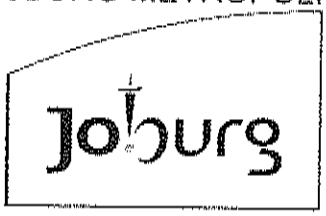
CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY



a world class African city

CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY

(a municipality as described in section 2 of the Local Government: Municipal Systems Act, 2000, duly established in terms of Notice No. 6766, promulgated in the Provincial Gazette Extraordinary of 1 October 2000 in terms of section 12(1) read with section 14(2) of the Local Government: Municipal Structures Act, 1998, as amended)

ZAR30, 000, 000, 000
Domestic Medium Term Note Programme

On 15 September 2009, City of Johannesburg Metropolitan Municipality (the **Issuer**) established a ZAR13,000,000,000 domestic medium term note programme (the **Previous Programme**) under a programme memorandum dated 15 September 2009 (the **Previous Programme Memorandum**). The Previous Programme together with the Previous Programme Memorandum applies and will continue to apply to the notes (the **Previous Notes**) that were issued thereunder, it being understood that no Notes will be issued under the Previous Programme. The ZAR30, 000, 000, 000 Domestic Medium Note Programme (**Programme**) together with this Programme Memorandum dated 14 June 2016 (the **Programme Memorandum**) will only apply to all the notes (the **Notes**) issued under the Programme.

Under this Programme, the Issuer may from time to time issue Notes, which expression shall include Senior Notes and Subordinated Notes (each as defined herein) denominated in any currency agreed by the Issuer and the relevant Dealer(s) (as defined herein) and further subject to all Applicable Laws and, in the case of Notes listed on the Interest Rate Market of the JSE (as defined herein) or such other Financial Exchange(s) (as defined herein) as may be determined by the Issuer and the relevant authority, the debt listings requirements of the JSE Limited (the **JSE**) or such other Financial Exchange(s), that are subject to the terms and conditions (the **Terms and Conditions**) contained in this Programme Memorandum. Any other terms and conditions not contained in the Terms and Conditions that are applicable to any Notes, replacing or modifying the Terms and Conditions, will be set forth in a pricing supplement (the **Applicable Pricing Supplement**).

Capitalised terms used in this Programme Memorandum (as defined herein) are defined in the section of this Programme Memorandum headed *"Terms and Conditions of the Notes"*, unless separately defined, and/or in relation to a Tranche of Notes, in the Applicable Pricing Supplement.

As at the Programme Date (as defined herein), the Programme Amount is ZAR**30, 000, 000, 000**. This Programme Memorandum will apply to the Notes issued under the Programme in an aggregate outstanding Nominal Amount which will not exceed ZAR**30, 000, 000, 000** unless such amount is increased by the Issuer pursuant to the section of this Programme Memorandum headed *"General Description of the Programme"*.

The Notes may comprise, without limitation, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes and/or such combination of the foregoing Notes and/or such other type of Notes as may be determined by the Issuer and the relevant Dealer(s) and specified in the Applicable Pricing Supplement. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

This Programme Memorandum has been approved by the JSE. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE in accordance with the rules of the BESA Guarantee Fund Trust. The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE. A copy of the Applicable Pricing Supplement relating to a Tranche of Notes which is to be listed on the Interest Rate Market of the JSE will be delivered to the JSE and the CSD, before the Issue Date, and the Notes in that Tranche may be traded by or through members of the JSE from the date specified in the Applicable Pricing Supplement, in accordance with the Applicable Procedures. The settlement of trades on the JSE will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE. The placement of a Tranche of unlisted Notes may (at the sole discretion of the Issuer) be reported through the JSE reporting system, in which event the settlement of trades in such Notes will take place in accordance with the electronic settlement procedures of the JSE and the CSD for all trades done through the JSE. The settlement and redemption procedures for a Tranche of Notes listed on any Financial Exchange (other than or in addition to the JSE) will be specified in the Applicable Pricing Supplement.

The Notes may be issued on a continuing basis and be placed by one or more of the Dealers specified under the section of this Programme Memorandum headed *"Summary of Programme"* and any additional Dealers appointed under the Programme from time to time by the Issuer, which appointment may be for a specific issue or on an ongoing basis. References in this Programme Memorandum to the "**relevant Dealer**" shall, in the case of Notes being (or intended to be) placed by more than one Dealer, be to all Dealers agreeing to place such Notes.

As at the Programme Date the Issuer is rated, however, the Programme is not rated, but may, after the Programme Date, be rated by a Rating Agency on a national or international scale basis. A Tranche of Notes may also, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, as well as the Rating Agency(ies) which assigned such Rating(s), will be specified in the Applicable Pricing Supplement.

Arrangers

FirstRand Bank Limited, acting through its Rand Merchant Bank division and
Basis Points Capital Proprietary Limited

Dealers

Absa Bank Limited, acting through its Corporate and Investment Bank division, Nedbank Limited, acting through its Corporate and Investment Banking division, The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division, FirstRand Bank Limited, acting through its Rand Merchant Bank division, Basis Points Capital Proprietary Limited, BNP Capital Proprietary Limited, Vantage Capital Proprietary Limited, Tamela Holdings Proprietary Limited, Utho Capital Proprietary Limited, Regiments Capital Proprietary Limited

JSE Debt Sponsor

Absa Bank Limited, acting through its Corporate and Investment Bank division

Programme Memorandum dated 14 June 2016.

GENERAL

Capitalised terms used in this section headed "General" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer accepts full responsibility for the information contained in this Programme Memorandum and all documents incorporated by reference (see the section of this Programme Memorandum headed "*Documents Incorporated by Reference*"). To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Programme Memorandum is in accordance with the facts and does not omit any fact which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Programme Memorandum contains all information required by law and the debt listings requirements of the JSE.

The JSE takes no responsibility for the contents of this Programme Memorandum, any Applicable Pricing Supplements, or the annual reports of the Issuer (as amended or restated from time to time), makes no representation as to the accuracy or completeness of any of the foregoing documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Programme Memorandum, any Applicable Pricing Supplements, or the annual reports of the Issuer (as amended or restated from time to time).

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Programme Memorandum is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts, the omission of which would make this Programme Memorandum or any of such information or expression of any such opinions or intentions misleading in any material respect.

This document is to be read and construed with any amendment or supplement thereto (this document, as amended or supplemented, the **Programme Memorandum**) and in conjunction with any other documents which are deemed to be incorporated herein by reference (see the section headed "*Documents Incorporated by Reference*") and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Programme Memorandum.

The Arranger, the Dealer(s), the JSE Debt Sponsor or any of their respective subsidiary or holding companies or a subsidiary of their holding company (**Affiliates**), other professional advisers named herein and the JSE have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Arranger, the Dealer(s), the JSE Debt Sponsor nor any of their Affiliates or other professional advisers as to the accuracy or completeness of the information contained in this Programme Memorandum or any other information provided by the Issuer. The Arranger, the Dealer(s), the JSE Debt Sponsor and other professional advisers do not accept any liability in relation to the information contained in this Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

No Person has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Programme Memorandum or any other document entered into in relation to the Programme or any other information supplied by the Issuer in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor or other professional advisers.

Neither this Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, or should be considered as a recommendation by the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor and other professional advisers that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme should subscribe for, or purchase, any Notes.

Each Person contemplating the subscription for, or purchase of, any Notes should determine for itself the relevance of the information contained in this Programme Memorandum and should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subscription for, or purchase of, Notes should be based upon any such investigation as it deems necessary. Neither this Programme Memorandum nor any Applicable Pricing Supplement nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Arranger, or the Dealer to any Person to subscribe for or to purchase any Notes.

Neither the delivery of this Programme Memorandum nor any Applicable Pricing Supplement nor the offering, sale or delivery of any Note shall at any time imply that the information contained herein is correct at any time subsequent to the date hereof, or that any other financial statements or other information supplied in connection with the Programme is correct at any time subsequent to the date indicated in the document containing the same. The Arranger, the Dealer(s), the JSE Debt Sponsor and other professional advisers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements, if any, of the Issuer, when deciding whether or not to subscribe for, or purchase, any Notes.

Neither this Programme Memorandum nor any Applicable Pricing Supplement constitutes an offer to sell or the solicitation of an offer to buy or an invitation to subscribe for or purchase any Notes. The distribution of this Programme Memorandum and any Applicable Pricing Supplement and the issue, sale or offer of Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Programme Memorandum or any Applicable Pricing Supplement or any Notes come are required by the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor and other professional advisers to inform themselves about, and observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Programme Memorandum or any Applicable Pricing Supplement and other offering materially relating to the Notes, see the section headed "*Subscription and Sale*".

None of the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor nor other professional advisers represents that this Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Arranger, the Dealer(s), the JSE Debt Sponsor or other professional advisers which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Programme Memorandum nor any advertisement nor other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any Applicable Laws and regulations. Each Dealer has represented that all offers and sales by it will be made on the same terms.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the "Securities Act"). Notes may not be offered, sold or delivered within the United States or to U.S. Persons except in accordance with Regulation S under the Securities Act.

In connection with the issue and distribution of any Tranche of Notes under the Programme, the relevant Dealer(s), if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any Person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the debt listings requirements of the JSE and approved by the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all Applicable Laws, regulations and rules.

The price/yield and amount of a Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.

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DOCUMENTS INCORPORATED BY REFERENCE

Capitalised terms used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The following documents shall be deemed to be incorporated in, and to form part of, this Programme Memorandum:

(a) all amendments and supplements to this Programme Memorandum prepared by the Issuer from time to time;

(b) as at the Programme Date, the published consolidated audited annual financial statements of the Issuer and each Municipal Owned Entity, and notes thereto, for the three financial years ended 30 June 2013, 2014 and 2015 and in respect of any issue of Notes after the Programme Date, the published audited annual financial statements, and notes thereto, of the Issuer in respect of further financial years, as and when such published audited financial statements become available;

(c) as at the Programme Date, the published annual report (incorporating the consolidated audited annual financial statements of the Issuer and each Municipal Owned Entity, together with reports and the notes thereto) of the Issuer and attached to or intended to be read with such financial statements of the Issuer for the three financial years ended 30 June 2013, 2014 and 2015 and in respect of any issue of Notes after the Programme Date, the published annual report of the Issuer in respect of further financial years, as and when such published annual report becomes available;

(d) each Applicable Pricing Supplement relating to any Tranche of Notes issued under the Programme;

(e) all information pertaining to the Issuer which is relevant to the Programme and/or this Programme Memorandum which will be electronically submitted through the Securities Exchange News Service (**SENS**) or similar service established by the JSE, to SENS subscribers, if required;

(f) as at the Programme Date, the Issuer's Integrated Development Plan 2016/2021, published in March 2016 and in respect of any issue of Notes after the Programme Date, any future Integrated Development Plan, as and when such Integrated Development Plan becomes available;

(g) as at the Programme Date, the Issuer's Medium Term Revenue and Expenditure Framework 2016/2019, published in March 2016 and in respect of any issue of Notes after the Programme Date, any future Medium Term Revenue and Expenditure Framework, as and when such Medium Term Revenue and Expenditure Framework becomes available; and

(h) in respect of any issue of Notes under the Programme, if required, the disclosure statement issued in respect of such Notes in accordance with the Municipal Regulations on Debt Disclosure issued by National Treasury under the MFMA published in terms of Notice No. R492 of 15 June 2007 in Government Gazette No. 29966, if required,

save that any statement contained in this Programme Memorandum or in any of the documents incorporated by reference in and forming part of this Programme Memorandum shall be deemed to be modified or superseded for the purpose of this Programme Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will, for as long as any Note remains Outstanding, provide at its registered office as set out at the end of this Programme Memorandum, without charge, to any Person, upon request of such Person, a copy of all of the documents which are incorporated herein by reference, unless such documents have been modified or superseded, in which case the modified or superseding documentation will be provided, including the most recently obtained beneficial disclosure report made available by the Participant to the CSD. Requests for such documents should be directed to the Issuer at its registered office as set out at the end of this Programme Memorandum. In addition, the constitutive documents of the Issuer will be available at the registered office of the Issuer as set out at the end of this Programme Memorandum.

This Programme Memorandum, any amendments and/or supplements thereto, the Applicable Pricing Supplements relating to any issue of listed Notes and the audited annual financial statements of the Issuer are also available on the Issuer's website, http://www.joburg.org.za. In addition, this Programme Memorandum, as amended and/or restated and/or supplemented from time to time and all the Applicable Pricing Supplements relating to any issue of listed Notes will be filed with the JSE which will publish such documents on its website at http://www.jse.co.za. This Programme Memorandum does not constitute an offer or invitation by or on behalf of the Issuer, the Arranger and the Dealer(s) or their Affiliates, the JSE Debt Sponsor or other professional advisors to any Person in any jurisdiction to subscribe for or purchase any Notes.

The Issuer will, for so long as any Note remains outstanding and listed on the Interest Rate Market of the JSE, publish a new Programme Memorandum or a supplement to this Programme Memorandum, as the case may be, if:

(i) a change in the condition (financial or otherwise) of the Issuer has occurred which is material in the context of the Notes so listed and the Issuer's payment obligations thereunder; or

(ii) an event has occurred which affects any matter contained in this Programme Memorandum, the disclosure of which would reasonably be required by Noteholders and/or potential investors in the Notes; or

(iii) any of the information contained in this Programme Memorandum becomes outdated in a material respect; or

(iv) this Programme Memorandum no longer contains all the material correct information required by the Applicable Procedures,

provided that, in the circumstances set out in paragraphs (iii) and (iv) above, no new Programme Memorandum or supplement to this Programme Memorandum, as the case may be, is required in respect of the Issuer's audited annual financial statements if such audited annual financial statements are incorporated by reference into this Programme Memorandum and such audited annual financial statements are published and submitted to the JSE within 6 (six) months after the financial year end of the Issuer.

GENERAL DESCRIPTION OF THE PROGRAMME

Capitalised terms used in this section headed "General Description of the Programme" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

The Issuer may from time to time issue one or more Tranches of Notes under the Programme, pursuant to this Programme Memorandum, provided that the aggregate outstanding Nominal Amount of all of the Notes issued under the Programme from time to time does not exceed the Programme Amount.

A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer, subject to the MFMA and all other Applicable Laws. Unlisted Notes may also be issued under the Programme. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange. If the Issuer issues a Tranche of unlisted Notes or a Tranche of Notes is listed on any Financial Exchange other than (or in addition to) the JSE, the Issuer will, by no later than the last Day of the month of issue of that Tranche of Notes, inform the JSE in writing of the aggregate Nominal Amount and the Maturity Date (if any) of that Tranche of Notes.

This Programme Memorandum and any supplement will only be valid for the issue of Notes in an aggregate Nominal Amount which does not exceed ZAR30, 000, 000, 000 or its equivalent in other currencies. For the purpose of calculating the South African Rand equivalent of the aggregate Nominal Amount of the Notes issued under the Programme from time to time, the South African Rand equivalent of the Notes denominated in another Specified Currency (as specified in the Applicable Pricing Supplement) shall be determined as of the date of agreement to issue such Notes (the **Agreement Date**) on the basis of the spot rate for the sale of the South African Rand against the purchase of such Specified Currency in the South African foreign exchange market quoted by any leading bank selected by the Issuer on the Agreement Date (the **Conversion Rate**) and in respect of:

(a) Zero Coupon Notes and other Notes, the Conversion Rate shall be applied to the net subscription proceeds received by the Issuer for the relevant issue; and

(b) Partly-Paid Notes and Index-Linked Notes, the Conversion Rate shall be applied to the Nominal Amount regardless of the amount paid up on such Notes.

From time to time the Issuer may wish to increase the Programme Amount. Subject to the Applicable Procedures, all Applicable Laws and the Programme Agreement (as defined in the section headed "*Subscription and Sale*"), the Issuer may, without the consent of Noteholders, increase the Programme Amount by delivering a notice thereof to the Noteholders in accordance with Condition 18 (*Notices*) of the Terms and Conditions, and to the Arranger, the Dealer(s), the JSE and the CSD. Upon such notice being given to the Noteholders and the conditions set out in the Programme Agreement to exercise this right having been met, all references in this Programme Memorandum (and each agreement, deed or document relating to the Programme and/or this Programme Memorandum) to the Programme Amount will be, and will be deemed to be, references to the increased Programme Amount set out in such notice.

As at the Programme Date the Issuer is rated however, the Programme is not rated, but may, after the Programme Date, be rated by a Rating Agency on a national or international scale basis. A Tranche of Notes may also, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, as well as the Rating Agency(ies) which assigned such Rating(s), will be specified in the Applicable Pricing Supplement. A Rating is not a recommendation to subscribe for, buy, sell or hold any Notes. A Rating of the Issuer and/or the Programme and/or a Rating of a Tranche of Notes may be subject to revision, suspension or withdrawal at any time by the Rating Agency.

This Programme Memorandum will only apply to Notes issued under the Programme on or after the Programme Date.

A summary of the Programme and the Terms and Conditions appears below.

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Programme Memorandum and, in relation to the Terms and Conditions of any particular Tranche of Notes, the Applicable Pricing Supplement. Words and expressions defined in the Terms and Conditions shall have the same meanings in this summary.

PARTIES

Issuer	the City of Johannesburg Metropolitan Municipality, a municipality as described in section 2 of the Local Government Municipal Systems Act, 2000, duly established in terms of Notice No. 6766, promulgated in the Provincial Gazette Extraordinary of 1 October 2000 in terms of section 12(1) read with section 14(2) of the Local Government: Municipal Structures Act, 1998, as amended .
Arranger(s)	FirstRand Bank Limited, acting through its Rand Merchant Bank division (**RMB**) and Basis Points Capital Proprietary Limited (**BPS**).
Dealer(s)	Absa Bank Limited, acting through its Corporate and Investment Bank division (**Absa**), Nedbank Limited, acting through its Corporate and Investment Banking division, The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division, RMB, BPS, BNP Capital Proprietary Limited, Vantage Capital Proprietary Limited, Tamela Holdings Proprietary Limited, Utho Capital Proprietary Limited, Regiments Capital Proprietary Limited and any additional Dealers appointed by the Issuer from time to time, which appointment may be for a specific issue or on an ongoing basis.
Transfer Agent	Computershare Investor Services Proprietary Limited, or such other entity appointed by the Issuer as Transfer Agent, in which event that other entity will act as Transfer Agent, as specified in the Applicable Pricing Supplement.
Paying Agent	the Issuer, or such other entity appointed by the Issuer as Paying Agent, in which event that other entity will act as Paying Agent, as specified in the Applicable Pricing Supplement.
Calculation Agent	the Issuer, or such other entity appointed by the Issuer as Calculation Agent, in which event that other entity will act as Calculation Agent, as specified in the Applicable Pricing Supplement.
JSE Debt Sponsor	Absa, or such other entity appointed by the Issuer from time to time.
CSD	Strate Proprietary Limited (registration number 1998/022242/07), a private company with limited liability duly incorporated in accordance with the company laws of South Africa and registered as a central securities depository in terms of the Financial Markets Act or such additional, alternative or successor central securities depository as may be agreed between the Issuer and the relevant Dealer(s).
JSE	the JSE Limited (registration number 2005/022939/06), a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a

	successor exchange to the JSE.
GENERAL	
Blocked Rands	Blocked Rands may be used to subscribe for, or purchase, Notes, subject to the Exchange Control Regulations.
Clearing and Settlement	Each Tranche of Notes which is held in the CSD will be issued, cleared and settled in accordance with the Applicable Procedures through the electronic settlement system of the CSD. The CSD acts as the approved electronic clearing house, and carries on the role of matching, clearing and facilitation of settlement of all transactions carried out on the JSE. Each Tranche of Notes which is held in the CSD will be cleared by Participants who will follow the electronic settlement procedures prescribed by the JSE and the CSD (see the section of this Programme Memorandum headed "*Settlement, Clearing and Transfers of Notes*").
Cross-Default	The terms of the Notes will contain a cross-default provision relating to Indebtedness for money borrowed having an aggregate outstanding amount which equals or exceeds 10% of Total Aggregated Debt Capital from time to time, or any guarantee of or indemnity in respect of any such indebtedness as further described in Condition 16.1.1.4 (*Cross Default*).
Denomination	Notes will be issued in such denominations as may be agreed by the Issuer and the relevant Dealer(s) and as indicated in the Applicable Pricing Supplement, save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the central bank or regulator or any laws or regulations applicable to the Notes.
Description of Programme	The City of Johannesburg Metropolitan Municipality ZAR30, 000, 000, 000 Domestic Medium Term Note Programme.
Distribution	Notes may be distributed by way of private placement, auction or bookbuild or any other means permitted under South African law, and in each case on a syndicated or non-syndicated basis as may be determined by the Issuer and the relevant Dealer(s) and reflected in the Applicable Pricing Supplement.
Form of Notes	Each Tranche of Notes which is listed on the Interest Rate Market of the JSE and each Tranche of unlisted Notes will be issued in uncertificated form, and will be held in the CSD. The holder of a Beneficial Interest may exchange such Beneficial Interest for Notes in certificated form represented by an Individual Certificate (see the section of this Programme Memorandum headed *"Form of the Notes"*).
Governing Law	The Notes will be governed by and construed in accordance with the laws of South Africa in force from time to time.
Interest	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked, and the method of calculating interest may vary between the Issue Date and the Maturity Date.
Interest Period(s)/Interest Payment Date(s)	The Interest Rate, Interest Payment Date(s) and Interest Period(s), if any, applicable to a Tranche of Notes will be

specified in the Applicable Pricing Supplement.

Issue and Transfer Taxes

As at the Programme Date, no securities transfer tax or any similar tax is payable in respect of the issue, transfer or redemption of the Notes (see the section of this Programme Memorandum headed *"South African Taxation"*). Any future transfer duties and/or taxes that may be introduced in respect of (or may be applicable to) the transfer of Notes will be for the account of Noteholders.

Issue Price

Notes may be issued on a fully paid or a partly paid basis and at their Nominal Amount or at a discount or premium to their Nominal Amount as specified in the Applicable Pricing Supplement.

Listing

This Programme has been approved by the JSE. Notes issued under the Programme may be listed on the Interest Rate Market of the JSE or on such other or additional Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to all Applicable Laws. Unlisted Notes may also be issued under the Programme. Unlisted Notes are not regulated by the JSE. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and, if so, on which Financial Exchange(s).

Maturities of Notes

Such maturity(ies) as specified in the Applicable Pricing Supplement. The Notes are not subject to any minimum or maximum maturity.

Negative Pledge

The Senior Notes will have the benefit of a negative pledge as described in Condition 7 (*Negative Pledge*) of the Terms and Conditions.

Notes

Notes may comprise:

Fixed Rate Notes

Fixed Rate interest will be payable in arrears on such date or dates as may be agreed between the Issuer and the relevant Dealer(s), as indicated in the Applicable Pricing Supplement and on redemption, and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).

Floating Rate Notes

Floating Rate Notes will bear interest calculated at a rate determined: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions; or (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quoting service; or (iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s), as indicated in the Applicable Pricing Supplement.

The Margin (if any) relating to such Floating Rate Notes will be agreed between the Issuer and the relevant

	Dealer(s) for each issue of Floating Rate Notes, as indicated in the Applicable Pricing Supplement. Floating Rate Notes may also have a Maximum Interest Rate, a Minimum Interest Rate or both, as indicated in the Applicable Pricing Supplement. The Interest Period for Floating Rate Notes may be 1 (one), 2 (two), 3 (three), 6 (six) or 12 (twelve) months or such other period as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.
Zero Coupon Notes	Zero Coupon Notes will be issued at their Nominal Amount or at a discount to it and will not bear interest (except in the case of late payment as specified).
Index-Linked Notes	Payments (whether in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes and whether at maturity or otherwise) will be calculated by reference to such index and/or formula as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.
Dual Currency Notes	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree, as indicated in the Applicable Pricing Supplement.
Mixed Rate Notes	Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Index-Linked Notes or Dual Currency Notes, each as specified in the Applicable Pricing Supplement.
Instalment Notes	The Applicable Pricing Supplement will set out the dates on which, and the amounts in which, Instalment Notes may be redeemed.
Partly Paid Notes	The Issue Price will be payable in two or more instalments as set out in the Applicable Pricing Supplement.
Exchangeable Notes	Exchangeable Notes may be redeemed by the Issuer in cash or by the delivery of securities, as specified in the Applicable Pricing Supplement.
Other Notes	Terms applicable to any other type of

	Notes that are approved by the JSE, or its successor, or such other or further exchange or exchanges as may be selected by the Issuer in relation to an issue of listed Notes, or as agreed between the Issuer and the relevant Dealer(s) in respect of unlisted Notes, will be set out in the Applicable Pricing Supplement.
Noteholders	The holders of Notes which are recorded as the registered Noteholders of those Notes in the Register. The Person recorded in the Uncertificated Securities Register, in accordance with Applicable Laws and Applicable Procedures, will be named in the Register as the registered Noteholder of that Tranche of Notes which is held in the CSD. Each holder of Notes which is represented by an Individual Certificate will be named in the Register as the registered Noteholder of such Notes.
Rating	As at the Programme Date the Issuer is rated however, the Programme is not rated, but may, after the Programme Date, be rated by a Rating Agency on a national or international scale basis. A Tranche of Notes may also, on or before the Issue Date, be rated by a Rating Agency on a national scale or international scale basis. Unrated Tranches of Notes may also be issued. The Rating assigned to the Issuer and/or the Programme and/or the Notes, as the case may be, as well as the Rating Agency(ies) which assigned such Rating(s), will be specified in the Applicable Pricing Supplement. A Rating is not a recommendation to subscribe for, buy, sell or hold Notes and may be subject to revision, suspension or withdrawal at any time by the Rating Agency. Any adverse change in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, could adversely affect the trading price of all or any of the Notes. Any amendment in the Rating of the Issuer and/or the Programme and/or a Tranche of Notes, as the case may be, after the Programme Date, will be announced on SENS.
Redemption	A tranche of Notes will, subject to the Applicable Pricing Supplement, be redeemed on the Maturity Date, as set out in Condition 10.1 (*Redemption at Maturity*) of the Terms and Conditions. If so specified in the Applicable Pricing Supplement, the Issuer may redeem the Notes of any Tranche at any time prior to the Maturity Date following the occurrence of a change in law and/or for tax reasons, as set out in Condition 10.2 (*Redemption for Tax Reasons*) of the Terms and Conditions, or as otherwise set out in the Applicable Pricing Supplement. If "*Early Redemption at the Option of the Issuer*" is specified as applicable in the Applicable Pricing Supplement or pursuant to Condition 10.3 (*Redemption at the Option of the Issuer*) of the Terms and Conditions, the Issuer may, having given not less than 30 (thirty) Days or more than 60 (sixty) Days irrevocable notice (or such other period of notice as may be specified in the Applicable Pricing Supplement) to the Noteholders in accordance with Condition 18 (*Notices*) of the Terms and Conditions, redeem the Tranche of Notes

	on any Optional Redemption Date(s), or as otherwise set out in the Applicable Pricing Supplement. If "*Redemption at the Option of Senior Noteholders*" is specified as applicable in the Applicable Pricing Supplement, the Senior Noteholders of any Tranche of Senior Notes may, having given not less than 30 (thirty) Days nor more than 60 (sixty) Days' notice (or such other period of notice as may be specified in the Applicable Pricing Supplement), require the Issuer to redeem Senior Notes on any Optional Redemption Date in the manner specified in Condition 10.5 (*Redemption at the Option of the Senior Noteholders*) of the Terms and Conditions and the Applicable Pricing Supplement.
Selling Restrictions	The distribution of this Programme Memorandum and/or any Applicable Pricing Supplement and any offering or sale of or subscription for a Tranche of Notes may be restricted by law in certain jurisdictions, and is restricted by law in the United States of America, the United Kingdom, the European Economic Area and South Africa (see the section of this Programme Memorandum headed "*Subscription and Sale*"). Any other or additional restrictions which are applicable to the placing of a Tranche of Notes will be set out in the Applicable Pricing Supplement. Persons who come into possession of this Programme Memorandum and/or any Applicable Pricing Supplement must inform themselves about and observe all applicable selling restrictions.
Size of the Programme	As at the Programme Date, the Programme Amount is ZAR30, 000, 000, 000. This Programme Memorandum will only apply to Notes issued under the Programme in an aggregate outstanding Nominal Amount which does not exceed the Programme Amount. The Issuer may increase the Programme Amount in the manner set out in the section of this Programme Memorandum headed "*General Description of the Programme*". The Programme Amount at the time of the issue of any Tranche of Notes will be set out in the Applicable Pricing Supplement.
Specified Currency	South African Rand or, subject to all Applicable Laws and, in the case of Notes listed on the Interest Rate Market of the JSE and the debt listings requirements of the JSE, such other currency as is specified in the Applicable Pricing Supplement.
Status of Senior Notes	The Senior Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves (subject to Condition 7 (*Negative Pledge*) of the Terms and Conditions and, save for certain debts required to be preferred by law), equally with all other present or future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.
Status and Characteristics relating to Subordinated Notes	The Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and will rank *pari passu* among themselves and will rank at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer. Subject to Applicable Law, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound

	up or is subject to business rescue proceedings, then and in any such event the claims of the Persons entitled to be paid amounts due in respect of the Subordinated Notes shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness of the Issuer, to the extent that, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the Persons entitled to be paid amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution, liquidation, winding-up or business rescue proceedings (other than Subordinated Indebtedness) has been paid or discharged in full.
Stabilisation	In connection with the issue and distribution of any Tranche of Notes under the Programme, the Dealer(s), if any, that is specified in the Applicable Pricing Supplement as the Stabilising Manager (or any Person acting for the Stabilising Manager) may, if specified in that Applicable Pricing Supplement and only if such stabilising is permitted by the debt listings requirements of the JSE and approved by the JSE, over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager (or any agent of the Stabilising Manager) to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all Applicable Laws, regulations and rules.
Taxation	A summary of the applicable tax legislation in respect of the Notes, as at the Programme Date, is set out in the section of this Programme Memorandum headed "*South African Taxation*". The summary does not constitute tax advice. Potential investors in the Notes should, before making an investment in the Notes, consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Notes.
Terms and Conditions	The terms and conditions of the Notes are set out in the section of this Programme Memorandum headed "*Terms and Conditions of the Notes*". The Applicable Pricing Supplements may specify other terms and conditions (which may replace, modify or supplement the Terms and Conditions) in relation to specific terms and conditions of the Notes of any Tranche of Notes issued.
Use of Proceeds	The Issuer will use the issue proceeds of the Notes for its general corporate purposes, or as may otherwise be described in the Applicable Pricing Supplement.
Withholding Taxes	As at the Programme Date, all payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of taxes levied in South Africa. In the event that withholding tax or such other deduction is required by law, then the Issuer will, subject to certain exceptions as provided in Condition 11 (*Taxation*), of the Terms and Conditions pay such additional amounts as shall be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall

equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, as the case may be, in the absence of such withholding or deduction.

FORM OF THE NOTES

Capitalised terms used in this section headed "Form of the Notes" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

Notes issued in certificated form

All certificated Notes will be represented by a single Individual Certificate in registered form. Notes represented by Individual Certificates will be registered in the Register in the name of the individual Noteholders of such Notes.

Subject to the applicable laws, title to Notes represented by Individual Certificates will pass upon registration of transfer in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*) of the Terms and Conditions.

The Issuer shall regard the Register as the conclusive record of title to the Notes represented by Individual Certificates.

Payments of all amounts due and payable in respect of Notes represented by Individual Certificates will be made in accordance with Condition 9 (*Payments*) of the Terms and Conditions to the Person reflected as the registered Noteholder of such Notes in the Register at 17h00 (South African time) on the Last Day to Register, and the payment obligations of the Issuer will be discharged by proper payment to or to the order of such registered holder in respect of each amount so paid.

Notes issued in uncertificated form

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act.

Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Tranche of Notes issued in uncertificated form will be held in its entirety by the CSD, and the Person recorded in the Uncertificated Securities Register, in accordance with Applicable Laws and Applicable Procedures, will be named in the Register as the registered Noteholder of that Tranche of Notes.

Beneficial Interests in Notes held in the CSD

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be held in the CSD. While a Tranche of Notes is held in the CSD, the Person recorded in the Uncertificated Securities Register, in accordance with Applicable Laws and Applicable Procedures, will be named in the Register as the sole Noteholder of the Notes in that Tranche.

The CSD will hold each Tranche of Notes subject to the Financial Markets Act and the Applicable Procedures. All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD for the holders of Beneficial Interests in such Notes.

The CSD maintains central securities accounts only for Participants. As at the Programme Date, the Participants are Standard Chartered Bank, Johannesburg Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited, Citibank NA, South Africa Branch and the South African Reserve Bank. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

The Participants are in turn required to maintain securities accounts for their clients. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests in the Notes or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants. Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme, (Clearstream Luxembourg) (**Clearstream**) may hold Notes through their Participant.

In relation to each Person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular outstanding Nominal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the outstanding Nominal Amount of such Notes standing to the account of any Person shall be *prima facie* proof of such Beneficial Interest. The Person (as the registered Noteholder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that outstanding Nominal Amount of such Notes for all purposes.

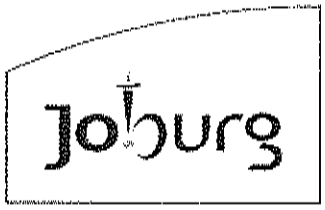
Subject to the applicable laws, title to Beneficial Interests held by Participants directly through the CSD will be freely transferable and pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Participants. Subject to the applicable laws, title to Beneficial Interests held by clients of Participants indirectly through such Participants will be freely transferable and pass on transfer thereof by electronic book entry in the security accounts maintained by such Participants for such clients. Beneficial Interests may be transferred only in accordance with the Applicable Procedures. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) of the Terms and Conditions.

PRO FORMA APPLICABLE PRICING SUPPLEMENT

Set out below is the form of Applicable Pricing Supplement that will be completed for each Tranche of Notes issued under the Programme:

CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY



a world class African city

CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY

(a municipality as described in section 2 of the Local Government: Municipal Systems Act, 2000, duly established in terms of Notice No. 6766, promulgated in the Provincial Gazette Extraordinary of 1 October 2000 in terms of section 12(1) read with section 14(2) of the Local Government : Municipal Structures Act, 1998, as amended)

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Under its ZAR30, 000, 000, 000 Domestic Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated [•] 2016, prepared by City of Johannesburg Metropolitan Municipality in connection with the City of Johannesburg Metropolitan Municipality ZAR30, 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.

PARTIES

1.	Issuer	City of Johannesburg Metropolitan Municipality
2.	Dealer	[ ]
3.	Managers	[ ]
4.	Debt Sponsor	[ ]
5.	Paying Agent	[ ]
	Specified Address	[ ]
6.	Calculation Agent	[ ]
	Specified Address	[ ]
7.	Transfer Agent	[ ]
	Specified Address	[ ]

PROVISIONS RELATING TO THE NOTES

8.	Status of Notes	[Senior/Subordinated] [Secured/Unsecured]
9.	Form of Notes	[Listed/Unlisted] Notes
10.	Series Number	[ ]
11.	Tranche Number	[ ]
12.	Aggregate Nominal Amount:	
	(a) Series	[ ]
	(b) Tranche	[ ]
13.	Interest	[Interest-bearing/Non-interest-bearing]
14.	Interest Payment Basis	[[Fixed Rate/Floating Rate/Zero Coupon/Index-Linked/Dual Currency/Partly Paid /Instalment] Notes/other]
15.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	[Insert details including date for conversion]
16.	Form of Notes	The Notes in this Tranche are issued in [uncertificated form and held by the CSD] / [certificated form and represented by an Individual Certificate(s)]
17.	Issue Date	[ ]
18.	Nominal Amount per Note	[ ]
19.	Specified Denomination	[ ]
20.	Specified Currency	[ ]
21.	Issue Price	[ ]
22.	Interest Commencement Date	[ ]
23.	Maturity Date	[ ]
24.	Applicable Business Day Convention	[Floating Rate Business Day / Following Business Day / Modified Following Business Day / Preceding Business Day / other convention – insert details]
25.	Final Redemption Amount	[ ]
26.	Last Day to Register	[ ]
27.	Books Closed Period(s)	The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date
28.	Default Rate	[ ]

FIXED RATE NOTES

29.	(a) Fixed Rate of Interest	[ ] percent. per annum [payable [annually/semi-annually/quarterly] in arrear]
	(b) Interest Payment Date(s)	[ ] in each year up to and including the Maturity Date/other
	(c) Fixed Coupon Amount(s)	[ ] per [ ] in Nominal Amount
	(d) Initial Broken Amount	[ ]

	(e)	Final Broken Amount	[ ]
	(f)	Determination Date(s)	[ ] in each year
	(g)	Day Count Fraction	[ ]
	(h)	Any other terms relating to the particular method of calculating interest	[ ]

FLOATING RATE NOTES

30.	(a)	Interest Payment Date(s)	[ ]
	(b)	Interest Period(s)	[ ]
	(c)	Definition of Business Day (if different from that set out in Condition 1) (*Interpretation*)	[ ]
	(d)	Minimum Rate of Interest	[ ] percent per annum
	(e)	Maximum Rate of Interest	[ ] percent per annum
	(f)	Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision)	[ ]
31.	Manner in which the Rate of Interest is to be determined		[ISDA Determination / Screen Rate Determination/other – insert details]
	(a) Rate of Interest		[Reference Rate + Margin]
32.	Margin		[(...) basis points to be added to/subtracted from the relevant ISDA Rate / Reference Rate]
33.	If ISDA Determination		
	(a)	Floating Rate	[ ]
	(b)	Floating Rate Option	[ ]
	(c)	Designated Maturity	[ ]
	(d)	Reset Date(s)	[ ]
	(e)	ISDA Definitions to apply	[Yes/No]
34.	If Screen Rate Determination:		
	(a)	Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated)	[ ]
	(b)	Interest Rate Determination Date(s)	[ ]
	(c)	Relevant Screen Page and Reference Code	[ ]
35.	If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Rate Determination, insert basis for determining Rate of Interest/Margin/ Fallback provisions		[ ]
36.	Calculation Agent responsible for calculating amount of principal and interest		[ ]

ZERO COUPON NOTES

37.	(a)	Implied Yield	[ ]
	(b)	Reference Price	Percent[NACA] [NACM] [NACQ] [NACS] [other method of compounding]
	(c)	Any other formula or basis for determining amount(s) payable	[ ]

PARTLY PAID NOTES

38.	(a)	Amount of each payment comprising the Issue Price	[ ]
	(b)	Dates upon which each payment is to be made by Noteholder	[ ]
	(c)	Consequences (if any) of failure to make any such payment by Noteholder	[ ]
	(d)	Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments	[ ] percent per annum

INSTALMENT NOTES

39.	Instalment Dates	[ ]
40.	Instalment Amounts (expressed as a percentage of the aggregate Nominal Amount of the Notes)	[ ]

MIXED RATE NOTES

41.	Period(s) during which the Interest Rate for the Mixed Rate Notes will be (as applicable) that for:		
	(a)	Fixed Rate Notes	[ ]
	(b)	Floating Rate Notes	[ ]
	(c)	Index-Linked Notes	[ ]
	(d)	Dual Currency Notes	[ ]
	(e)	Other Notes	[ ]
42.	The Interest Rate and other pertinent details are set out under the headings relating to the applicable forms of Notes		

INDEX-LINKED NOTES

43.	(a)	Type of Index-Linked Notes	[Indexed Interest Notes / Indexed Redemption Amount Notes]
	(b)	Index/Formula by reference to which Interest Rate / Interest Amount is to be determined	[ ]

	(c)	Manner in which the Interest Rate / Interest Amount is to be determined	[ ]
	(d)	Interest Period(s)	[ ]
	(e)	Interest Payment Date(s)	[ ]
	(f)	Provisions where calculation by reference to Index and/or Formula is impossible or impracticable	[ ]
	(g)	Definition of Business Day (if different from that set out in Condition 1 (*Interpretation*))	[ ]
	(h)	Minimum Rate of Interest	[ ] percent per annum
	(i)	Maximum Rate of Interest	[ ] percent per annum
	(j)	Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision)	[ ]

DUAL CURRENCY NOTES

44.	(a)	Type of Dual Currency Notes	[Dual Currency Interest/Dual Currency Redemption Amount] Notes
	(b)	Rate of Exchange/method of calculating Rate of Exchange	[ ]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange is impossible or impracticable	[ ]
	(d)	Person at whose option Specified Currency(ies) is/are payable	[ ]

EXCHANGEABLE NOTES

45.	(a)	Mandatory Exchange applicable	[Yes/No]
	(b)	Noteholders' Exchange Right applicable	[Yes/No]
	(c)	Exchange Securities	[ ]
	(d)	Manner of determining Exchange Price	[ ]
	(e)	Exchange Period	[ ]
	(f)	Other	[ ]

OTHER NOTES

46.	If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Index-Linked Notes, Dual Currency Notes or Exchangeable Notes or if the Notes are a combination of any of the aforegoing, set out the	[ ]

relevant description and any additional Terms and Conditions relating to such Notes.

PROVISIONS REGARDING REDEMPTION/MATURITY

47.	Redemption at the option of the Issuer:		[Yes/No]
	If yes:		
	(a)	Optional Redemption Date(s)	[ ]
	(b)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	[ ]
	(c)	Minimum period of notice (if different from Condition 10.3 (*Redemption at the Option of the Issuer*)	[ ]
	(d)	If redeemable in part:	[ ]
		Minimum Redemption Amount(s)	[ ]
		Higher Redemption Amount(s)	[ ]
	(e)	Other terms applicable on Redemption	
48.	Redemption at the Option of the Senior Noteholders:		[Yes/No]
	if yes:		
	(a)	Optional Redemption Date(s)	[ ]
	(b)	Optional Redemption Amount(s)	[ ]
	(c)	Minimum period of notice (if different from Condition 10.5 (*Redemption at the Option of the Senior Noteholders*))	[ ]
	(d)	If redeemable in part:	
		Minimum Redemption Amount(s)	[ ]
		Higher Redemption Amount(s)	[ ]
	(e)	Other terms applicable on redemption	[ ]
	(f)	Attach *pro forma* Put Notice(s)	
49.	Early Redemption Amount(s) payable on redemption for taxation reasons pursuant to Condition 10.2 (*Redemption for Tax Reasons*) or due to an Event of Default (if required).		[Yes/No]
	If no:		

	(i)	Amount payable; or	[ ]
	(ii)	Method of calculation of amount payable	[ ]

GENERAL

50.	Financial Exchange	[ ]
51.	Additional selling restrictions	[ ]
52.	ISIN No.	[ ]
53.	Stock Code	[ ]
54.	Stabilising manager	[ ]
55.	Provisions relating to stabilisation	[ ]
56.	Method of distribution	[Auction/Bookbuild/Private Placement]
57.	Credit Rating assigned to the [Issuer]/[Programme]/[Notes]	[ ]*[issue date and renewal date of rating to be specified]*
58.	Applicable Rating Agency	[ ]
59.	Governing law (if the laws of South Africa are not applicable)	[ ]
60.	Other provisions	[*Other Events of Default in addition to the Events of Default referred to in Condition 16 (Events of Default) of the Terms and Conditions*] [*Other covenants, provisions*]

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS IN RELATION TO THIS ISSUE OF NOTES

61. Paragraph 3(5)(a)

The "*ultimate borrower*" (as defined in the Commercial Paper Regulations) is the **[Issuer]**.

62. 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.

63. Paragraph 3(5)(c)

The auditor of the Issuer is **[insert]**.

64. Paragraph 3(5)(d)

As at the date of this issue:

(i) the Issuer has **[not issued]/[issued ZAR•,000,000,000]** Commercial Paper (as defined in the Commercial Paper Regulations); and

(ii) the Issuer estimates that it may issue **[ZAR•,000,000,000]** of Commercial Paper during the current financial year, ending **[date]**.

65. 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.

66. 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.

67. Paragraph 3(5)(g)

The Notes issued will be **[listed/unlisted]**.

68. 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/funding of its business operations/other]**.

69. Paragraph 3(5)(i)

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

70. Paragraph 3(5)(j)

[Insert], the statutory auditors of the Issuer, have confirmed that [their review did not reveal anything which indicates / 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 information contained in this Applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case) the information contained in this Applicable Pricing Supplement is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement contains all information required by law and the debt listings requirements of the JSE.

The total value of Notes outstanding, after the issue of this Tranche of Notes, will not exceed the authorised Programme Amount.

Application **[is hereby]/[will not be]** made to list this issue of Notes **[on • ••••]**.

SIGNED at _____ on this _____ day of _____ 20

For and on behalf of
CITY OF JOHANNESBURG METROPOLITAN MUNICIPALITY

_____
Name:
Capacity:
Who warrants his/her authority hereto

_____
Name:
Capacity:
Who warrants his/her authority hereto

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer which will be incorporated by reference into each Note. A Tranche of Notes will be issued on, and subject to, the below Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement.

Before the Issuer issues any Tranche of listed Notes, the Issuer shall complete, sign and deliver to the JSE or such other or further Financial Exchange(s) and the CSD a pricing supplement based on the *pro forma* Applicable Pricing Supplement included in the Programme Memorandum setting out details of such Notes. The Issuer may determine that particular Notes will not be listed on the Interest Rate Market of the JSE or such other Financial Exchanges and, in that case, no Applicable Pricing Supplement will be delivered to JSE or such other or further Financial Exchange(s).

If there is any conflict or inconsistency between provisions set out in the Applicable Pricing Supplement and the provisions set out in these Terms and Conditions of the Notes, then the provisions in the Applicable Pricing Supplement will prevail.

Words and expressions used in the Applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated. Any reference to legislation or a statute shall be to such legislation or statute as amended, varied or re-enacted from time to time.

1. **INTERPRETATION**

In these Terms and Conditions, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the following meanings:

Applicable Laws	in relation to any Person, all and any statutes and subordinate legislation and common law, regulations, ordinances and by-laws, directives, codes of practice, circulars, guidance notices, judgments and decisions of any competent authority, or any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation and other similar provisions, from time to time, compliance with which is mandatory for that Person;
Applicable Pricing Supplement	in relation to a Tranche of Notes, the pricing supplement completed and signed by the Issuer in relation to that Tranche of Notes, setting out the additional and/or other terms and conditions as are applicable to that Tranche of Notes, based upon the *pro forma* pricing supplement which is set out in the section of the Programme Memorandum headed "*Pro Forma Applicable Pricing Supplement*";
Applicable Procedures	the rules and operating procedures for the time being of the CSD, the Participants and the debt listings requirements of the JSE and/or any other Financial Exchange;
Banks Act	the Banks Act, 1990;
Beneficial Interest	in relation to a Tranche of Notes which is held in the CSD, the beneficial interest as co-owner of an undivided share of all of the Notes in that Tranche, as contemplated in section 37(1) of the Financial Markets Act, the nominal value of which beneficial interest, in relation to any number of Notes in that Tranche, is determined by reference to the proportion that the aggregate outstanding Nominal Amount of such number of Notes bears to the aggregate outstanding Nominal Amount of all of the Notes in that Tranche, as provided in section 37(3) of the Financial Markets Act;
BESA Guarantee Fund Trust	the guarantee fund trust established and operated by the Bond Exchange of South Africa Limited (**BESA**), prior to its merger with the JSE on 22 June 2009 and, as at the Programme Date, operated by the JSE as a separate guarantee fund, in terms of sections 8(1)(h) and 17(2)(w) of the Financial Markets Act or any successor fund;

Books Closed Period	in relation to a Tranche of Notes, the period(s), as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, during which transfers of the Notes will not be registered, or such shorter period as the Issuer may decide in order to determine those Noteholders entitled to receive principal and/or interest;
Business Day	a day (other than a Saturday or Sunday or public holiday within the meaning of the Public Holidays Act, 1994) on which commercial banks settle ZAR payments in Johannesburg, save further that if the Applicable Pricing Supplement so provides, "*Business Day*" shall include a Saturday;
Calculation Agent	the Issuer, unless the Issuer elects to appoint, in relation to a particular Tranche or Series of Notes, another entity as Calculation Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
Class of Noteholders	the holders of a Series of Notes or, where appropriate, the holders of different Series of Notes;
Commercial Paper Regulations	the commercial paper regulations of 14 December 1994 issued pursuant to paragraph (*cc*) of the definition of "*the business of a bank*" in the Banks Act, set out in Government Notice 2172 and published in Government Gazette 16167 of 14 December 1994;
CSD	Strate Proprietary Limited (Registration Number 1998/022242/07), or its nominee, licensed as a central securities depository in terms of the Financial Markets Act or any successor depository, or any additional or alternate depository approved by the Issuer;
Day	a Gregorian calendar day unless qualified by the word "*Business*";
Day Count Fraction	in relation to a Tranche of Notes (where applicable) and the calculation of an amount for any period of time (the **Calculation Period**), the Day count fraction specified as such in the Terms and Conditions or the Applicable Pricing Supplement and: (a) if **Actual/365** or **Act/365** is so specified, means the actual number of Days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of the Interest Period falls in a leap year, the sum of (i) the actual number of Days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of Days in that portion of the Interest Period falling in a non-leap year divided by 365); (b) if **Actual/Actual (ICMA)** is so specified, means: 1. where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of Days in the Calculation Period divided by the product of (1) the actual number of Days in such Regular Period and (2) the number of Regular Periods in any year; and 2. where the calculation Period is longer than one Regular Period, the sum of: a. the actual number of Days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of Days in such Regular Period and (2) the number of Regular Periods in any year; and b. the actual number of Days in such Calculation Period falling in the next Regular Period divided

by the product of (1) the actual number of Days in such Regular Period and (2) the number of Regular Periods normally ending in any year;

(c) if **Actual/Actual** or **Actual/Actual (ISDA)** is so specified, means the actual number of Days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of Days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of Days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(d) if **Actual/365 (Fixed)** is so specified, means the actual number of Days in the Calculation Period divided by 365;

(e) if **Actual/360** is so specified, means the actual number of Days in the Calculation Period divided by 360;

(f) if **30/360**, **360/360** or **Bond Basis** is so specified, means the number of Days in the Calculation period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first Day of the Calculation Period falls;

Y_2 is the year, expressed as a number, in which the first Day immediately following the last Day included in the Calculation Period falls;

M_1 is the calendar month, expressed as a number, in which the first Day of the Calculation Period falls;

M_2 is the calendar month, expressed as a number, in which the first Day immediately following the last Day included in the Calculation Period falls;

D_1 is the first Day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(g) if **30E/360** or **Eurobond Basis** is so specified, means the number of Days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first Day of the Calculation Period falls;

Y_2 is the year, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

M_1 is the calendar month, expressed as a number, in which the first Day of the Calculation Period falls;

M_2 is the calendar month, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

D_1 is the first Day, expressed as a number, of the Calculation Period unless such number would be 31, in which case D_1 will be 30; and

D_2 is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless such number would be 31, in which case D_2 will be 30; and

(h) if **30E/360 (ISDA)** is so specified, means the number of Days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first Day of the Calculation Period falls;

Y_2 is the year, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

M_1 is the calendar month, expressed as a number, in which the first Day of the Calculation Period falls;

M_2 is the calendar month, expressed as a number, in which the Day immediately following the last Day included in the Calculation Period falls;

D_1 is the first Day, expressed as a number, of the Calculation Period unless (i) that Day is the last Day of February or (ii) such number would be 31, in which case D_1 will be 30; and

D_2 is the Day, expressed as a number, immediately following the last Day included in the Calculation Period unless (i) that Day is the last Day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

Dealers Absa, Nedbank Limited, acting through its Corporate and Investment Banking division, The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division, RMB, BPS, BNP Capital Proprietary Limited, Vantage Capital Proprietary Limited, Tamela Holdings Proprietary Limited, Utho Capital Proprietary Limited, Regiments Capital Proprietary Limited and/or any other entity appointed as a Dealer by the Issuer, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer's right to terminate the appointment of any such Dealer, as indicated in the Applicable Pricing Supplement;

Default Rate in relation to a Tranche of Notes, the default rate specified as such in the Applicable Pricing Supplement;

Determination Date in relation to a Tranche of Fixed Rate Notes, the date specified as such in the Applicable Pricing Supplement;

Determination Period	in relation to a Tranche of Notes, the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);
Dual Currency Notes	Notes which pay interest in a base currency and the principal in a non-base currency or *vice versa*, as indicated in the Applicable Pricing Supplement;
Early Redemption Amount	in relation to a Tranche of Notes, the amount, as set out in Condition 10.6 (*Early Redemption Amounts*), at which the Notes will be redeemed by the Issuer, pursuant to the provisions of Conditions 10.2 (*Redemption for Tax Reasons*), 10.3 (*Redemption at the Option of the Issuer*), 10.5 (*Redemption at the Option of the Senior Noteholders*) and/or Condition 16 (*Events of Default*);
Event of Default	in relation to a Series of Notes, any of the events described in Condition 16 (*Events of Default*);
Exchangeable Notes	Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by the delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;
Exchange Control Regulations	the Exchange Control Regulations, 1961, promulgated pursuant to the Currency and Exchanges Act, 1933;
Exchange Period	in relation to a Tranche of Exchangeable Notes, in respect of Exchangeable Notes to which the Noteholders' Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;
Exchange Price	in relation to a Tranche of Exchangeable Notes, the amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;
Exchange Securities	in relation to a Tranche of Exchangeable Notes, the securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of the Exchangeable Notes to the value of the Exchange Price;
Extraordinary Resolution	a resolution passed at a meeting (duly convened) of the Noteholders or a Class of Noteholders, as the case may be, by a majority consisting of not less than 66.67% (sixty-six point sixty-seven percent) of the Persons voting at such meeting upon a show of hands or, if other than at a meeting (duly convened), a poll be duly demanded then by a majority consisting of not less than 66.67% (sixty-six point sixty-seven percent) of the votes given on such poll;
Final Broken Amount	in relation to a Tranche of Fixed Rate Notes, the final broken amount specified as such in the Applicable Pricing Supplement;
Final Redemption Amount	in relation to a Tranche of Notes, the amount of principal specified in the Applicable Pricing Supplement payable in respect of such Tranche of Notes upon the Maturity Date;
Financial Exchange	the JSE and/or such other or additional financial exchange(s) as may be determined by the Issuer and the relevant Dealer, subject to Applicable Laws, and upon which the Notes are listed as specified in the Applicable Pricing Supplement;

Financial Markets Act	Financial Markets Act No. 19 of 2012;
Fixed Coupon Amount	in relation to a Tranche of Fixed Rate Notes (where applicable), the amount(s) specified as such in the Applicable Pricing Supplement;
Fixed Interest Payment Date	in relation to a Tranche of Fixed Rate Notes, the date(s) specified as such in the Applicable Pricing Supplement;
Fixed Interest Period	in relation to a Tranche of Fixed Rate Notes, the period from (and including) a Fixed Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Fixed Interest Payment Date or as otherwise set out in the Applicable Pricing Supplement;
Fixed Rate Notes	Notes which will bear interest at the Fixed Rate of Interest, as indicated in the Applicable Pricing Supplement and more fully described in Condition 8.1 (*Fixed Rate Notes*);
Fixed Rate of Interest	in relation to a Fixed Rate Tranche of Notes, the fixed rate of interest specified as such in the Applicable Pricing Supplement;
Floating Rate Notes	Notes which will bear interest at a Floating Rate Interest as indicated in the Applicable Pricing Supplement and more fully described in Condition 8.2 (*Floating Rate Notes and Indexed Interest Notes*);
Floating Rate	in relation to a Tranche of Floating Rate Notes, the floating rate of interest specified as such in the Applicable Pricing Supplement;
Higher Redemption Amount	in relation to a Tranche of Notes, the higher redemption amount specified as such in the Applicable Pricing Supplement;
IFRS	the International Financial Reporting Standards issued by the International Accounting Standards Board (**IASB**) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);
Implied Yield	in relation to a Tranche of Zero Coupon Notes, the yield accruing on the Issue Price of such Notes, as specified in the Applicable Pricing Supplement;
Income Tax Act	the Income Tax Act, 1962;
Indebtedness	in respect of the Issuer, any indebtedness in respect of monies borrowed from any third party lender and (without double counting) guarantees (other than those given in the ordinary course of business) given, whether present or future, actual or contingent;
Indexed Interest Notes	Notes in respect of which the Interest Amount is calculated by reference to an index and/or a formula as indicated in the Applicable Pricing Supplement;
Index-Linked Notes	Indexed Interest Notes and/or Indexed Redemption Amount Notes, as applicable and as indicated in the Applicable Pricing Supplement;
Indexed Redemption Amount Notes	Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or a formula as indicated in the Applicable Pricing Supplement;
Individual Certificate	a Note in the definitive registered form of a single certificate and being a certificate exchanged for Beneficial Interest in accordance with Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*) and any further certificate issued in consequence of a transfer thereof;
Initial Broken Amount	in relation to a Tranche of Fixed Rate Notes, the initial broken amount specified as such in the Applicable Pricing Supplement;

Instalment Amounts	in relation to a Tranche of Instalment Notes, the amount expressed (in the Applicable Pricing Supplement) as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;
Instalment Notes	Notes issued on the same date but redeemed in Instalment Amounts by the Issuer on an amortised basis on different Instalment Dates, as specified in the Applicable Pricing Supplement;
Instalment Dates	in relation to a Tranche of Instalment Notes, the dates specified as such in the Applicable Pricing Supplement;
Interest Amount	in relation to a Tranche of Notes, the amount of interest payable in respect of each Nominal Amount of Fixed Rate Notes, Floating Rate Notes and Indexed Notes, as determined by the Calculation Agent in accordance with Condition 8 (*Interest*) of the Terms and Conditions;
Interest Commencement Date	in relation to a Tranche of Floating Rate Notes (where applicable) the first date from which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;
Interest Determination Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Interest Payment Date	in relation to a Tranche of Notes, the Interest Payment Date(s) specified in the Applicable Pricing Supplement or, if no express Interest Payment Date(s) is/are specified in the Applicable Pricing Supplement, the last Day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;
Interest Period	in relation to a Tranche of Notes, each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;
Interest Rate and **Rate of Interest**	in relation to a Tranche of Notes, the rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;
Interest Rate Market of the JSE	the separate platform or sub-market of the JSE designated as the "*Interest Rate Market*", or such other platform or submarket designated by the JSE from time to time, and on which Notes (and other debt securities) may be listed;
ISDA	the International Swaps and Derivatives Association Inc.;
ISDA Definitions	the 2006 ISDA Definitions published by ISDA (as amended, supplemented, revised or republished from time to time);
Issue Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
Issue Price	in relation to a Tranche of Notes, the price specified as such in the Applicable Pricing Supplement;
Issuer	City of Johannesburg Metropolitan Municipality a municipality as described in section 2 of the Local Government Municipal Systems Act, 2000, duly established in terms of Notice No. 6766, promulgated in the Provincial Gazette Extraordinary of 1 October 2000 in terms of section 12(1) read with section 14(2) of the Local Government: Municipal Structures Act, 1998, as amended;
JSE	the JSE Limited (Registration Number 2005/022939/06), a licensed financial exchange in terms of the Financial Markets Act or any exchange which operates as a successor exchange to the JSE;

Last Day to Register	with respect to a particular Tranche of Notes (as specified in the Applicable Pricing Supplement), the last date or dates preceding a Payment Day on which the Transfer Agent will accept Transfer Forms and record the transfer of Notes in the Register for that particular Tranche of Notes and whereafter the Register is closed for further transfers or entries until the Payment Day;
Mandatory Exchange	in relation to a Tranche of Exchangeable Notes, the mandatory exchange specified as such in the Applicable Pricing Supplement;
Margin	in relation to a Tranche of Notes (where applicable), the margin specified as such in the Applicable Pricing Supplement;
Material Indebtedness	any Indebtedness amounting in aggregate to an amount which equals or exceeds 10% of the Total Aggregated Debt Capital of the Issuer from time to time;
Material Municipal Owned Entity	any Municipal Owned Entity (i) of which the Issuer owns more than 50% (fifty percent) of the ordinary shares and (ii) which represents at least 10% of the total assets of the Issuer as reflected in the Issuer's most recent audited annual financial statements;
Maturity Date	in relation to a Tranche of Notes, the date specified as such in the Applicable Pricing Supplement;
MFMA	the Local Government: Municipal Finance Management Act, 2003;
Minimum Redemption Amount	in relation to a Tranche of Notes, the minimum redemption amount specified as such in the Applicable Pricing Supplement;
Mixed Rate Notes	Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Index-Linked Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 8.4 (*Mixed Rate Notes*);
Municipal Owned Entity	any "*municipal entity*" of the Issuer as defined in section 1 of the Local Government: Municipal Systems Act, 2000;
NACA	nominal annual compounded annually;
NACM	nominal annual compounded monthly;
NACQ	nominal annual compounded quarterly;
NACS	nominal annual compounded semi-annually;
Nominal Amount	in relation to any Note, the total amount, excluding interest and any adjustments on account of any formula, owing by the Issuer under the Note;
Noteholders	the registered holders of the Notes as recorded in the Register;
Noteholders' Exchange Right	in relation to Exchangeable Notes, if indicated as applicable in the Applicable Pricing Supplement, the right of Noteholders of Exchangeable Notes to elect to receive delivery of the Exchange Securities in lieu of cash from the Issuer upon redemption of such Notes;
Notes	secured or unsecured registered notes issued or to be issued by the Issuer under the Programme, pursuant to this Programme Memorandum;
Outstanding	in relation to the Notes, all the Notes issued under the Programme other than: (a) those which have been redeemed in full;

(b) those in respect of which the date for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys wherefore (including all interest (if any) accrued thereon to the date for such redemption and any interest (if any) payable under the Terms and Conditions after such date) remain available for payment against presentation of Individual Certificates (if any);

(c) those which have been purchased and cancelled as provided in Condition 10 (*Redemption and Purchase*);

(d) those which have become prescribed under Condition 15 (*Prescription*);

(e) those represented by mutilated or defaced Individual Certificates which have been surrendered in exchange for replacement Individual Certificates pursuant to Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*); or

(f) (for the purpose only of determining how many Notes are Outstanding and without prejudice to their status for any other purpose) those Notes represented by Individual Certificates alleged to have been lost, stolen or destroyed and in respect of which replacement Individual Certificates have been issued pursuant to Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*),

provided that for each of the following purposes:

(i) the right to attend and vote at any meeting of the Noteholders; and

(ii) the determination of how many and which Notes are for the time being Outstanding for the purposes of Conditions 19 (*Amendment of these Conditions*) and 20 (*Meetings of Noteholders*),

all Notes (if any) which are for the time being held by the Issuer (subject to any Applicable Law) or by any Person for the benefit of the Issuer and not cancelled shall (unless and until ceasing to be so held), shall be deemed not to be Outstanding;

Optional Redemption Amount — in relation to a Tranche of Notes, the optional redemption amount specified as such in the Applicable Pricing Supplement;

Participant — a Person accepted by the CSD as a participant in terms of section 31 of the Financial Markets Act, and who is approved by the JSE, in terms of the debt listings requirements of the JSE, as a Settlement Agent to perform electronic settlement of funds and scrip;

Partly Paid Notes — Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments as indicated in the Applicable Pricing Supplement;

Paying Agent — the Issuer, unless the Issuer elects to appoint another entity as Paying Agent, in which event that other entity shall act as a Paying Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;

Payment Day — any day which is a Business Day and upon which a payment is due by the Issuer in respect of the Notes;

Person — shall be construed as a reference to any person, firm, company, corporation, government, state or agency of a state or any association or partnership (whether or not having separate legal

	personality) of two or more of the foregoing;
Programme	the City of Johannesburg Metropolitan Municipality ZAR30, 000, 000, 000 Domestic Medium Term Note Programme under which the Issuer may from time to time issue Notes;
Programme Amount	the maximum aggregate outstanding Nominal Amount of all the Notes that may be issued under the Programme at any one point in time, being ZAR30, 000, 000, 000 or such increased amount as is determined by the Issuer from time to time, subject to the Applicable Procedures, Applicable Laws and the Programme Agreement, as set out in the section of this Programme Memorandum headed "*General Description of the Programme*";
Programme Date	the date of this Programme Memorandum being 14 June 2016;
Rating	in relation to the Issuer and/or the Programme and/or a Tranche of Notes (where applicable), as the case may be, the rating of the Issuer and/or the Programme and/or the Tranche of Notes, as the case may be, granted by the Rating Agency, specified in the Applicable Pricing Supplement;
Rating Agency	Global Credit Rating Co. Proprietary Limited (**GCR**), Standard & Poor's Ratings Services (**S&P**), or Moody's Investors Service Limited (**Moody's**), as the case may be, and their successors or any other rating agency of equivalent international standing specified from time to time by the Issuer, specified in the Applicable Pricing Supplement (if applicable) and/or notified to Noteholders pursuant to Condition 18 (*Notices*);
Redemption Date	in relation to a Tranche of Notes, the date upon which the Notes are redeemed by the Issuer, in accordance with Condition 10 (*Redemption and Purchase*);
Reference Banks	four leading banks in the South African inter-bank market selected by the Calculation Agent;
Reference Rate	in relation to a Tranche of Floating Rate Notes (where applicable), the rate specified as such in the Applicable Pricing Supplement;
Reference Price	in relation to a Tranche of Zero Coupon Notes (where applicable), the price specified as such in the Applicable Pricing Supplement;
Register	the register of Noteholders maintained by the Transfer Agent in terms of Condition 13 (*Register*) of the Terms and Conditions, including an Uncertificated Securities Register, as defined in the Applicable Laws and Applicable Procedures, as the case may be;
Regular Period	(a) in the case of Notes where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date; (b) in the case Notes where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where "**Regular Date**" means the Day and the month (but not the year) on which any Interest Payment Date falls; and (c) in the case of Notes where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only be means of regular payments, each period from and including a Regular Date falling in any year to but

	excluding the next Regular Date, where "**Regular Date**" means the Day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period;
Relevant Date	in respect of any payment relating to the Notes, the date on which such payment first becomes due, except that, in relation to monies payable to the CSD in accordance with these Terms and Conditions, it means the first date on which (i) the full amount of such monies have been received by the CSD, (ii) such monies are available for payment to the holders of Beneficial Interests and (iii) notice to that effect has been duly given to such holders in accordance with the Applicable Procedures;
Relevant Screen Page	in relation to a Tranche of Floating Rate Notes (where applicable), the page, section or other part of a particular information service (including, without limitation, Reuters) specified as the Relevant Screen Page in the Applicable Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;
Representative	a Person duly authorised to act on behalf of a Noteholder, the Transfer Agent or the Paying Agent, as the case may be, who may be regarded by the Issuer (acting in good faith) as being duly authorised based upon the tacit or express representation thereof by such Representative, in the absence of express notice to the contrary from such Noteholder, the Transfer Agent and the Paying Agent;
Senior Noteholders	the Noteholders of Senior Notes;
Senior Notes	Notes issued with the status and characteristics set out in Condition 5 (*Status of Senior Notes*), as indicated in the Applicable Pricing Supplement;
Series	a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;
Settlement Agent	a Participant, approved by the JSE in terms of the Applicable Procedures to perform electronic settlement of both funds and scrip on behalf of market participants;
Specified Currency	in relation to each Note in a Tranche of Notes, subject to all Applicable Laws, the currency specified in the Applicable Pricing Supplement;
Specified Denomination	in relation to each Note in a Tranche of Notes, the amount specified as such in the Applicable Pricing Supplement;
Specified Office	the office of the Transfer Agent, the Paying Agent and/or the Calculation Agent as specified in the Applicable Pricing Supplement;
South Africa	the Republic of South Africa;
Subordinated Indebtedness	in the event of the dissolution of the Issuer or if the Issuer is wound up or placed in liquidation or is subject to business rescue proceedings, any indebtedness of the Issuer, including any guarantee by the Issuer, under which the right of payment of the

	Person(s) entitled thereto is, or is expressed to be, or is required by any present or future agreement of the Issuer to be, subordinated to the rights of all unsubordinated creditors of the Issuer;
Subordinated Notes	Notes issued with the status and characteristics set out in Condition 6 (*Status and Characteristics of Subordinated Notes*), as indicated in the Applicable Pricing Supplement;
Sub-unit	with respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;
Terms and Conditions	the terms and conditions incorporated in this section headed "*Terms and Conditions of the Notes*" and in accordance with which the Notes will be issued;
Total Aggregated Debt Capital	the total aggregated principal and accrued interest owing in terms of all the long-term liabilities (one year and longer) of the Issuer and all the Municipal Owned Entities, including local registered stock, funding facilities, structured loans, the Government of South Africa loans, other loans and creditors and all bond issues, but excluding all loans between the Issuer and Municipal Owned Entities and between Municipal Owned Entities amongst themselves;
Tranche	in relation to any particular Series, all Notes which are identical in all respects (including as to listing);
Transfer Agent	Computershare Investor Services Proprietary Limited, unless the Issuer elects to appoint another entity as a Transfer Agent in which event that other entity shall act as a Transfer Agent in respect of that Tranche or Series of Notes, as indicated in the Applicable Pricing Supplement;
Transfer Form	the written form for the transfer of a Note, in the form approved by the Transfer Agent, and signed by the transferor and transferee;
ZAR	the lawful currency of South Africa, being South African Rand, or any successor currency;
ZAR-JIBAR-SAFEX	the mid-market rate for deposits in ZAR for a period of the Designated Maturity (as indicated in the Applicable Pricing Supplement) that appears on the Reuters Screen SAFEX Page as at 11h00, Johannesburg time on the relevant date; and
Zero Coupon Notes	Notes which will be offered and sold at a discount to their Nominal Amount or at par and will not bear interest other than in the case of late payment, as indicated in the Applicable Pricing Supplement.

2. ISSUE

2.1. The Issuer may, at any time and from time to time (without the consent of any Noteholder), issue one or more Tranche(s) of Notes pursuant to the Programme, provided that the aggregate Outstanding Nominal Amount of all of the Notes issued under the Programme from time to time does not exceed the Programme Amount.

2.2. Notes will be issued in individual Tranches which, together with other Tranches, may form a Series of Notes. A Tranche of Notes will be issued on, and subject to, the applicable Terms and Conditions of a Tranche of Notes which are the Terms and Conditions, as replaced, amended and/or supplemented by the terms and conditions of that Tranche of Notes set out in the Applicable Pricing Supplement relating to that Tranche of Notes.

2.3. Each Note, may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index-Linked Note, a Dual Currency Note, a Mixed Rate Note or such combination of any of the foregoing or such other type of Note as may be determined by the Issuer and specified in the relevant Applicable Pricing Supplement.

2.4. All payments in relation to the Notes will be made in the Specified Currency. Each Note will be issued in the Specified Denomination.

2.5. The Terms and Conditions of a Tranche of Notes are incorporated by reference into the Individual Certificate(s) (if any) representing the Notes in that Tranche. The Applicable Pricing Supplement relating to a Tranche of Notes issued in certificated form will be attached to the Individual Certificate(s) representing the Notes in that Tranche.

3. FORM AND DENOMINATION

3.1. General

3.1.1. A Tranche of Notes may be issued in the form of listed or unlisted Notes, as specified in the Applicable Pricing Supplement.

3.1.2. A Tranche of Notes may be listed on the Interest Rate Market of the JSE or on such other or further Financial Exchange(s) as may be determined by the Issuer and the Dealer(s), subject to any applicable laws and Applicable Procedures. Unlisted Notes may also be issued under the Programme. The Applicable Pricing Supplement will specify whether or not a Tranche of Notes will be listed and if so, the Financial Exchange on which such Tranche of Notes will be listed.

3.2. Registered Notes

A Tranche of Notes will be issued in certificated form or in uncertificated form, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*) and Condition 3.2.2 (*Notes issued in uncertificated form*), as specified in the Applicable Pricing Supplement. Each Tranche of Notes which is listed on the Interest Rate Market of the JSE whether issued in certificated form or in uncertificated form, will be held in the CSD, as contemplated in Condition 3.2.1 (*Notes issued in certificated form*) and Condition 3.2.2 (*Notes issued in uncertificated form*), respectively. A Tranche of unlisted Notes may also be held in the CSD, as contemplated in Condition 3.2.3 (*Beneficial Interests in Notes held in the CSD*).

3.2.1. ***Notes issued in certificated form***

All Notes issued in certificated form will be represented by Individual Certificates.

3.2.2. ***Notes issued in uncertificated form***

A Tranche of Notes which is listed on the Interest Rate Market of the JSE will, subject to Applicable Laws and Applicable Procedures, be issued in uncertificated form in terms of section 33 of the Financial Markets Act. Notes issued in uncertificated form will be held in the CSD. Notes issued in uncertificated form will not be represented by any certificate or written instrument. A Note which is represented by an Individual Certificate may be replaced by uncertificated securities in terms of section 33 of the Financial Markets Act.

3.2.3. ***Beneficial Interests in Notes held in the CSD***

(i) A Tranche of Notes which is listed on the Interest Rate Market of the JSE will be issued in uncertificated form and held in the CSD. A Tranche of unlisted Notes may also be held in the CSD.

(ii) The CSD will hold Notes subject to the Financial Markets Act and the Applicable Procedures.

(iii) All amounts to be paid and all rights to be exercised in respect of Notes held in the CSD will be paid to and may be exercised only by the CSD for the holders of Beneficial Interests in such Notes.

(iv) A holder of a Beneficial Interest shall only be entitled to exchange such Beneficial Interest for Notes represented by an Individual Certificate in accordance with Condition 12 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

3.2.4. ***Recourse to the BESA Guarantee Fund Trust***

The holders of Notes that are not listed on the Interest Rate Market of the JSE will have no recourse against the JSE or the BESA Guarantee Fund Trust. Claims against the BESA Guarantee Fund Trust may only be made in respect of the trading of Notes listed on the Interest Rate Market of the JSE and in accordance with the rules of the BESA Guarantee Fund Trust. Unlisted Notes are not regulated by the JSE.

4. TITLE

4.1. Notes issued in certificated form

4.1.1. Each holder of Notes represented by an Individual Certificate will be named in the Register as the registered holder of such Notes.

4.1.2. Title to Notes represented by an Individual Certificate will pass upon registration of transfer in the Register in accordance with Condition 14.2 (*Transfer of Notes represented by Individual Certificates*).

4.1.3. The Issuer, the Transfer Agent and the Paying Agent shall recognise a Noteholder as the sole and absolute owner of the Notes registered in that Noteholder's name in the Register (notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust, express, implied or constructive, to which any Note may be subject.

4.2. Notes issued in uncertificated form

The Person recorded in the Uncertificated Securities Register, in accordance with Applicable Laws and Applicable Procedures, will be named in the Register as the registered holder of that Tranche of Notes which is issued in uncertificated form.

4.3. Beneficial Interests in Notes held in the CSD

4.3.1. While a Tranche of Notes is held in the CSD, the Person recorded in the Uncertificated Securities Register, in accordance with Applicable Laws and Applicable Procedures, will be named in the Register as the sole Noteholder of the Notes in that Tranche.

4.3.2. Beneficial Interests which are held by Participants will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Participants, through the central securities accounts maintained by the CSD for such Participants.

4.3.3. Beneficial Interests which are held by clients of Participants will be held indirectly through such Participants, and such Participants will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Participants for such clients. The clients of Participants may include the holders of Beneficial Interests or their custodians. The clients of Participants, as the holders of Beneficial Interests or as custodians for such holders, may exercise their rights in respect of the Notes held by them in the CSD only through their Participants.

4.3.4. In relation to each Person shown in the records of the CSD or the relevant Participant, as the case may be, as the holder of a Beneficial Interest in a particular Nominal Amount of Notes, a certificate or other document issued by the CSD or the relevant Participant, as the case may be, as to the aggregate Nominal Amount of such Notes standing to the account of such Person shall be *prima facie* proof of such Beneficial Interest. The Person (as the registered holder of such Notes named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Agent and the relevant Participant as the holder of that aggregate Nominal Amount of such Notes for all purposes.

4.3.5. Beneficial Interests in Notes may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register and the Person recorded in the Uncertificated Securities Register as the registered Noteholder will continue to be reflected in the Register as the registered holder of such Notes, notwithstanding such transfers.

4.3.6. Any reference in the Terms and Conditions to the relevant Participant shall, in respect of a Beneficial Interest, be a reference to the Participant appointed to act as such by the holder of such Beneficial Interest.

5. STATUS OF SENIOR NOTES

The Senior Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* and rateably without any preference among themselves and (save for certain debts required to be preferred by law) equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

6. STATUS AND CHARACTERISTICS OF SUBORDINATED NOTES

6.1. Subordinated Notes constitute direct, unconditional, unsecured and subordinated obligations of the Issuer and rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and subordinated obligations of the Issuer, save for those which have been accorded preferential rights by law, or as otherwise set out in the Applicable Pricing Supplement.

6.2. Subject to Applicable Laws, in the event of the dissolution of the Issuer or if the Issuer is placed into liquidation or wound-up or commences business rescue proceedings, the claims of the Persons entitled to payment of amounts due in respect of the Subordinated Notes, shall be subordinated to all other claims in respect of any other indebtedness of the Issuer except for other Subordinated Indebtedness, to the extent that, in any such event, and provided as aforesaid, no amount shall be eligible for setting-off or shall be payable to any or all of the Persons entitled to payment of amounts due in respect of the Subordinated Notes in respect of the obligations of the Issuer thereunder until all other indebtedness of the Issuer which is admissible in any such dissolution, insolvency, business rescue or winding-up (other than Subordinated Indebtedness) has been paid or discharged in full.

7. NEGATIVE PLEDGE

7.1. So long as any of the Senior Notes remain Outstanding, the Issuer undertakes that it shall not, and shall procure that no other Municipal Owned Entity, create or permit the creation of any Encumbrances other than Permitted Encumbrances over any of its present or future business undertakings, assets or revenues to secure any present or future Relevant Borrowings (save for those which have been accorded a preference by law) without at the same time securing all Senior Notes equally and rateably with such Relevant Borrowings or providing such other security as may be approved by Extraordinary Resolution of the Senior Noteholders, unless the provision of any such security is waived by an Extraordinary Resolution of the Senior Noteholders.

7.2. The Issuer shall be entitled, but not obliged, to form, or procure the formation of a trust or special purpose company (or more than one), or appoint, or procure the appointment of an agent or agents to hold any such rights of security for the benefit or on behalf of such Noteholders.

7.3. For purposes of this Condition 7 (*Negative Pledge*):

7.3.1. **Encumbrance** means any mortgage, pledge, hypothecation, assignment, cession *in securitatem debiti*, deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security interest to a creditor or any agreement or arrangement to give any form of a secured claim to a creditor but excluding statutory preferences and any security interest arising by operation of law.

7.3.2. **Permitted Encumbrance** means:

7.3.2.1. any Encumbrance existing as at the date of the Applicable Pricing Supplement; or

7.3.2.2. any Encumbrance created over any asset owned, acquired, developed or construed by the Issuer or any Municipal Owned Entity, being an Encumbrance created for the sole purpose of financing or refinancing that asset owned, acquired, developed or constructed, provided that the indebtedness so secured shall not exceed the bona fide market value of such asset or the cost of that acquisition, development or construction (including all interest and other finance charges, adjustments due to changes in circumstances and other charges reasonably incidental to such cost, whether contingent or otherwise) and where such market value or costs both apply, the higher of the two; or

7.3.2.3. any Encumbrance over deposit accounts securing a loan to the Issuer or any Municipal Owned Entity of funds equal to the amounts standing to the credit of such deposit accounts; or

7.3.2.4. any Encumbrance created in the ordinary course of the Issuer or any Municipal Owned Entity's business over stock-in-trade, inventory, accounts receivable or deposit accounts including any cash management system; or

7.3.2.5. any Encumbrance with respect to receivables of the Issuer or any Municipal Owned Entity which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the Relevant Borrowings are limited to the value of such receivables; or

7.3.2.6. in addition to any Encumbrance referred to in Conditions 7.3.2.1 to 7.3.2.5 above, any Encumbrance securing in aggregate an amount which does not exceed 10% of the total assets of the Issuer at the time the Encumbrance is established;

7.3.3. **Relevant Borrowings** means any Indebtedness of the Issuer and/or the Municipal Owned Entity's in the form of, or represented by, bonds, notes, debentures or other debt securities which are unlisted or which quoted or are to be quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market (whether or not initially distributed by way of private placement), but excluding any such Indebtedness which upon the issuance thereof had a stated maturity not exceeding one year and any option or warrant in respect of any share or index;

8. INTEREST

8.1. Fixed Rate Notes

8.1.1. Except if otherwise specified in the Applicable Pricing Supplement, interest on Fixed Rate Notes will be paid on a six-monthly basis, on the Fixed Interest Payment Dates.

8.1.2. Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate of Interest so specified, payable in arrears on the Fixed Interest Payment Dates in each year up to and including the Maturity Date.

8.1.3. The first payment of interest will be made on the Fixed Interest Payment Date next following the Interest Commencement Date.

8.1.4. Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Note on each Fixed Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount, provided that:

8.1.4.1. if an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and

8.1.4.2. if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.

8.1.5. If interest is required to be calculated for a period other than a Fixed Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

8.2. Floating Rate Notes and Indexed Interest Notes

Interest Payment Dates

Each Floating Rate Note and Indexed Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement, and such interest will be payable in arrears on the Interest Payment Date(s) in each year up to and including the Maturity Date specified in the Applicable Pricing Supplement. Such interest will be payable in respect of each Interest Period.

Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the Applicable Pricing Supplement.

Minimum and/or Maximum Rate of Interest

If the Applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the Applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Determination of Rate of Interest and calculation of Interest Amount

The Calculation Agent, in the case of Floating Rate Notes and Indexed Interest Notes will at, or as soon as is practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest and calculate the Interest Amount payable in respect of each Floating Rate Note and Indexed Interest Note in respect of each Specified Denomination for the relevant Interest Period, and the Calculation Agent shall notify the Issuer of the Rate of Interest for the relevant Interest Period as soon as is practicable after calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-unit of the relevant Specified Currency, half a Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

ISDA Determination, Screen Rate Determination including fallback provisions

Where ISDA Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph, **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by such agent as is specified in the Applicable Pricing Supplement under an interest rate swap transaction if that agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the most recent ISDA Definitions and under which:

(a) the Floating Rate Option is as specified in the Applicable Pricing Supplement;

(b) the Designated Maturity as specified in the Applicable Pricing Supplement; and

(c) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on ZAR-JIBAR-SAFEX, the first Day of that Interest Period; or (ii) in any other case, as specified in the Applicable Pricing Supplement.

For the purposes of the above sub-paragraph **Floating Rate**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions specified in the Applicable Pricing Supplement.

Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to the provisions below, be either:

(a) if the Relevant Screen Page is available,

  (i) the offered quotation (if only one quotation appears on the Relevant Screen Page); or

  (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage per annum) for the Reference Rate which appears on the Relevant Screen Page as at 11h00 (or as otherwise specified in the Applicable Pricing Supplement) (Johannesburg time) on the Interest Determination Date in question plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the

purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or

(b) if the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Johannesburg office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11h00 (Johannesburg time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any), all as determined by the Calculation Agent; or

(c) if the Rate of Interest cannot be determined by applying the provisions of (a) and (b) above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 11h00 (Johannesburg time) on the relevant Interest Determination Date, deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate to prime banks in the Johannesburg inter-bank market plus or minus (as indicated in the Applicable Pricing Supplement) the Margin (if any). If fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the Rate of Interest for the relevant Interest Period will be determined by the Calculation Agent as the arithmetic mean (rounded as provided above) of the rates for deposits in an amount approximately equal to the nominal amount of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 (Johannesburg time) on the relevant Interest Determination Date, by the Reference Banks plus or minus (as appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 9.2(c), the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the Applicable Pricing Supplement as being other than ZAR-JIBAR-SAFEX, the Rate of Interest in respect of such Notes will be determined as provided in the Applicable Pricing Supplement.

Notification of Rate of Interest and Interest Amount

The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the JSE and the CSD and/or every other relevant exchange or authority as soon as possible after their determination but in any event no later than the 3rd (third) Business Day before the relevant Interest Payment Date. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to the JSE, the CSD and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 18 (*Notices*).

Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 8.2, by the Calculation Agent shall (in the absence of wilful deceit, bad faith or manifest error or proven error) be binding on the Issuer and all Noteholders and in the absence

as aforesaid no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

8.3. **Dual Currency Notes**

In the case of Dual Currency Notes, the Interest Rate or Interest Amount payable shall be determined in the manner specified in the Applicable Pricing Supplement.

8.4. **Mixed Rate Notes**

The Interest Rate payable from time to time on Mixed Rate Notes shall be the Interest Rate payable on the form of interest-bearing Note (be it a Fixed Rate Note, Floating Rate Note, Index-Linked Note or Dual Currency Note) specified for each respective period, each as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest Rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Index-Linked Notes or Dual Currency Notes, as the case may be.

8.5. **Accrual of Interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate specified in the Applicable Pricing Supplement until the date on which all amounts due in respect of such Note have been paid, or, in respect of uncertificated Notes, the date on which the full amount of the money payable has been received by the CSD and/or the Participants and notice to that effect has been given to Noteholders in accordance with Condition 18 (*Notices*).

8.6. **Business Day Convention**

If any Interest Payment Date (or other date), which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention, would otherwise fall on a Day that is not a Business Day, then, if the Business Day Convention specified is:

(a) the **Floating Rate Business Day Convention**, such Interest Payment Date (or other date) shall be postponed to the next Day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months, or other period specified as the Interest Period in the Applicable Pricing Supplement, after the preceding applicable Interest Payment Date (or other date) has occurred; or

(b) the **Following Business Day Convention**, such Interest Payment Date (or other date) shall be postponed to the next Day which is a Business Day; or

(c) the **Modified Following Business Day Convention**, such Interest Payment Date (or other date) shall be postponed to the next Day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or

(d) the **Preceding Business Day Convention**, such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

9. **PAYMENTS**

9.1. **General**

Payments of principal and/or interest on an Individual Certificate shall be made to the registered holder of such Note, as set forth in the Register on the close of business on the Last Day to Register (as specified in the Applicable Pricing Supplement). In addition to the above, in the case of a final redemption payment, the holder of the Individual Certificate shall be required, on or before the Last Day to Register prior to the Maturity Date, to surrender such Individual Certificate at the offices of the Transfer Agent. The Issuer will be discharged by

proper payment to the registered holder of the Individual Certificate in respect of each amount so paid

Payments of principal and/or interest in respect of uncertificated Notes shall be made to the Persons or the Participants, as shown in the Register on the Last Day to Register, and the Issuer will be discharged of its payment obligations by proper payment to the Persons recorded in the Uncertificated Securities Register or the Participants, in respect of each amount so paid. Each of the Persons shown in the records of the CSD and the Participants, as the case may be, shall look solely to the CSD or the Participant, as the case may be, for his share of each payment so made by the Issuer to the registered holder of such uncertificated Notes.

9.2. **Method of Payment**

Payments will be made in the Specified Currency by credit or transfer, by means of electronic settlement, to the Noteholder.

If the Issuer is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the preceding paragraph (whether by reason of strike, lockout, fire, explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, unrest or disturbances, cessation of labour, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque marked "*not transferable*" (or by such number of cheques as may be required in accordance with applicable banking law and practice to make payment of any such amounts). Such payments by cheque shall be sent by post to the address of the Noteholder as set forth in the Register or, in the case of joint Noteholders, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note.

Each such cheque shall be made payable to the relevant Noteholder or, in the case of joint Noteholders, the first one of them named in the Register. Cheques may be posted by ordinary post, provided that neither the Issuer, nor the Paying Agent shall be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 9.2.

In the case of joint Noteholders, payment by electronic funds transfer will be made to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes.

Payment will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition11 (*Taxation*).

9.3. **Payment Day**

If the date for payment of any amount in respect of any Note is not a Business Day, subject to the applicable Business Day Convention, the holder thereof shall not be entitled to payment until the next following Business Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

9.4. **Interpretation of Principal and Interest**

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

9.4.1. any additional amounts which may be payable with respect to principal under Condition 11 (*Taxation*);

9.4.2. the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;

9.4.3. the Optional Redemption Amount(s) (if any), as specified in the Applicable Pricing Supplement, of the Notes;

9.4.4. in relation to Instalment Notes, the Instalment Amounts;

9.4.5. in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 10.6.3); and

9.4.6. any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 11 (*Taxation*).

10. REDEMPTION AND PURCHASE

10.1. Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer in the Specified Currency at its Final Redemption Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Maturity Date.

10.2. Redemption for Tax Reasons

Notes may be redeemed at the option of the Issuer at any time (in the case of Notes other than Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes having an Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes), on giving not less than 30 (thirty) Days nor more than 60 (sixty) Days' notice to the Noteholders prior to such redemption, in accordance with Condition 18 (*Notices*) (which notice shall be irrevocable), if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that:

10.2.1. as a result of any change in, or amendment to, the laws or regulations of South Africa or any political sub-division of, or any authority in, or of, South Africa having power to tax, or any change or amendment which becomes effective after the relevant Issue Date, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 11 (*Taxation*); and

10.2.2. the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 60 (sixty) Days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Notes may be redeemed by the Issuer in accordance with this Condition 10.2 in whole or in part. A partial redemption may be effected by the Issuer:

10.2.2.1. notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 11 (*Taxation*); and

10.2.2.2. *mutatis mutandis* in the manner described in Condition 10.3 (*Redemption at the Option of the Issuer*), provided that the references to the giving of notice therein and to the Minimum Redemption Amount and the Higher Redemption Amount (both as specified in the Applicable Pricing Supplement) therein shall be disregarded for such purposes.

Notes redeemed for tax reasons pursuant to this Condition 10.2 will be redeemed at their Early Redemption Amount referred to in Condition 10.6 (*Early Redemption Amounts*), together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or as specified in the Applicable Pricing Supplement.

10.3. Redemption pursuant to stopping of the Transfer of Funds in terms of Sections 38 to 40 of the MFMA

10.3.1. In the event of stoppage of funds due to the Issuer as its share of the local government's equitable share referred to in section 214 of the Constitution of the Republic of South Africa, 1996, in terms of sections 38 to 40 of the MFMA (a **Stoppage of Transfer Event**) and where such funds constitute more than 10% of Total Aggregated Debt Capital, the Issuer shall, promptly on becoming aware that a Stoppage of Transfer Event has occurred at any time while any Note remains Outstanding, give notice (**Stoppage of Transfer**

Notice) to the relevant Class of Noteholders in accordance with Condition 18 (*Notices*) setting out the details of the Stoppage of Transfer Event and the circumstances giving rise to it and the procedure for exercising the option contained in Condition 10.3.2 below.

10.3.2. Such option shall be exercisable by the Noteholders by the delivery of a written notice (a **Stoppage of Transfer Redemption Notice**) to the Issuer at its registered office within 30 (thirty) Days after the receipt by the Noteholders of the Stoppage of Transfer Notice, unless prior to the delivery by that Noteholder of its Stoppage of Transfer Notice the Issuer gives notice to redeem the Notes.

10.3.3. Subject to Condition 10.3.2, the Issuer shall redeem all Notes held by the Noteholders at its Early Redemption Amount together with accrued interest (if any) within 30 (thirty) Days of having received a Stoppage of Transfer Redemption Notice from the Noteholders to redeem such Notes.

10.3.4. Notes redeemed due to the stopping of a transfer of funds pursuant to this Condition 10.3 will be redeemed at their Early Redemption Amount referred to in Condition 10.6 (*Early Redemption Amounts*), together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption.

10.4. **Redemption at the Option of the Issuer**

If the Issuer is specified in the Applicable Pricing Supplement as having an option to redeem, the Issuer may, having given not less than 30 (thirty) Days nor more than 60 (sixty) Days irrevocable notice to the Noteholders in accordance with Condition 18 (*Notices*) or unless otherwise specified with the Applicable Pricing Supplement, redeem all or some of the Notes (to which such Applicable Pricing Supplement relates) then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

Any such redemption must be of a Nominal Amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by Individual Certificates, and in accordance with the Applicable Procedures in the case of Redeemed Notes which are uncertificated, and in each case not more than 60 (sixty) Days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**).

In the case of Redeemed Notes represented by Individual Certificates, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 (*Notices*) not less than 30 (thirty) Days prior to the date fixed for redemption. The aggregate Nominal Amount of Redeemed Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination and the aggregate Nominal Amount of Redeemed Notes which are uncertificated shall be equal to the balance of the Redeemed Notes. No exchange of the relevant uncertificated Notes will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph, and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 (*Notices*) at least 10 (ten) Days prior to the Selection Date.

Holders of Redeemed Notes shall surrender the Individual Certificates, if any, representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Notes represented by such Individual Certificates are redeemed, the Transfer Agent shall deliver new Individual Certificates to the Noteholders, as the case may be, in respect of the balance of the Notes.