
AMENDED AND RESTATED APPLICABLE PRICING SUPPLEMENT



TELKOM SA ~~SOC LIMITED~~SOC LTD

(Incorporated in the Republic of South Africa with limited liability under registration number 1991/005476/30)

Issue of ZAR1,000,000,000 Unsecured Floating Rate Notes due 9 February 2027

Under the stock code TL32

Under its ZAR1~~50~~59,000,000,000 Domestic Medium Term Note Programme

This Applicable Pricing Supplement as amended and restated on [●] 2024 (the "Amended and Restated Applicable Pricing Supplement") must be read in conjunction with the amended and restated Programme Memorandum, dated [●] 2024~~21 November 2011~~ and approved by the JSE on [●] 2024~~21 November 2011~~, prepared by Telkom SA ~~SOC Limited~~SOC LTD in connection with the Telkom SA ~~SOC Limited~~SOC LTD ZAR1~~50~~59,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the "**Programme Memorandum**").

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

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 [Amended and Restated](#) Applicable Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this [Amended and Restated](#) Applicable Pricing Supplement and the Programme Memorandum, the provisions of this [Amended and Restated](#) Applicable Pricing Supplement shall prevail.

PARTIES

- | | | |
|----|-------------------|---|
| 1. | Issuer | Telkom SA SOC Limited <u>SOC LTD</u> |
| | Specified office | 61 Oak Avenue, Highveld Park, Centurion, 0001, South Africa |
| 2. | Dealer | The Standard Bank of South Africa Limited |
| | Specified office | 30 Baker Street, Rosebank, Johannesburg, 2196, South Africa |
| 3. | Debt sponsor | Nedbank Limited |
| | Specified office | 135 Rivonia Road, Sandown, Johannesburg, 2196, South Africa |
| 4. | Paying agent | Telkom SA SOC Limited <u>SOC LTD</u> |
| | Specified office | 61 Oak Avenue, Highveld Park, Centurion, 0001, South Africa |
| 5. | Calculation agent | Telkom SA SOC Limited <u>SOC LTD</u> |
| | Specified office | 61 Oak Avenue, Highveld Park, Centurion, 0001, South Africa |
| 6. | Transfer agent | Telkom SA SOC Limited <u>SOC LTD</u> |

Specified office	61 Oak Avenue, Highveld Park, Centurion, 0001, South Africa
7. Settlement agent	Rand Merchant Bank, a division of FirstRand Bank Limited
Specified office	1 Merchant Place, Corner Fredman Drive and Rivonia Road, Sandton, 2196, South Africa
8. Stabilising manager (if any)	N/A
Specified office	N/A

PROVISIONS RELATING TO THE NOTES

<u>9.</u> <u>Status of Notes</u>	<u>Unsecured</u>
<u>9.10.</u> <u>Type</u> <u>Status</u> of notes	Listed Registered Notes (see Condition 3.2 (Registered Notes)) .
(a) series number	15
(b) tranche number	1
<u>10.11</u> Aggregate nominal amount of tranche	ZAR1,000,000,000
<u>11.12</u> Aggregate nominal amount of notes in the series	ZAR1,000,000,000
<u>12.13</u> Interest/payment basis	Floating Rate Notes
<u>13.14</u> Form of notes	Registered Notes: The Notes in this Tranche are issued in uncertificated form and held by the CSD
<u>14.15</u> Automatic/optional conversion from one interest/ payment basis to another	N/A

15.16 Issue date	9 December 2019
16.17 Business centre	Johannesburg
17.18 Additional business centre	N/A
18.19 Nominal amount	ZAR1,000,000 per Note
19.20 Specified denomination	ZAR1,000,000 per Note
20.21 Calculation amount	ZAR1,000,000 per Note
21.22 Issue price	100%
22.23 Interest commencement date	9 December 2019
23.24 Maturity date	9 February 2027
24.25 Specified currency	ZAR
25.26 Applicable business day convention	Following Business Day
26.27 Final redemption amount	The aggregate Outstanding Nominal Amount per Note plus interest, if any, to the Maturity Date.
27.28 Books closed period(s)	The Register will be closed on 30 January to 8 February, 29 April to 8 May, 30 July to 8 August, and 30 October to 8 November (all dates inclusive) in each year until the Maturity Date.
28.29 Last day to register	By close of business on the Business Day immediately preceding the first day of Books Closed Period being, 17h00 on each of 29 January, 28 April, 29 July and 29 October of each year until the Maturity Date, or if such day is not a Business Day, the Business Day before each Books Closed Period.
29.30 Additional/amended terms and conditions applicable to the notes	N/A See item 50 below. See Annexure 1 and Annexure 2 below.

FLOATING RATE NOTES

~~30-31~~

Payment Of Interest Amount:

(A) Interest Rate	Reference Rate at Interest Determination Date plus Margin
(b) Interest Payment Date(s)	9 February, 9 May and 9 August, 9 November and in each year until the Maturity Date with the first Interest Payment date being 9 February 2020 or if such days are not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the Applicable Business Day Convention (as specified in this Applicable Pricing Supplement)
(c) Interest Period(s)	Each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date; provided that the first Interest Period will commence on (and include) the interest commencement date and end on (but exclude) the following Interest Payment Date (each Interest Payment Date as adjusted in accordance with the Applicable Business Day Convention)
(d) Definition of Business Day (if different from that set out in Condition 1 (<i>Interpretation</i>))	N/A
(e) Minimum Interest Rate	N/A
(f) Maximum Interest Rate	N/A
31-32 Day Count Fraction	Actual/365

<p>32-33 Other terms relating to the method of calculating interest (e.g.: day count fraction, rounding up provision, if different from Condition 8.6(a))</p>	N/A
<p>33-34 Manner in which the Interest Rate is to be determined</p>	Screen Rate Determination
<p>34-35 Margin</p>	165 basis points
<p>35-36 If ISDA Determination</p>	N/A
(a) Floating Rate	N/A
(b) Floating Rate Option	N/A
(c) Designated Maturity	N/A
(d) Reset Date(s)	N/A
(e) ISDA Definitions to apply	N/A
<p>36-37 If Screen Rate Determination</p>	
<p>(a) Reference Rate (including relevant period by reference to which the Interest Rate is to be calculated)</p>	3 Month ZAR JIBAR
<p>(b) Interest Rate Determination Date(s)</p>	9 February, 9 May, 9 August, 9 November, and in each year until the Maturity Date with the first Interest Rate Determination Date being 2 December 2019.
<p>(c) Relevant Screen page and Reference Code</p>	Reuters page SAFEY MNY MKT code0#SFXMM, or any successor page
<p>(d) Relevant Time</p>	12h00
<p>37-38 If Interest Rate to be calculated otherwise than by ISDA Determination</p>	N/A

or Screen Rate Determination, insert
basis for determining Interest
Rate/Margin/Fallback Provisions

~~38.30~~ If different from Calculation Agent,
agent responsible for calculating amount
of principal and interest N/A

FIXED RATE NOTES N/A

ZERO COUPON NOTES N/A

PARTLY PAID NOTES N/A

INSTALMENT NOTES N/A

MIXED RATE NOTES N/A

INDEXED NOTES N/A

EXCHANGEABLE NOTES N/A

OTHER NOTES N/A

PROVISIONS REGARDING REDEMPTION/MATURITY

~~39.40~~ Issuer's optional redemption: No

~~40.41~~ Other terms applicable on redemption No

~~41.42~~ Redemption at the option of senior
noteholders ~~of senior notes~~ No

~~42.43~~ Early redemption amount(s) payable on
redemption for taxation reasons or on
event of default (if required), if no: Yes

(a) Amount payable; or N/A

(b) Method of calculation of
amount payable N/A

GENERAL

43.44 Public Finance Management Act, 1999 (“PFMA”)	The Issuer is required to comply with the provisions of the PFMA. The Issuer has an exemption from many of the provisions of the PFMA pursuant to, <i>inter alia</i> , Government Notice 985 of 13 December 2013 under Government Gazette Number 37123 and Government Notice 824 of 11 July 2016 under Government Gazette number 40123.
44.45 Financial exchange	Interest Rate Market of the JSE
45.46 Isin no.	ZAG000165077
46.47 Stock code	TL32
47.48 Method of distribution	Private Placement
48.49 Governing law	South Africa
49.50 Use of proceeds	General corporate purposes.
50. — Permitted encumbrance	<p>The Permitted Encumbrances applicable to the Notes shall be those stated in the definition of Permitted Encumbrance in Condition 1 (Interpretation), save that item “(d)” in the definition of Permitted Encumbrance in Condition 1 (Interpretation) shall be deleted in its entirety, and items “(c)” and “(j)” in the definition of Permitted Encumbrance in Condition 1 (Interpretation) shall be deleted in their entirety and replaced with the following items:</p> <p>“(c) any Encumbrance in favour of the Issuer with respect to inter-company Indebtedness incurred between the Issuer and any Subsidiary; or”; and</p> <p>“(j) in addition to any Encumbrance referred to in (a) to (i) above, any Encumbrance securing in aggregate not more than 0.5% (zero comma five percent) of the Total Assets of the Group as published in the Group’s</p>

	latest consolidated audited financial statements, at the time the Encumbrance is established;”
51. Issuer rating and issue date	Long-term national scale – Aa1.za 27 March 2023 07 November 2019
52. Programme rating and issue date	The Programme is not rated
53. Date of rating review	November 2019
54. 53 Rating agency	Moody’s Investor Service

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

~~55.~~~~54~~ Paragraph 3(5)(a)

The ultimate borrower is the issuer.

~~56.~~~~55~~ 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.

~~57.~~~~56~~ Paragraph 3(5)(c)

~~As at the date of this issue,~~ the auditors of the issuer are PriceWaterhouseCoopers and SizweNtsalubaGobodo Grant Thornton Inc.

~~58.~~~~57~~ Paragraph 3(5)(d)

As at the date of this issue:

- (i) The Issuer has ZAR7,850,000,000 in commercial paper outstanding, of which ZAR2,000,000,000 was issued during the current financial year ending 31 March 2020.
- (ii) the issuer estimates that during the current financial year ending 31 March 2020, it will issue commercial paper of up to approximately ZAR3,000,000,000 (inclusive of the notes issued in this series).

~~59.~~~~58~~ 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.

~~60-59~~ Paragraph 3(5)(f)

There has been no material adverse change in the issuer's financial position since the date of its last audited financial statements.

~~61-60~~ Paragraph 3(5)(g)

The notes issued will be listed.

~~62-61~~ 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.

~~63-62~~ Paragraph 3(5)(i)

the obligations of the issuer in respect of the notes are unsecured.

~~64-63~~ Paragraph 3(5)(j)

As at the date of this issue, SizweNtsalubaGobodo Grant Thornton Inc., one of the joint 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.

Relationship between the Dealer and the Issuer

The Standard Bank of South Africa Limited and its affiliates ("**Standard Bank**") have a lending relationship with the Issuer and from time to time have performed, and in the future will perform, banking, investment banking, advisory, consulting and other financial services for the Issuer and its affiliates, for which it may receive customary advisory and transaction fees and expenses reimbursement.

In addition, in the ordinary course of their business activities, Standard Bank and its affiliates may make loans or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such loans, investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates (including the Notes). Standard Bank or its affiliates may hedge their credit exposure to the Issuer consistent with their customary risk management policies.

Responsibility:

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 Amended and Restated Applicable Pricing Supplement contains all information required by law and the JSE Listing Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in this Amended and Restated 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 JSE takes no responsibility for the contents of the placing document, the annual financial statements, annual reports and applicable pricing supplements of the Issuer, any amendments or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of the placing document, the annual financial statements, annual reports and applicable pricing supplements of the Issuer and any amendments or supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the placing document and listing of the debt securities is not to be taken in any way as an indication of the merits of the Issuer or of the debt securities and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

The Issuer confirms that as at the date of this Amended and Restated Applicable Pricing Supplement, there has been no material change in the financial or trading position of the Issuer and its subsidiaries since the date of the Issuer's last published unaudited interim financial statements. As at the date of this Amended and Restated Applicable Pricing Supplement, the Auditors of the Issuer have not reviewed or reported on the aforementioned statement.

As at the date of this Applicable Pricing Supplement, the Issuer confirms that the authorised Programme Amount of ZAR1~~50~~,000,000,000 has not been exceeded.

Application ~~was is hereby~~ made to list this issue of Notes on 9 December 2019.

SIGNED at _____ on this _____ day of _____ 20~~24~~¹⁹.

For and on behalf of

TELKOM SA ~~SOC LIMITED~~SOC LTD

Name:

Capacity:

Who warrants his/her authority hereto

Name:

Capacity:

Who warrants his/her authority hereto

ANNEXURE 1- SETTLEMENT, CLEARING AND TRANSFER OF NOTES

The Programme Memorandum is amended in relation to this Tranche of Notes by the replacement of the section titled "*Settlement, Clearing and Transfer of Notes*" on pages 122 to 124 of the Programme Memorandum with the following new section titled "*Settlement, Clearing and Transfer of Notes*" as follows:

SETTLEMENT, CLEARING AND TRANSFER OF NOTES

Capitalised terms used in this section titled "Settlement, Clearing and Transfer of Notes" shall bear the same meanings as used in the Terms and Conditions and the Financial Markets Act, 2012 except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Notes listed on the JSE and/or held in Strate Proprietary Limited (the "CSD")

Each Tranche of Notes which is listed on the JSE will be held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.

Clearing systems

Each Tranche of Notes listed on the JSE will be issued, cleared and settled in accordance with the rules and operating procedures for the time being of the JSE and the CSD through the electronic settlement system of the CSD. Such Notes will be cleared by Participants who will follow the electronic settlement rules, listing requirements and operating procedures from time to time of the CSD, Participants, Settlement Agents, JSE and/or any Financial Exchange, as the case may be ("**Applicable Procedures**").

Participants

The CSD holds Central Securities Accounts for the Participants (which accounts may be in the name of such Participants or such Participants' clients). The nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the portion that the aggregate Nominal Amount of such number of Notes Outstanding bears to the aggregate Nominal Amount of all of the Notes in that Tranche Outstanding, as provided for in section 37(3) of the Financial Markets Act 2012 ("**Financial Markets Act**").

The clients of Participants, as the holders of the Beneficial Interests (as such term is contemplated under the Financial Markets Act) or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through the Participants. Euroclear and Clearstream will settle off-shore transfers in the Notes through their Participants.

Settlement and clearing

Participants will be responsible for the settlement of scrip and payment transfers through the CSD, the JSE and the SARB.

While a Tranche of Notes is held in its entirety in the CSD, each Person recorded in the Uncertificated Securities Register will be named in the Register as the registered holder of that portion of that Tranche of uncertificated Notes so registered in that Person's name in accordance with the Applicable Procedures. All amounts to be paid in respect of Notes held in the CSD will be paid to the CSD and all rights to be exercised in respect of Notes held in the CSD may be exercised only, in each case, in accordance with the Applicable Procedures.

Transfers and exchanges

Title to uncertificated Notes or Beneficial Interest in uncertificated Notes held by Participants, as the case may be, will pass on transfer thereof by electronic book entry in the Central Securities Accounts maintained by the CSD for such Participants, and/or the Securities Accounts maintained by Participants for their clients, as the case may be, in accordance with the Financial Markets Act and the Applicable Procedures.

An uncertificated Security or Beneficial Interests therein may be exchanged for Notes represented by Individual Certificates in accordance with the Terms and Conditions.

Records of payments and voting

Neither the Issuer nor the Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, uncertificated Notes or Beneficial Interests in uncertificated Notes, or for maintaining, supervising or reviewing any records relating to uncertificated Notes or Beneficial Interests in uncertificated Notes. Holders of uncertificated Notes or Beneficial Interests in uncertificated Notes vote in accordance with the Applicable Procedures.

JSE Debt Guarantee Fund Trust

The holders of Notes that are not listed on the JSE will have no recourse against the JSE or the JSE Debt Guarantee Fund Trust. Claims against the JSE Debt Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the JSE and can in no way relate to a default by the Issuer of its obligations under the Notes listed on the JSE. Any claims against the JSE Debt Guarantee Fund Trust may only be made in accordance with the rules of the JSE Debt Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE.

ANNEXURE 2: SOUTH AFRICAN TAXATION

The Programme Memorandum is amended in relation to this Tranche of Notes by the replacement of the paragraphs headed “Income Tax”, “Capital Gains Tax” and “Withholding Tax” under the section titled “*South African Taxation*” on pages 129 to 131 of the Programme Memorandum with the following new paragraphs headed “Income Tax”, “Capital Gains Tax” and “Withholding Tax” as follows:

The information contained below is intended to be a general guide to the relevant tax laws of South Africa as at the date hereof and does not purport to describe all of the considerations that may be relevant to a prospective purchaser of the Notes. South African tax legislation is subject to frequent change and accordingly the comments as set out below may be subject to change, possibly with retrospective effect. Prospective purchasers of the Notes should consult their own professional advisers in regard to the purchase of the Notes and the tax implications thereof. Accordingly, the Issuer makes no representation and gives no warranty or undertaking, express or implied, and accepts no responsibility for the accuracy or completeness of the information contained in this section. The content of this section constitutes a summary of certain aspects of the relevant South

African tax laws as at the date hereof and does not constitute tax advice, and persons should consult their own professional advisors.

Income Tax

Under current taxation law effective in South Africa, a “resident” (as defined in section 1 of the South African Income Tax Act, 1962 (as amended from time to time) (the “**Income Tax Act**”)) is subject to income tax on his/her world-wide income. Accordingly, all holders of Notes who are residents of South Africa will generally be liable to pay income tax, subject to available deductions, allowances and exemptions, on any income (including income in the form of interest) earned in respect of the Notes.

Non-residents of South Africa are subject to income tax on all income derived from a South African source (subject to domestic exemptions or relief in terms of an applicable double taxation treaty).

Interest income is from a South African source if that amount constitutes “interest” as defined in section 24J of the Income Tax Act where that interest:

1. — is attributable to an amount incurred by a person that is a South African tax resident, unless the interest is attributable to a permanent establishment which is situated outside South Africa; or
1. — is received or accrues in respect of the utilisation or application in South Africa by any person of funds or credit obtained in terms of any form of interest-bearing arrangement.

Accordingly, if the interest payments in respect of the Notes are from a South African source as set out above, the interest earned by a non-resident Noteholder will be subject to South African income tax unless such interest income is exempt from South African income tax under section 10(1)(h) of the Income Tax Act (see below).

Under section 24J of the Income Tax Act, broadly speaking, any discount or premium to the Nominal Amount of a Tranche of Notes is treated as part of the interest income on the Notes. Interest income which is received by or accrues to the Noteholder is deemed, in accordance with section 24J of the Income Tax Act, to accrue on a day to day basis until that Noteholder disposes of the Notes or until maturity. The day to day basis accrual is determined by calculating the yield to maturity and applying it to the capital involved for the relevant tax period. The interest may qualify for exemption under section 10(1)(h) of the Income Tax Act.

Under section 10(1)(h) of the Income Tax Act, interest received by or accruing to a Noteholder who, or which, is not a resident of South Africa during any year of assessment is exempt from income tax, unless:

2. — that Person is a natural person who was physically present in South Africa for a period exceeding 183 (one hundred and eighty three) days in aggregate during the 12 (twelve) month period preceding the date on which the interest is received or accrues by or to that Person; or
1. — the debt from which that interest arises is effectively connected to a permanent establishment of that Person in South Africa.

If a holder does not qualify for the exemption under Section 10(1)(h) of the Income Tax Act, an exemption from, or reduction of any income tax liability may be available under an applicable double taxation treaty.

Section 24JB of the Income Tax Act contains specific provisions dealing with the taxation of “*financial assets*” and “*financial liabilities*” of “*covered persons*”, as defined in section 24JB of the Income Tax Act. If section 24JB applies to the Notes, the tax treatment of the acquisition, holding and/or disposal of the Notes will differ from what is set out in this section. Noteholders should seek advice from their own professional advisors as to whether these provisions may apply to them.

Certain entities may also be exempt from South African income tax. Prospective subscribers for or purchasers of Notes are accordingly advised to consult their own professional advisors as to whether the interest income earned on the Notes will be exempt under section 10(1)(h) of the Income Tax Act or whether they constitute entities that are exempt from income tax.

Prospective purchasers-subscribers for or of Notes are advised to consult their own professional advisors to ascertain whether the abovementioned provisions may apply to them.

The disposal of the Notes may give rise to income tax implications for any Noteholder that is a resident of South Africa. In respect of non-resident Noteholders, income tax implications may arise should the Notes so disposed of be attributable to a South African permanent establishment of such Noteholder. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors to ascertain whether a disposal of the Notes will result in a liability to income tax.

Capital Gains Tax

The provisions relating to capital gains tax apply in respect of the disposal of any asset by certain taxpayers. The word “*dispose*” is defined in the Eighth Schedule to the Income Tax Act to include, *inter alia*, any action by virtue of which an asset is created, transferred, varied or extinguished. If an asset was acquired, is held and will be disposed of on a speculative basis or as part of a scheme of profit making, the gain should generally be subject to normal tax. Capital gains tax is imposed at lower effective rates in comparison to income tax.

Residents are subject to capital gains tax on all capital gains realised on the disposal of any assets held on a worldwide basis. A non-resident is subject to capital gains tax only in respect of capital gains which are realised from the disposal of (i) “*immovable property*” (as such term is defined in the Income Tax Act) situated in South Africa or any interest or right of whatever nature of such non-resident to or in immovable property situated in South Africa (as such term is defined in paragraph 2(2) of the Eighth Schedule to the Income Tax Act, being, in essence, equity shares in certain companies, the principal assets of which are “*immovable property*” located in South Africa), or (ii) assets effectively connected with a permanent establishment of that non-resident in South Africa. A “*permanent establishment*” is defined (in section 1 of the Income Tax Act) as a permanent establishment as from time to time defined in article 5 of the Model Tax Convention on Income and Capital of the Organisation for Economic Co-operation and Development, with some additions. The disposal of Notes by residents of South Africa may give rise to capital gains tax implications.

The capital gains tax provisions will not apply to the extent that the holder of the Notes constitutes a "covered person", as defined in section 24JB of the Income Tax Act (see above) applies to the Notes.

Any discount or premium on acquisition of the Notes which has already been treated as interest for income tax purposes under section 24J of the Income Tax Act (see above) will not be taken into account when determining any capital gain or loss. Under section 24J(4A) of the Income Tax Act a loss on disposal or redemption of the Notes will, to the extent that it has previously been included in taxable income (as interest), be allowed as a deduction from the income of the holder when it is incurred and accordingly will not give rise to a capital loss.

Capital gains tax in terms of the Eighth Schedule to the Income Tax Act will not be levied in relation to Notes disposed of by a Person who is not a resident of South Africa unless the Notes disposed of are effectively connected with a permanent establishment of that Person in South Africa.

Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether a disposal or redemption of Notes will result in a liability to capital gains tax.

Withholding Tax

The withholding tax ("**WHT**") on interest payments from a South African source (see above) to non-residents at the rate of 15% (fifteen percent) came into effect on 1 March 2015. The WHT on interest applies to interest that is paid or that becomes due and payable on or after this date. To the extent that any interest is paid to Noteholders who are South African tax residents, the WHT on interest will not apply.

The WHT on interest does not, however, apply to payments made to non-resident Noteholders in respect of any interest paid by a "bank" (defined as, *inter alia*, any bank as defined in section 1 of the Banks Act), provided there is not a "back-to-back" arrangement between any non-resident Noteholder and the bank. The WHT on interest does not apply to payments of interest made in respect of any "listed debt", which is defined as debt that is listed on a recognised exchange. The JSE Limited constitutes a recognised exchange in accordance with paragraph 1 of the Eighth Schedule to the Income Tax Act. Other exemptions may apply to interest payments made to non-resident Noteholders. If interest paid to a Noteholder does not qualify for an exemption under the WHT on interest provisions, an exemption from, or reduction of, any WHT on interest liability may be available under an applicable double taxation treaty.

Documentary requirements exist in order to rely on certain of the exemptions from, or reductions in the rate of, the WHT on interest. Prospective subscribers for or purchasers of Notes are advised to consult their own professional advisors as to whether the payment of any interest in respect of the Notes will result in a liability for the WHT on interest.

The references to "interest" and "dividend" above mean "interest" and "dividend" respectively as understood in South African tax law. The statements above do not take account of any different definitions of "interest", "dividends" or "principal" which may prevail under any other law or which may be created by the Terms and Conditions or any related documentation. References to "Person" above shall mean "person" within the meaning given in section 1 of the Income Tax Act.