
APPLICABLE PRICING SUPPLEMENT



FORTRESS INCOME FUND LIMITED

*(Incorporated in the Republic of South Africa with limited liability under registration number 2009/016487/06)
(as Issuer)*

jointly and severally, unconditionally and irrevocably guaranteed by

FORTRESS INCOME 2 PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 2009/005857/07)

FORTRESS INCOME 3 PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 2009/014323/07)

Issue of ZAR200,000,000 7.05% Fixed Rate Notes due 10 March 2015

Under its ZAR2,000,000,000 Domestic Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 7 June 2012, prepared by Fortress Income Fund Limited in connection with the Fortress Income Fund Limited ZAR2,000,000,000 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 | Fortress Income Fund Limited |
| 2. | Guarantors | Fortress Income 2 Proprietary Limited; and
Fortress Income 3 Proprietary Limited. |
| 3. | Dealer(s) | Rand Merchant Bank, a division of FirstRand Bank Limited |
| 4. | Managers | N/A |
| 5. | Debt Sponsor | Rand Merchant Bank, a division of FirstRand Bank Limited |
| 6. | Paying Agent | The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division |

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	Specified Address	5 th Floor, 3 Simmonds Street, Johannesburg, 2001
7.	Calculation Agent	Rand Merchant Bank, a division of FirstRand Bank Limited
	Specified Address	1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196
8.	Transfer Agent	Rand Merchant Bank, a division of FirstRand Bank Limited
	Specified Address	1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196

PROVISIONS RELATING TO THE NOTES

9.	Status of Notes	Senior Unsecured
10.	Series Number	14
11.	Tranche Number	1
12.	Aggregate Nominal Amount:	
	(a) Series	ZAR200,000,000
	(b) Tranche	ZAR200,000,000
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 will be listed and are issued in uncertificated form and held by the CSD
17.	Issue Date	11 September 2014
18.	Nominal Amount per Note	ZAR1,000,000
19.	Specified Denomination	ZAR1,000,000
20.	Specified Currency	ZAR
21.	Issue Price	100 percent
22.	Interest Commencement Date	11 September 2014
23.	Maturity Date	10 March 2015
24.	Applicable Business Day Convention	Following Business Day
25.	Final Redemption Amount	100% of Nominal Amount
26.	Last Day to Register	by 17h00 on 27 February 2015
27.	Books Closed Period	The Register will be closed from 28 February 2015 until the Maturity Date
28.	Default Rate	N/A

FIXED RATE NOTES

29.	(a) Fixed Rate of Interest	7.05% per annum payable in arrears
	(b) Fixed Interest Payment Date	10 March 2015

(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)	Day Count Fraction	Actual/365
(h)	Any other terms relating to the particular method of calculating interest	N/A

FLOATING RATE NOTES N/A

ZERO COUPON NOTES N/A

PARTLY PAID NOTES N/A

MIXED RATE NOTES N/A

INDEX-LINKED NOTES N/A

DUAL CURRENCY NOTES N/A

EXCHANGEABLE NOTES N/A

OTHER 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 11.5 (<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.	ZAG000119454
37.	Stock Code	FIFC12
38.	Stabilising manager	N/A
39.	Provisions relating to stabilisation	N/A
40.	Method of distribution	Dutch Auction (Sealed bid without feedback)
41.	Credit Rating assigned to the Issuer	A1(za) National Short term unsecured, assigned as at April 2014 and which will be reviewed in April 2015
42.	Applicable Rating Agency	Global Credit Rating Co. Proprietary Limited
43.	Governing law (if the laws of South	N/A

Africa are not applicable)

44. Other provisions

Covenants

See Schedule 1 headed "*Redemption in the event of a breach of Financial Covenant*".

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 Deloitte & Touche.

48. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has issued ZAR1,570,000,000 (including this issue) Commercial Paper (as defined in the Commercial Paper Regulations); and
- (ii) the Issuer estimates that it will issue ZAR430,000,000 additional Commercial Paper during the current financial year, ending 30 June 2015.

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 the 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 guaranteed in terms of the Guarantee provided by the Guarantors but are otherwise unsecured.

54. Paragraph 3(5)(j)

Deloitte & Touche, the statutory auditors of the Issuer, have confirmed that nothing has come to their attention to indicate that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

Responsibility:

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer 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.

Application is hereby made to list this issue of Notes on 11 September 2014.

SIGNED at Rwanda on this 9TH day of September 2014.

For and on behalf of
FORTRESS INCOME FUND LIMITED



Name: Wiko Serfontein
Capacity: Director
Who warrants his/her authority hereto



Name: Mark Stevens
Capacity: Director
Who warrants his/her authority hereto

REDEMPTION IN THE EVENT OF A BREACH OF FINANCIAL COVENANT

1. Redemption in the event of a breach of Financial Covenant

The provisions of this Schedule 1 (*Redemption in the event of a breach of Financial Covenant*) shall apply to the FIFC12 Notes (the **Notes**).

- 1.1. The Issuer shall, for as long as the Notes remain Outstanding, maintain the Financial Covenant.
- 1.2. The Issuer shall be required to test the Financial Covenant within 60 (sixty) Days of the end of each interim financial period or financial year, as the case may be.
- 1.3. If a breach of Financial Covenant (as defined below) occurs at any time while any Note remains Outstanding, then the Issuer shall within 20 (twenty) Days after the Issuer becoming aware of a breach of Financial Covenant take reasonable steps to remedy such breach of Financial Covenant, failing which, the Issuer shall promptly give notice to the Noteholders in accordance with Condition 19 (*Notices*) specifying the nature of the breach of Financial Covenant and the circumstances giving rise to it and the procedure for exercising the option contained in paragraph 1.4 below (**Breach of Financial Covenant Notification**).
- 1.4. Such option shall be exercisable by the Noteholders by the delivery of a written notice (a **Breach of Financial Covenant Redemption Notice**) to the Issuer at its registered office within 30 (thirty) Days after the receipt by the Noteholders of the Breach of Financial Covenant Notification, unless prior to the delivery by that Noteholder of its Breach of Financial Covenant Redemption Notice the Issuer gives notice to redeem the Notes.
- 1.5. Subject to paragraph 1.4, the Issuer shall redeem all Notes held by the Noteholders at its Early Redemption Amount together with accrued interest (if any) within 15 (fifteen) Days of having received a Breach of Financial Covenant Redemption Notice from the Noteholders to redeem such Notes.
- 1.6. In the event of any dispute in respect of any calculation relating to the Financial Covenant referred to in paragraph 1.7, such dispute shall be determined by the Issuer's independent auditors, acting as experts and not as arbitrators (taking into account the Terms and Conditions), whose determination will, in the absence of manifest error, be final and binding on the Issuer and Noteholders. The cost of such independent auditors in resolving such dispute shall be borne by the Issuer.
- 1.7. For the purposes of this Schedule 1 (*Redemption in the event of a breach of Financial Covenant*):
 - (a) **Financial Covenant** means the Loan to Value Ratio (as defined below) to be maintained by the Issuer for as long as any Notes remain Outstanding under the Terms and Conditions, whereby such Loan to Value Ratio shall not exceed 50% (fifty percent).
 - (b) **Loan to Value Ratio** means in respect of the Issuer, whilst any Notes remain Outstanding:
 - i. the secured and unsecured debt plus any sureties or guarantees secured by the assets of the Fortress Group, provided by the Fortress Group for any liability or obligation of the Fortress Group after the Programme Date;
 - ii. divided by the sum of the market value of the property portfolio and the listed stock portfolio of the Fortress Group,
expressed as a percentage.