
APPLICABLE PRICING SUPPLEMENT



DENEL SOC LTD

(Incorporated in the Republic of South Africa with limited liability under registration number 1992/001337/30)

Issue of ZAR10,000,000 Senior Unsecured 8.15% Fixed Rate Notes due 27 September 2018
Irrevocably and unconditionally guaranteed by the Government of the Republic of South Africa
Issued under its ZAR4,000,000,000 Domestic Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the amended and restated Programme Memorandum, dated 18 September 2012, prepared by Denel SOC Ltd in connection with the Denel SOC Ltd ZAR4,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

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

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

PARTIES

- | | | |
|----|-------------------|--------------------------------------------------------------------------------------|
| 1. | Issuer | Denel SOC Ltd |
| 2. | Guarantor | The Government of the Republic of South Africa |
| 3. | Dealer | Nedbank Limited, acting through its Corporate and Investment Banking division |
| 4. | Debt Sponsor | Nedbank Limited, acting through its Corporate and Investment Banking division |
| 5. | Paying Agent | FirstRand Bank Limited, acting through its Rand Merchant Bank Division |
| | Specified Address | 1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196, South Africa |
| 6. | Calculation Agent | FirstRand Bank Limited, acting through its Rand Merchant Bank Division |
| | Specified Address | 1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196, South Africa |
| 7. | Transfer Agent | FirstRand Bank Limited, acting through its Rand Merchant Bank Division |
| | Specified Address | 1 Merchant Place, corner Fredman Drive and Rivonia Road, Sandton, 2196, South Africa |

PROVISIONS RELATING TO THE NOTES

8.	Status of Notes	Senior Unsecured
9.	Form of Notes	Listed
10.	Series Number	78
11.	Tranche Number	1
12.	Aggregate Nominal Amount:	
	(a) Series	ZAR10,000,000
	(b) Tranche	ZAR10,000,000
13.	Interest	Interest-bearing
14.	Interest / Payment Basis	Fixed Rate
15.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
16.	Form of Notes	The Notes in this Tranche are issued in uncertificated form and held by the CSD
17.	Issue Date	16 March 2018
18.	Nominal Amount	ZAR1,000,000
19.	Specified Denomination	ZAR1,000,000
20.	Specified Currency	ZAR
21.	Issue Price	100 percent
22.	Interest Commencement Date	16 March 2018
23.	Maturity Date	27 September 2018
24.	Applicable Business Day Convention	Modified Following Business Day
25.	Final Redemption Amount	100 percent of Nominal Amount
26.	Last Day to Register	by 17:00 on 16 September 2018
27.	Books Closed Period(s)	The Register will be closed from 17 September 2018 to 26 September 2018
28.	Default Rate	N/A

FIXED RATE NOTES

29.	(a) Fixed Rate of Interest	8.15 percent payable in arrears
	(b) Fixed Interest Payment Date	27 September 2018
	(c) Fixed Coupon Amount(s)	N/A
	(d) Initial Broken Amount	N/A
	(e) Final Broken Amount	N/A
	(f) Determination Date(s)	N/A
	(g) Any other terms relating to the particular method of calculating interest	N/A

FLOATING RATE NOTES

N/A

ZERO COUPON NOTES

N/A

PROVISIONS REGARDING REDEMPTION/MATURITY

- | | | |
|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| 30. | Redemption at the Option of the Issuer: | No |
| 31. | Redemption at the Option of the Senior Noteholders: | No |
| 32. | Redemption in the event of a Change of Control at the election of Noteholders pursuant to Condition 10.5 (<i>Redemption in the event of a Change of Control</i>) or any other terms applicable to a Change of Control | Yes |
| 33. | Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). | Yes |

GENERAL

- | | | |
|-----|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 34. | Financial Exchange | Interest Rate Market of the JSE |
| 35. | Additional selling restrictions | N/A |
| 36. | ISIN No. | ZAG000150350 |
| 37. | Stock Code | DENG78 |
| 38. | Stabilising manager | N/A |
| 39. | Provisions relating to stabilisation | N/A |
| 40. | Method of distribution | Private Placement |
| 41. | Credit Rating assigned to the Issuer / Programme / Notes | Long Term: AAA(zaf)/Stable
Short Term: F1+(zaf) |
| 42. | Applicable Rating Agency | By Fitch Southern Africa Proprietary Limited dated 25 April 2017, to be reviewed annually

Pursuant to the Financial Services Board's press release dated 4 September 2015, a subsequent Credit Rating will be obtained from another Rating Agency in due course, details of which will be made available on SENS. |
| 43. | Governing law (if the laws of South Africa are not applicable) | N/A |
| 44. | Other provisions | <p>Guarantee</p> <p>In accordance with the terms of the Guarantee attached hereto as Annexure 2 (the Guarantee), the Guarantor irrevocably and unconditionally guarantees to the Noteholders of these Notes the due and punctual payment by the Issuer of all amounts owing by the Issuer in respect of the Notes issued pursuant to this Applicable Pricing Supplement.</p> <p>(a) The Guarantor is required to make any payment under the Guarantee by no later than 3 (three) Business Days after receipt of a written demand under and in terms of the Guarantee and the Terms and Conditions. All payments</p> |

under the Guarantee will *pro tanto* discharge the Issuer of its corresponding obligations to the Noteholders under the Notes.

- (b) The Guarantee will be deposited with, and held by, the Paying Agent until the later of:
 - (i) the date on which the Programme is terminated by the Issuer; and
 - (ii) the date on which all the obligations of the Issuer and the Guarantor under or in respect of the Notes have been discharged in full.

each Noteholder of these Notes shall be entitled to require the Paying Agent to produce the original of the Guarantee on request and further shall be entitled to require the Paying Agent, which shall be obliged, to provide a copy of the Guarantee to that Noteholder on request. In holding the Guarantee, the Paying Agent does not act in any fiduciary or similar capacity for the Noteholders and it has not accepted any liability, duty or responsibility to Noteholders in this regard.

Issuer's Undertaking

For so long as the Notes issued pursuant to this Applicable Pricing Supplement remain Outstanding, the Issuer undertakes not to issue further guaranteed Notes exceeding the guaranteed amount in the Guarantee.

Issuer's Warranty

The Issuer warrants to the Noteholders of the Notes that following the issuance of the Notes on the Issue Date that the Issuer has not exceeded the guaranteed amount in the Guarantee.

Mandatory Redemption

See Annexure 1 for "*Additional Terms and Conditions*".

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

45. Paragraph 3(5)(a)

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

46. 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.

47. Paragraph 3(5)(c)

The auditor of the Issuer is Nkonki Incorporated.

48. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has issued ZAR3,000,000,000 (excluding this issue and the issue of the DENG77 Notes to be issued on the same Issue Date) Commercial Paper (as defined in the Commercial Paper Regulations) including this issue; and
- (ii) the Issuer estimates that it will not issue any further Commercial Paper during the current financial year, ending 31 March 2018.

49. 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 this Applicable Pricing Supplement.

50. 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.

51. Paragraph 3(5)(g)

The Notes issued will be listed.

52. 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.

53. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the Notes are unsecured, but have been guaranteed by the Government of the Republic of South Africa.

54. Paragraph 3(5)(j)

Nkonki Incorporated, the statutory auditors of the Issuer, have confirmed that this issue of Notes issued under the Programme will comply in all respects with the relevant provisions of the Commercial Paper Regulations.

Responsibility:

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the placing document contains all information required by law and the Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the placing document and the annual financial statements and the pricing supplements and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

The JSE takes no responsibility for the contents of the placing document, the annual financial statements, annual report and this Applicable Pricing Supplement of the Issuer and any amendments

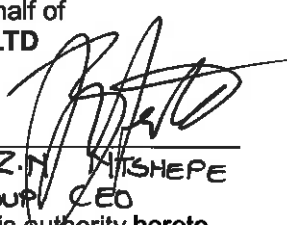
or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of the placing document and the annual financial statements, the annual report or this Applicable Pricing Supplement of the Issuer and any amendments or supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the placing document and listing of the debt securities is not to be taken in any way as an indication of the merits of the Issuer or of the debt securities and, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

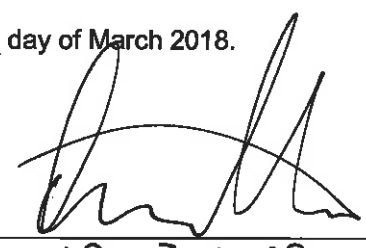
As at date of this Applicable Pricing Supplement, the Issuer confirms that the authorised programme amount of ZAR4,000,000,000 has not been exceeded.

Application is hereby made to list this issue of Notes on 16 March 2018.

SIGNED at IRENE on this 15TH day of March 2018.

For and on behalf of
DENEL SOC LTD


Name: MR Z.N. MTSHEPE
Capacity: GROUP CEO
Who warrants his authority hereto


Name: MR Z.M. MHLWANA
Capacity: GROUP CFO
Who warrants his authority hereto

Mandatory Redemption – Rating Downgrade

- 1.1.1. In the event of that the Issuer's Credit Rating is downgraded to or below the Minimum Credit Rating (the **Rating Downgrade**) then the Issuer shall within 5 (five) Business Days of such Rating Downgrade and in accordance with Condition 18 (*Notices*), give notice (the **Issuer Redemption Notice**) to the Noteholders of the Notes of such Rating Downgrade and the procedure for exercising the option set out in Condition 1.1.2 below. For the purposes of this clause **Minimum Credit Rating** means a national scale rating of Baa1za by Moody's, BBB+(zaf) by Fitch, zaBBB+ by S&P, BBB+(RSA) by GCR or its equivalent for the time being.
- 1.1.2. Each Noteholder of the Notes may within the period ending 30 (thirty) Business Days of the Issuer Redemption Notice (the **Election Period**), require the Issuer to redeem its Notes by delivery to the Issuer of a notice (the **Noteholder Redemption Notice**) in accordance with Condition 18 (*Notices*).
- 1.1.3. The Issuer shall, within 5 (five) days after expiry of the Election Period or within 10 (ten) days after receipt of the Noteholder Redemption Notice, redeem the Notes relevant to each Noteholder Redemption Notice at the Early Redemption Amount calculated in accordance with Condition 10.6 (*Early Redemption Amounts*), together with accrued interest (if any).

GUARANTEE