000
h)	Principal Amount per Instrument as at the Issue Date	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
n)	Calculation Agent	Absa Capital, 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
q)	Specified Office of the Paying Agent	1st Floor Reception 1, No 5 Simmonds Street, Standard Bank Centre, Johannesburg, 2001, 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	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	31 August 2017
<b>A</b>	<b>FLOATING RATE NOTES</b>	
a)	Interest Commencement Date	31 August 2012
b)	Interest Payment Date/s	Semi-annually in arrears on 28 February and 31 August of each year until the Applicable Maturity Date.
c)	First Interest Payment Date	28 February 2013
d)	Interest Periods	The first Interest Period shall commence on (and include) the Interest Commencement Date 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.

- e) Calculation Period The first Calculation Period shall commence on (and include) the Interest Commencement Date and end on (but exclude) 30 November 2012. Thereafter, each successive Calculation Period shall be of 3 (three) months duration; provided that the final Calculation 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) Interest Rate Reference Rate (see paragraph (o) below) plus the Margin (see paragraph (j) below)
- j) Margin 2.75%
- k) Default Rate Reference Rate (see paragraph (o) below) plus the Margin (see paragraph (j) above) plus 2%
- l) Calculation of interest The interest payable on this Tranche of Notes shall be calculated for each Calculation Period by multiplying the Interest Rate applicable on the first day of such Calculation Period by the sum of the Outstanding Principal Amount of this Tranche (and any interest thereon compounded quarterly as stipulated in the paragraph below) and then multiplying the product by the Day Count Fraction (see paragraph (h) above).
- The aggregate of the interest calculated for the Calculation Period which falls into the first quarter of the corresponding Interest Period shall be compounded quarterly in arrears, and the Interest Amount for that Interest Period shall fall due for payment in arrears on the relevant Interest Payment Date.
- m) Manner in which the Interest Rate is to be determined Screen Rate Determination (see paragraph (o) below)
- n) **If ISDA Determination:** Not Applicable
- o) **If Screen Rate Determination:** 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 Rand which appears on the Relevant Screen Page as the “*SFX 3M YIELD*” at or about the Relevant Time 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 Calculation Period; provided that the first Interest Determination Date shall be 31 August 2012.
- c. Relevant Screen Page and Reference Code Reuters Screen SAFEX page
- d. Relevant Time 12h00 (South African time)
- p) **If Other Determination:** Not Applicable
- q) Any other terms relating to the particular method of calculating interest Not Applicable

### 3. 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

#### 4. 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 Not Applicable

#### 5. PROVISIONS REGARDING EVENT OF DEFAULT

a) This Tranche comprises a Tranche of Notes and, 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

#### 6. OTHER TERMS

a) 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) Control of the Guarantor changes and the Representative has sent a written notice to the Issuer (with a copy to the Guarantor) in terms of paragraph (C) below;
- b) the Asset Cover Ratio falls below 2.25 (two point two five) times and the Guarantor fails to restore the Asset Cover Ratio to such level as is determined by the Representative 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 (D) below;
- c) at any time after 30 June 2013, 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 (E) below.

## B. Notices

Immediately upon becoming aware of a breach of the Asset Cover Ratio (as contemplated in the Potential Event of Default described in paragraph (A)(b) above), the Issuer shall notify the Representative and the Agent thereof (and provide such details about such breach as the Agent 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 (A)(a) and/or paragraph (A)(b) above and/or paragraph (A)(c) 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 (C) below and/or or paragraph (D) below and/or or paragraph (E) below).

## C. Control of the Guarantor

Upon the occurrence of a Potential Event of Default contemplated in paragraph (A)(a) above, the Representative shall send the written notice contemplated in paragraph (A)(a) above to the Issuer (with a copy to the Guarantor).

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 (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. **Asset Cover Ratio**
- Upon the occurrence of a Potential Event of Default contemplated in paragraph (A)(b) above, the Representative shall send the written notice contemplated in paragraph (A)(b) above to the Guarantor (with a copy to the Issuer).
- 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 (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. **Borrowing Limit**
- Upon the occurrence of a Potential Event of Default contemplated in paragraph (A)(c) above, the Representative shall send the written notice contemplated in paragraph (A)(c) above to the Guarantor (with a copy to the Issuer).
- 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 (A)(c) 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.
- F. **Interpretation**
- Subject as set out in paragraphs (A) to (E) inclusive above of this Item 6(a), 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 (A)(a), paragraph (A)(b) and paragraph (A)(c) above of this Item 6(a).
- Capitalized terms not defined in this Item 6(a) shall have the meanings ascribed to those terms in Schedule 1 to this Applicable Pricing Supplement headed "Asset Cover Ratio and Borrowing Limit".
- G. **Asset Cover Ratio and Borrowing Limit**
- The provisions of Schedule 1 to this Applicable Pricing Supplement headed "Asset Cover Ratio and Borrowing Limit" and Schedule 1A to such Schedule 1 headed "Calculation methodology - Asset Cover Ratio" shall apply to (and be incorporated by reference into) this Item 6(a).
- b) **Costs - Reduction in Return:**
- The Issuer agrees, subject to paragraphs (A) to (D) inclusive below of this Item 6(b), to reimburse a holder (the "relevant Holder") of Note/s in this Tranche (the "relevant Note/s") for a Reduction in Return as a result of any Change in Law which comes into effect on or after the Issue Date and which Change in Law imposes any Costs on the relevant Holder and/or makes any Costs applicable to the relevant Holder, on or after the Issue Date, in relation to and/or in consequence of the subscription for and/or the funding of and/or the holding of the relevant Note/s by the relevant Holder.
- For purposes of this Item 6(b):
- "Change in Law" means a change in or proposed change in, or amendment or proposed amendment to, any Applicable Law, which change, proposed change, amendment or proposed amendment is announced on or after the Issue Date;

"Costs" means any capital adequacy, reserve, cash ratio, special deposit, liquidity requirement and/or similar cost, against assets held by the relevant Holder or deposits held with or for the account of the relevant Holder or loans made by the relevant Holder;

"Reduction in Return" means, as at any time after the Issue Date, that the relevant Holder receives a return on the relevant Note/s which is less than the Interest Rate (see Item A(i) above) which is applicable to the relevant Note/s at that time.

- A. Notice  
The relevant Holder shall, forthwith after becoming aware of a potential Reduction in Return, notify the Issuer in writing of the potential Reduction in Return and the Change in Law that may or will give rise to the potential Reduction in Return.
- B. Proof of Reduction in Return  
Any claim for re-imbursement of a Reduction in Return by the relevant Holder shall be accompanied by all such documentation as is necessary to evidence the amount of the Reduction in Return and the Costs imposed on and/or made applicable to the relevant Holder.
- C. Disputes  
If the Issuer disputes the amount of a Reduction in Return (the "Dispute"), the Issuer shall forthwith notify the relevant Holder thereof in writing (the "Notice") and the Issuer shall, in addition, notify the relevant Holder of the treasury divisions of three leading banks in the South African inter-bank market nominated by the Issuer in consultation with the relevant Holder for determination of the Dispute (the "Nominated Banks"). The Dispute shall forthwith thereafter be referred for determination to the Nominated Bank selected by the relevant Holder.
- The Issuer and the relevant Holder agree that the Nominated Bank selected by the relevant Holder will, in determining the Dispute (i) act as an expert and not as an arbitrator, (ii) determine the process for making its determination (including whether or not to conduct a hearing), and (iii) determine the liability for its costs (which will be paid accordingly). The Issuer and the relevant Holder agree that the determination of the Dispute by such Nominated Bank shall, in the absence of manifest error, be final and binding on the Issuer and the relevant Holder.
- D. Early redemption  
Upon receipt by the Issuer of notice from the relevant Holder of a potential Reduction in Return (as contemplated in paragraph (A) of this Item 6(b)), or upon the Issuer itself becoming aware of a potential Reduction in Return (and provided that the Issuer shall have confirmed that potential Reduction in Return with the relevant Holder, it being agreed that, in the event of a dispute in this regard, the provisions of paragraph (B) of this Item 6(b) shall apply *mutatis mutandis*), the Issuer may, at its option, having given not less than 30 days' notice to the Transfer Secretary, the Calculation Agent, the Paying Agent, the Representative, and the Instrument Holders of this Tranche in accordance with Condition 23.1, redeem the relevant Note/s, on the date for early redemption stipulated as such in such notice (such date being the "Early Redemption Date"), at the Early Redemption Amount together, if applicable, with interest accrued to the Early Redemption Date.

The provisions of Item 4(a) above shall apply *mutatis mutandis* to the redemption of the relevant Note/s in terms of this paragraph (D) of Item 6(b).

## 7. REGISTER CLOSED

- |    |                        |   |
|----|------------------------|---|
| a) | Last Day to Register   | Up until 17h00 (South African time) on the sixth day (whether such is a Business Day or not) preceding each Payment Date, being the last date on which the Transfer Secretary will accept Transfer Forms and record in the Register the transfer of Notes in this Tranche represented by Individual Certificates. |
| b) | Register Closed Period | The Register will, in relation to this Tranche of Notes, be closed during the five days preceding each Payment Date from 17h00 (South African time) on the Last Day to Register.  |
| c) | Register Closed Dates  | 22 February and 25 August   |

## 8. GENERAL

- |    |   |  |
|----|---|--|
| a) | Additional selling restrictions   | Not Applicable   |
| b) | International Securities Numbering (ISIN)   | ZAG000099300   |
| c) | Stock Code Number   | KSB007   |
| d) | Financial exchange, if applicable   | JSE Limited (Interest Rate Market)   |
| e) | If syndicated, names of Dealer/s  | Not Applicable   |
| f) | Method of distribution  | Private Placement  |
| g) | Stabilisation Manager (if applicable)   | Not Applicable   |
| h) | Credit rating (if any) assigned to this Tranche of Notes as at the Issue Date   | Not Applicable   |
| i) | Applicable Rating Agency (if any)   | Not Applicable   |
| j) | Credit rating assigned to the Guarantor as at the Issue Date (if different from that set out in the Programme Memorandum) | 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 Inc, which was assigned on 17 January 2012 as stated in the credit opinion dated 19 January 2012. |
| k) | Applicable Rating Agency (Guarantor)  | Moody's Investors Service Inc  |
| l) | Governing law (if the laws of South Africa are not applicable)  | Not Applicable   |
| m) | Programme Amount as at the Issue Date   | ZAR2 000 000 000   |
| n) | Aggregate Outstanding Principal Amount of all of the Instruments issued under the Programme as at the Issue Date          | ZAR340 000 000, excluding the aggregate Principal Amount of this Tranche and any other Tranche(s) of Instruments issued on the Issue Date specified in Item 1(f) above.  |
| o) | Exchange Control Approval (if any)  | Not Applicable   |
| p) | Use of Proceeds   | This Tranche comprises a Tranche of Notes, and the net proceeds from the issue of this Tranche will be distributed to and applied by the Guarantor for the funding of the business operation of the Kagiso Tiso Group.   |
| q) | Commercial Paper Regulations  | See Annexure "A" to this Applicable Pricing Supplement   |



## SCHEDULE 1: ASSET COVER RATIO AND BORROWING LIMIT

1. The provisions of this Schedule 1 to the Applicable Pricing Supplement headed "**Asset Cover Ratio and Borrowing Limit**" shall apply to (and be incorporated by reference into) Item 6(a) 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 or Fitch Ratings Limited or A1 or higher by Moody's Investor Services Limited 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 a Third Party Creditor;

**"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 plus Cash, on such day, bears to;
- b) the Guarantor Indebtedness on such day,

as determined in accordance with the calculation methodology set out in Schedule "1A" hereto headed "**Calculation methodology - Asset Cover Ratio**";

**"Borrowing Limit"** means, in relation to the Guarantor -

- a) in respect of the Initial Period, an aggregate amount of R900,000,000.00 (nine hundred million Rand) (the "**Initial Borrowing Limit**");
- b) in respect of the period commencing on the expiry of the Initial Period and ending on the Applicable Maturity Date, the Initial Borrowing Limit, 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 the Initial Period and the last day of each Financial Year occurring thereafter 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 a 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 falling 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, each date occurring 6 (six) months after the last day of each Financial Year occurring until the Applicable Maturity Date and each date on which a Borrowing Limit Adjustment Notice is delivered by a Third Party Creditor;

**"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 Encumbrance over that Cash except for any netting or set-off arrangement entered into by the Guarantor in the ordinary course of its banking arrangements;

**"Encumbrance"** means -

- a) any mortgage, charge (whether fixed or floating), 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;

**"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 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 redeemable 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 paragraphs (a) to (j) inclusive above;

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

- a) on the Calculation Date envisaged in clause 3(a) below, the Gross Market Value of such Guarantor Investment as set out in the Valuation Report delivered pursuant to clause 2(a) below;
- b) on the Calculation Date envisaged in clause 3(b) below, the Gross Market Value of such

Guarantor Investment as set out in the Valuation Report delivered pursuant to clause 2(b) below; and

- c) on the Calculation Date envisaged in clause 3(c) below, the Gross Market Value of such Guarantor Investment as set out in the Valuation Report delivered pursuant to clause 2(c) below;

**"Guarantor Indebtedness"** means Financial Indebtedness of the Guarantor excluding any Subordinated Loans and any Ring-fenced Debt;

**"Guarantor Investments"** means a direct or indirect investment by the Guarantor in an Investment Entity including but not limited to -

- a) cash or cash equivalents 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 any person (including a company or professional practice) which, by virtue of its qualifications and experience (or, if applicable, the qualifications and/or experience of those employed by it) is an expert in determining the value of investments;

**"Initial Period"** means the period ending on 30 June 2013;

**"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;

**"Permitted Exclusions"** means:

- a) any Financial Indebtedness incurred by the Guarantor in accordance with, or pursuant to, the terms of the Guarantee;
- b) any Financial Indebtedness incurred by the Guarantor in accordance with, or pursuant to, the terms of the guarantee concluded by the Guarantor in connection with the subscription by Depfin Investments (Proprietary) Limited (Registration Number 1982/006127/07) for cumulative redeemable preference shares in the share capital of Friedcorp 559 Proprietary Limited (RF) (Registration number 2011/100010/07) on or about 1 July 2011; and
- c) all Financial Indebtedness of each of Tiso Group (Proprietary) Limited (Registration No. 1999/010875/07) ("**Tiso**") and Kagiso Trust Investments (Proprietary Limited) (Registration Number 1993/007845/07) ("**Kagiso**") outstanding on 30 June 2011 and which has been assumed by the Guarantor pursuant to the merger between Tiso and Kagiso to form the Guarantor, as contemplated in paragraph (a) of section 1 of the Companies Act;

**"Net Market Value"** means, on any day, in respect of each Guarantor Investment, the Gross Market Value of each Guarantor Investment less the Ring-fenced Debt in respect of 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;

**"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;

**"Subordinated Loans"** means any loans lent and advanced to the Guarantor which are subordinated in writing to the claims of the Third Party Creditors against the Guarantor;

**"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 or the board of directors of the Guarantor (as the case may be) setting out the Gross Market Value and the Net Market Value of the Guarantor Investments as at the applicable Calculation Date and the methodology applied to determine such values.

## 2. Provision of Valuation Report

The Guarantor shall deliver a Valuation Report -

- a) prepared by an Independent Valuer, to the Representative within 45 (forty five) Business Days of the last day of each Financial Year occurring until the Applicable Maturity Date;
- b) prepared by the Board (using the methodology applied by the Independent Valuer to prepare the Valuation Report contemplated in clause 2(a) above) to the Representative within 30 (thirty) Business Days of each date occurring 6 (six) months after the last day of each Financial Year occurring until the Applicable Maturity Date; and
- 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 the 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 the Listed Investments the values 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(a) above).

## 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 by reference to the Valuation Report delivered pursuant to clause 2(a) above;
- b) each date occurring 6 (six) months after the last day of each Financial Year occurring until the Applicable Maturity Date, by reference to the Valuation Report delivered pursuant to clause 2(b) above, and
- c) each date on which a Borrowing Limit Adjustment Notice is delivered, in the manner contemplated in clause 2(c) above; and

by reference to the most recent financial statements or management accounts of the Guarantor.

## 4. Events of Default

### A. Asset Cover Ratio

It shall be an Event of Default if the Asset Cover Ratio falls below 2.25 (two point two five) times and the Guarantor fails to restore the Asset Cover Ratio to such level as is determined by the Representative 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), pursuant to the instructions given to the Representative by the relevant Group of Noteholders, as contemplated in Item 6(a) (paragraphs (B) and (D)) of the Applicable Pricing Supplement.

### B. Borrowing Limit

- a) Subject to clause 4(B)(b) below and save for the Permitted Exclusions, the aggregate outstanding balance of any Financial Indebtedness incurred by the Guarantor from time to time exceeds the applicable Borrowing Limit and such event is not remedied within 5 (five) Business Days of receipt of written notice from the Representative calling upon the Guarantor to remedy such event or procure that such event is remedied.
- b) It shall be an Event of Default if, at any time after 30 June 2013, 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), pursuant to the instructions given to the Representative by the relevant Group of Noteholders, as contemplated in Item 6(a) (paragraphs (B) and (E)) of the Applicable Pricing Supplement.
- c) It shall be not an Event of Default if a Borrowing Limit Event of Default occurs on a Borrowing Limit Adjustment Date, 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 occurs only as a result of the recalculation of the Borrowing Limit on such Borrowing Limit Adjustment Date.

**Schedule 1A Calculation methodology - Asset Cover Ratio**

**KTH**

"Net Market Value"	<input type="text"/>	
Cash		
<b>Total Asset Value</b>		<b>a</b>

Debt		
Existing facilities	<input type="text"/>	
Group Guarantees		
		<b>b</b>

<b>NAV excl head office costs</b>	<input type="text"/>	<b>c</b>
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Head office costs	<input type="text"/>	
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<b>NAV post head office costs</b>	<input type="text"/>	<b>d</b>
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KTH Asset Value	<b>a</b>
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KTH Net Asset Value	<b>c=a-b</b>
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For purposes of calculating Asset Cover Ratio	<b>a/b</b>
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**Responsibility:**

The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement and the annual financial reports and any amendments to the annual financial reports or any supplement from time to time, except as otherwise stated herein.

Each of the Issuer and the Guarantor certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Programme Memorandum which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the Programme Memorandum contains all information required by Applicable Law and the JSE Debt Listings Requirements.

Application is hereby made to list this Tranche of Notes (Tranche 1 of Series 7) on the Interest Rate Market of the JSE, as from 31 August 2012, 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)**

By: \_\_\_\_\_

*duly authorised*

By: \_\_\_\_\_

*duly authorised*

Date: 21 August 2012

Date: 21 August 2012

**For: KAGISO TISO HOLDINGS PROPRIETARY LIMITED (RF)**

By: \_\_\_\_\_

*duly authorised*

By: \_\_\_\_\_

*duly authorised*

Date: 21 August 2012

Date: 21 August 2012

**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 Instruments described in the Applicable Pricing Supplement (the "**relevant Tranche**") is set out in this Annexure "A" (except where such information is disclosed in the Programme Memorandum and/or the Applicable Pricing Supplement):

**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 the Guarantor.

**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 financial statements.

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

As at the Issue Date:

- a) the Issuer has issued ZAR340 000 000 "*commercial paper*" (as defined in the Commercial Paper Regulations); and
- b) the Issuer estimates that it may issue ZAR600,000,000 of Commercial Paper during the Issuer's current financial year (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 Programme Memorandum and the Applicable Pricing Supplement.

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

Save as disclosed in the Programme Memorandum, there has been no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

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

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

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

The net proceeds from the issue of the relevant Tranche 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)**

The statutory auditors of the Issuer as at the Issue Date have confirmed that nothing has come to their attention to cause them to believe that the issue of the relevant Tranche under the Programme, pursuant to the Programme Memorandum (as read with the Applicable Pricing Supplement) does not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

Where, in relation to the issue of the relevant Tranche, the Programme Memorandum and/or the Applicable Pricing Supplement 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 Programme Memorandum and/or the Applicable Pricing Supplement, as required by the Commercial Paper Regulations.