



**INDUSTRIAL DEVELOPMENT CORPORATION  
OF SOUTH AFRICA LIMITED**

*(established as a body corporate in terms of section 2 of the Industrial Development Corporation Act, 1940)*

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**ZAR500,000,000  
4% Senior Unsecured Fixed Rate Registered Bonds  
due 17 October 2019**

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On 17 October 2014 (the **Issue Date**), the Industrial Development Corporation of South Africa Limited (the **Issuer** or the **IDC**) will issue a total Principal Amount of ZAR500,000,000 4% senior unsecured fixed rate registered bonds with minimum denominations of ZAR1,000,000 each (the **Bonds**), pursuant to this Offering Circular, on and subject to the terms and conditions of the Bonds contained in the section of this Offering Circular headed "*Terms and Conditions of the Bonds*" (the **Terms and Conditions**).

Capitalised terms used in this Offering Circular are defined in the Terms and Conditions, unless separately defined in this Offering Circular. References in this Offering Circular to any Condition are to that Condition of the Terms and Conditions.

The Bonds will bear interest at a rate of 4% per annum in respect of the period from and including 17 October 2014 to, but excluding, the Redemption Date. For so long as the Bonds are in issue, interest on the Bonds will be payable semi-annually in arrears on 17 April and 17 October (or if any such date is not a Business Day, the first following day that is a Business Day) of each year, with the first Interest Payment Date being 17 April 2015 and the last Interest Payment Date being the Redemption Date.

Payments in respect of the Bonds will be made without withholding or deduction for or on account of any taxes, unless such withholding or deduction is required by law. In that event, the Issuer will (subject to the Issuer's rights to redeem the Bonds pursuant to Condition 6.2 and subject to certain exceptions as provided in Condition 9 (*Taxation*)) pay such additional amounts as are required to be paid in terms of Condition 9 (*Taxation*).

Unless previously redeemed at a prior date as contemplated in Condition 6 (*Redemption and Purchases*) or purchased by the Issuer and cancelled, the Bonds will mature on 17 October 2019 at their Principal Amount (together with accrued interest).

This Offering Circular was approved by the JSE on 9 October 2014. The Bonds will be listed on the Interest Rate Market of the JSE under stock code number IDCP06 (ISIN number ZAG000120395) on and with effect from the Issue Date. The application for a listing of the Bonds on the Interest Rate Market of the JSE was granted by the JSE, prior to the Issue Date, in the week commencing on 13 October 2014, and the Bonds may be traded by or through members of the JSE on and with effect from the Issue Date in accordance with the rules and operating procedures for the time being of the JSE. The settlement of trades on the Interest Rate Market of the JSE shall take place in accordance with the electronic settlement procedures of the JSE and the CSD.

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*Manager*  
**Industrial Development Corporation of South Africa Limited**

*Debt Sponsor*  
**Nedbank Capital, a division of Nedbank Limited**

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**Offering Circular dated 16 October 2014**

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**IMPORTANT NOTICE**


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The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular, each Supplement to this Offering Circular published by the Issuer from time to time, the annual financial reports of the Issuer and any amendments to such annual financial reports. The Issuer confirms that to the best of its knowledge and belief there are no facts the omission of which would make this Offering Circular or any statement contained in this Offering Circular false or misleading, that all reasonable enquiries to ascertain such facts have been made, and that this Offering Circular contains or incorporates by reference (see the section of this Offering Circular headed "*Documents Incorporated by Reference*") all information required by the JSE Debt Listings Requirements and all other Applicable Laws.

The Issuer, having made all reasonable inquiries, confirms that this Offering Circular contains or incorporates by reference all information which is material in relation to the issuing and the offering of the Bonds, that all information contained or incorporated by reference in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or expression of any such opinions or intentions misleading in any material respect.

This Offering Circular is to be read in conjunction with all documents incorporated herein by reference (see the section of this Offering Circular entitled "*Documents Incorporated by Reference*") and should be read and construed on the basis that such documents are incorporated by reference in and form part of this Offering Circular.

The JSE assumes no responsibility or liability of whatsoever nature for the correctness of any of the statements made or opinions expressed or information contained or incorporated by reference into this Offering Circular (including, for the avoidance of doubts, the annual financial reports of the Issuer and any amendments to such annual financial reports). The admission of the Bonds to the list of Debt Securities maintained by the JSE and the listing of the Bonds on the Interest Rate Market of the JSE is not to be taken as an indication of the merits of the Issuer or the Bonds. The JSE assumes no responsibility or liability of whatsoever nature for the contents of this Offering Circular or any information incorporated by reference into this Offering Circular (including, for the avoidance of doubts, the annual financial reports of the Issuer and any amendments to such annual financial reports), and the JSE makes no representation as to the accuracy or completeness of this Offering Circular, or any information incorporated by reference into this Offering Circular (including, for the avoidance of doubts, the annual financial reports of the Issuer and any amendments to such annual financial reports). The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of this Offering Circular or any information incorporated by reference into this Offering Circular (including, for the avoidance of doubts, the annual financial reports of the Issuer and any amendments to such annual financial reports).

Neither the JSE nor the Debt Sponsor nor the Manager nor their respective affiliates and advisers have separately verified the information contained or incorporated by reference in this Offering Circular. Accordingly, no representation, warranty or undertaking, expressed or implied is made and no responsibility is accepted by the JSE, the Debt Sponsor, the Manager or their respective affiliates and advisers as to the accuracy or the completeness of the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer. Each person receiving this Offering Circular acknowledges that such person has not relied on the JSE, the Debt Sponsor, the Manager or their respective affiliates and advisers in connection with its investigation of the accuracy of such information or its investment decision. Neither the JSE nor the Debt Sponsor nor the Manager nor their respective affiliates and advisers accept any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection with the Bonds.

No person is authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Debt Sponsor, the Manager or their respective affiliates and advisers. Neither the delivery of this Offering Circular nor any offer, sale, allotment or solicitation made in connection with the offering of the Bonds shall, under any circumstances, create any implication or constitute any representation that there has been no change in the affairs of the Issuer since the date of this Offering Circular, or that the information contained or incorporated by reference in this Offering Circular is correct at any time subsequent to the date of the document containing such information.

Neither this Offering Circular nor any other information supplied in connection with the Bonds is intended to provide the basis of any credit or other evaluation, or should be considered as a recommendation or a statement of opinion, or a report of either of those things, by the JSE, the Issuer, the Debt Sponsor or the Manager that any recipient of this Offering Circular or any other information supplied in connection with the Bonds should purchase any Bonds. Each investor contemplating making an investment in the Bonds should make its own investigation and analysis of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the terms of the offering and its own determination of the suitability of any such investment, with particular reference to its own circumstances and financial condition, its own investment objectives and experience, the extent of its exposure to risk (see the section of this Offering Circular headed "*Risk Factors*") and any other factors which may be relevant to it in connection with such investment.

Neither this Offering Circular nor any other information supplied in connection with the Bonds constitutes an offer or invitation by or on behalf of the Issuer or the Debt Sponsor or the Manager to any person to subscribe for or purchase or otherwise deal in any Bonds.

The distribution of this Offering Circular and the issue, sale or offer of Bonds may be restricted by law in certain jurisdictions. For a description of certain restrictions on offers, sales and subscriptions for Bonds and on the distribution of this Offering Circular and/or any other offering material relating to the Bonds, see the section of this Offering Circular headed "*Subscription and Sale*". In particular, there are restrictions on the distribution of this Offering Circular and the offer and/or sale and/or subscription of Bonds in the European Economic Area, the United Kingdom and South Africa.

Neither the Issuer nor the Debt Sponsor nor the Manager nor their respective professional advisors represent that this Offering Circular may be lawfully distributed, or that any Bonds may be lawfully offered, subscribed for or sold, 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, offering, subscription or sale.

In particular, save for obtaining the approval of this Offering Circular by the JSE, no action has been taken by the Issuer or the Debt Sponsor or the Manager or their respective professional advisors which would permit a public offering of any Bonds or a distribution of this Offering Circular in any jurisdiction where action for that purpose is required. No Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material relating to the Bonds may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with all Applicable Laws and regulations.

This Offering Circular is not for distribution in, and does not constitute an offer of Bonds for sale or subscription in, the United States of America or in any jurisdiction in which such a distribution or such offer for sale or subscription would be unlawful or would require qualification or registration. It is the responsibility of any person wishing to subscribe for or purchase Bonds to satisfy himself as to the full observance of the laws of the relevant jurisdiction.

***The Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act). The Bonds may not be offered or sold in the United States of America or to, or for the account or benefit of, any U.S. persons except in accordance with Regulation S under the Securities Act.***

Persons into whose possession this Offering Circular comes are required by the Issuer, the Debt Sponsor and the Manager to comply with all Applicable Laws and regulations in each country or jurisdiction in which they subscribe for, purchase, offer, sell, transfer or deliver Bonds or have in their possession or distribute this Offering Circular and to obtain any consent, approval or permission required by them for the subscription, purchase, offer, sale, transfer or delivery by them of any Bonds under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such subscriptions, purchases, offers, sales, transfers or deliveries, in all cases at their own expense, and none of the Issuer, the Debt Sponsor or the Manager shall have responsibility therefor. In accordance with the above, any Bonds purchased or subscribed for by any person which wishes to offer such Bonds for sale or resale may not be offered in any country or jurisdiction in circumstances which would result in the Issuer being obliged to register this Offering Circular or any further prospectus or corresponding document relating to the Bonds in such country or jurisdiction.

#### **Stabilisation and pricing**

The Bonds will be offered by way of private placement to a single subscriber in terms of a private placement agreement. The price/yield and issue price of the Bonds has already been determined by the Issuer and the aforementioned subscriber. The Manager will not, in connection with the issue and private placing of the Bonds, over-allot or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail.

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**DOCUMENTS INCORPORATED BY REFERENCE**

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The following documents are incorporated by reference into, and form part of, this Offering Circular:

- (a) the audited consolidated annual financial statements of the Issuer, together with such statements, reports and notes attached to or intended to be read with such consolidated annual financial statements, for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014;
- (b) the audited consolidated annual financial statements of the Issuer, together with such statements, reports and notes attached to or intended to be read with such consolidated annual financial statements, in respect of all financial years of the IDC after the date of this Offering Circular, as and when such audited consolidated annual financial statements become available; and
- (c) any tap issue supplements to this Offering Circular circulated by the Issuer from time to time (see Condition 2.2 of the Terms and Conditions)
- (d) all information pertaining to the Issuer which is relevant to the Bonds and/or this Offering Circular which is (i) electronically submitted by the JSE Stock Exchange News Service ("SENS") to SENS subscribers and/or (ii) available on any electronic news service established or used or required by the JSE,

save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

This Offering Circular is available for inspection, upon request, during normal office hours, at the registered office of the Issuer as set out at the end of this Offering Circular. Any supplement to this Offering Circular circulated by the Issuer from time to time will be available for inspection, upon request, during normal office hours, at the registered office of the Issuer as set out at the end of this Offering Circular. This Offering Circular and any supplement to this Offering Circular circulated by the Issuer from time to time are also available (or will also be available) on the Issuer's website (<http://www.idc.co.za>). This Offering Circular and any supplement to this Offering Circular will be available on the JSE's website at [www.jse.co.za](http://www.jse.co.za).

The audited consolidated annual financial statements of the Issuer referred to in paragraphs (a) and (b) above are available for inspection, upon request, (or will be available for inspection, upon request) at the registered office of the Issuer as set out at the end of this Offering Circular. These audited consolidated annual financial statements are also available (or will also be available) on the Issuer's website (<http://www.idc.co.za>).

The Issuer will, for so long as any Bond remains outstanding and listed on the Interest Rate Market of the JSE, publish a new Offering Circular within six months of the financial year end of the Issuer, if any of the information contained in this Offering Circular becomes outdated in a material respect; provided that no new Offering Circular will be required in respect of the Issuer's annual financial statements if such annual financial statements are incorporated by reference into this Offering Circular and such annual financial statements are published, as required by the Companies Act, and submitted to the JSE within six months after the relevant financial year end of the Issuer. A new Offering Circular and any tap issue supplement to this Offering Circular must be approved by the JSE.

Any such new Offering Circular or Offering Circular as supplemented by a tap issue supplement, as the case may be, shall be deemed to substitute the previous Offering Circular from the date of issue of such new Offering Circular or Offering Circular as supplemented by a tap issue supplement, as the case may be.

## RISK FACTORS

*The Issuer believes that the factors outlined below may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below. The value of the Bonds could decline due to any of these risks, and investors may lose some or all of their investment.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay interest, principal or other amounts under any Bonds may occur for other reasons which may not be considered significant risks by the Issuer based on information available to it as at the date of this Offering Circular, or which it may not be able to anticipate. The Issuer does not represent that the statements below regarding the risks of holding any Bonds are exhaustive and potential investors in the Bonds must form their own judgment in regard to the suitability of the investment they are making. The information set out below is not intended as advice and does not purport to describe all of the considerations that may be relevant to a prospective subscriber for or purchaser of any Bonds.*

*Potential investors in any Bonds should, prior to investing in the Bonds, carefully consider the following investment considerations, in addition to the matters described elsewhere in this Offering Circular.*

### **Risks relating to the Issuer**

#### **Prominent risk categories identified at the Issuer**

The Issuer follows a hybrid approach to risk management with every employee in the Issuer responsible for the management of risk within their own area of expertise coupled with a strong corporate oversight by an independent Risk Management Department. The key risks facing the Issuer have been classified according to five broad risk categories: Strategic; Financial - Market; Financial - Credit; Operational; and IT Governance.

#### **Strategic risk**

This category refers to the risk of an organisation's value collapsing, stagnating or migrating as a result of a failure to adapt to changing industry profit patterns. Key risks include people (human capital, communication, and performance management), customer satisfaction, environmental impact, shareholder management and macro economic impacts.

The Board of Directors of the Issuer (the **Board**) and executive management have the responsibility for defining the strategic direction of the Issuer and ensuring that the Issuer is managed in a manner consistent with strategy. The challenge is for the global strategic and risk perspectives to be communicated and understood by others at all levels of the Issuer such that combined, there is sufficient information to reflect the overall attitude to risk and to determine whether or not risks should be accepted, mitigated or avoided. This challenge has been addressed through the definition and measurement of the Issuer's risk appetite. The Issuer has defined its risk appetite for identification, measurement and management of the Issuer's key risk indicators at an organisation level. By defining the level of risk the Issuer is comfortable with (its appetite), this assists the Issuer to:

- make better informed business decisions;
- focus on those risks that exceed the defined appetite or tolerance for risk;
- develop a business culture with a high awareness of risk; and
- strike a balance between daring and prudence.

#### **Human capital risk**

The Issuer's performance is dependent on the talents and efforts of key personnel, some of whom may have been employed by the Issuer for a substantial period of time and have developed with the business. The Issuer's continued ability to compete effectively and further develop its businesses also depends on its ability to attract new employees. In relation to the development and training of new staff, the Issuer is reliant on the continued development of the educational sector within South Africa, including access to facilities and educational programmes by its future employees. The Issuer has implemented programmes to attract new employees and equip them with appropriate skills.

#### **Financial risk**

This risk category encompasses losses that may occur as a result of the way the Issuer is financed and its own financing or investment activities. Financial risk includes market risk related to volatility in interest rates, exchange rates, commodity and equity prices, liquidity risk related to the cost of maintaining various financial positions and financial compliance risk, as well as credit and settlement risk related to the potential for counterparty default. The management of these risk areas is therefore critical for the Issuer.

### **Financial: credit risk**

This refers to the risk that a counterparty to a financial transaction will fail to meet its obligations in accordance with the agreed terms and conditions of the contract, either because of bankruptcy or for any other reason, thereby causing the asset holder to suffer a financial loss.

The Issuer endeavours to maintain credit risk exposure within acceptable parameters, managing the credit risk inherent in the entire portfolio as well as the risk associated with individual business partners or transactions. The effective management of credit risk is a critical component of a comprehensive approach to risk management and is essential to the long-term success of the Issuer. The dominant risk within the Issuer is the provision of loans and advances as well as entering into equity investments, both of which represent the Issuer's core business.

The Issuer can be exposed to various forms of credit risk concentration which, if not properly managed, may cause significant losses that could threaten its financial health. Accordingly, the Issuer considers the management (including measurement and control) of its credit concentrations of vital importance. The Issuer currently has various established methodologies for the management of the credit concentrations it is exposed to, including counterparty (individual and group), transaction, sector, and regional / country concentrations. The Issuer has established risk concentration limits and policies on individual and group counterparties, geographical locations, and sector exposures in accordance with its credit risk strategy.

The Issuer completes a thorough due diligence process for each facility provided. This covers financial, technical, marketing, management, and where appropriate, environmental risks and legal risks, which are reported on as part of the submission for approval to the relevant decision making structures.

When feasibility studies are completed on larger projects, risks taken into consideration include marketing, technology, financial, environmental and manufacturing risks. The robustness of the project is evaluated and sensitivity analyses are performed on various aspects. The financial viability of a project and a strong financial structure are key factors for project approval. Once project finance has been approved, the Issuer appoints representatives to the project steering and finance committees during the construction period. Issuer employees subsequently closely monitor such investments.

The Issuer's loan, equity and guarantee portfolios are monitored on a continuous basis so as to proactively monitor and manage the quality of the portfolios and any situation developing related to arrears or non performance. These activities are undertaken by the Issuer's Post Investment Monitoring Department whose main objective is to monitor the performance of clients post approval of the debt, equity or guarantee investment by the Issuer. Ailing counterparties are transferred to the Workout and Restructuring Department to manage the Issuer's exposure and minimise potential losses. The Workout and Restructuring Department also assists companies to recover from difficulties in order to limit any losses in jobs due to business closures. Two Investment Monitoring Committees (IMC), namely IMC Equity and IMC Loans, meet regularly to monitor the performance of the Issuer's loan, equity and guarantee investments and decide on the appropriate course of action to be taken with regard to non-performing clients.

### **Financial: market risk**

This is the risk that the market price of an asset or a liability may change, resulting in a capital gain or loss upon the subsequent realisation of the asset or liability. This may result from changes in economic factors (interest rates, share prices, exchange rates) or environmental factors (political, social, regulatory, and speculative), that is, a decline in value due to factors other than default or delayed payment.

### **Money market transactions**

The Issuer's risk in this regard is perceived to be low due to the following factors:

- the primary objective of the money market is to invest temporary cash holdings, to limit any possible capital losses and to ensure the timely availability of funds;
- funds are only invested with approved financial and public sector institutions according to limits approved by the Board; and
- dealing in money market derivative instruments is not allowed unless prior approval is obtained from the Board.

### **Foreign currency risk**

Foreign currency risk is limited by means of the Board's policy which states that forward exchange cover is required for foreign currency exposures, unless a facility is made available in foreign currency and matched to the lending of the foreign borrowings.

### **Interest rate and liquidity risk**

Interest rate and liquidity risks are monitored, reported and managed, as all of the above market risks, by a formalised Asset and Liability Management process.

### **Equity price risk**

The Issuer has a significant portfolio of listed and unlisted equity investments which represent the majority, by value, of its asset portfolio. Equity price risk is monitored and reported in the Assets and Liability Management process. To manage equity price risk, the Issuer's equity investments are valued on a regular process based on established policies and methodologies. In addition, hedging and diversification policies are also revised on a regular basis.

### **Operational risk**

This risk category relates to the Issuer's reliance on systems, processes and people. Included here are potential losses resulting from inadequate systems and processes, management failure, faulty controls, fraud and human error. Operational risk also includes succession planning, human resources and employment, information technology, accounting, audit and control systems, and compliance with regulations.

The Issuer safeguards itself against operational risks through:

- the establishment and implementation of an Operational Risk Framework;
- regular assessment of operational risks for each functional area in the Issuer, including updating systems and procedures;
- assessment of the operational risk profile of the Issuer;
- regular risk-based internal and external audits;
- a comprehensive Business Continuity Plan incorporating a Disaster Recovery Plan for Information Technology recovery and a working Business Continuity Management Office that meets regularly;
- Information Technology Recovery is addressed in the Data Recovery Plan;
- a comprehensive, robust Information Technology security policy;
- prudent and scrupulous recruitment policies;
- insurance of fidelity guarantees, legal risks, public liability and other identified insurable risks including those of fixed assets; and
- the commitment of all employees to a code of conduct that encourages honesty, integrity and effectiveness.

### **Information technology governance**

The Issuer has established an Information Technology governance framework based on the Control Objectives for Information and related Technology (COBIT) standard. COBIT is a set of best practices for Information Technology management created by the Information Systems Audit and Control Association (ISACA), and the IT Governance Institute (ITGI) in 1996. COBIT provides managers, auditors, and Information Technology users with a set of generally accepted measures, indicators, processes and best practices to assist them in maximizing the benefits derived through the use of information technology and developing appropriate Information Technology governance and control in a company.

The Information Technology risk aspects identified for the Issuer include:

- business disruption and systems failure;
- monitoring and evaluation;
- acquisition and implementation; and
- delivery and support.

### **Regulatory environment**

The Issuer is subject to government regulation in South Africa. A description of certain of the applicable government regulation statutes are set out below. Changes in government policy, legislation or regulatory interpretation may adversely affect the Issuer's business and, consequently, reported results and financing requirements. No assurance can be given as to the impact of any possible judicial decision or change to such governmental regulation or related administrative practice after the date of this Offering Circular.

#### **Industrial Development Corporation Act**

The Issuer was established as a body corporate in terms of section 2 of the IDC Act. The powers of the Issuer, including the power to issue debentures and borrow moneys, are set out in section 4 of the IDC Act.

In terms of section 4(f) of the IDC Act, the Issuer has the power, for purposes of attaining its objects, to raise loans or borrow moneys, by the issue of debentures or otherwise, provided that the amount owing at any time by the Issuer and its wholly owned financing subsidiaries in respect of loans raised or moneys borrowed shall not, without the approval of the shareholders previously given at a meeting of shareholders, exceed 100% of the issued capital and reserves of the Issuer and its wholly owned financing subsidiaries at that time.

The Issuer was established with a share capital of ZAR10,000,000, divided into one million ordinary shares of one rand each (A shares) and nine million ordinary shares of one rand each (B shares). The Board may from time to time, with the approval of shareholders previously given at a meeting of shareholders, increase the share capital of the Issuer, as contemplated in section 12(9) of the IDC Act. As at the date of this Offering Circular, the (i) authorised share capital of the Issuer is ZAR1,599,000,000, divided into 1,000,000 A shares of one rand each and 1,499,000,000 B shares of one rand each and (ii) the issued share capital of the Issuer is ZAR1,392,969,357, divided into 1,000,000 A shares and 1,391,969,357 B shares. As at the date of this Offering Circular, the South African Government is the sole shareholder of the Issuer.



The operations of the Issuer must be managed and controlled by a board of directors. The Board may exercise all such powers of the Issuer as are not by the IDC Act (or the regulations) required to be exercised by the shareholders of the Issuer at a meeting of shareholders. The Minister of Economic Development has the right to appoint not more than eight directors.

In terms of section 5ter of the IDC Act, where the Issuer has, at the request of the Minister of Economic Development, agreed to render any assistance to, or incur any obligation in connection with, an industrial undertaking by, among other things, taking up shares or furnishing a loan, the Minister of Economic Development may, if he considers it "*expedient in the public interest*", with the concurrence of the Minister of Finance, enter into an agreement with the Issuer in terms of which the Minister of Economic Development may at any time take over (or, if requested by the Issuer to do so, must take over) all of the interest of the Issuer in that industrial undertaking, including any shares taken up in connection with that industrial undertaking and any rights and obligations acquired or incurred in connection with it, against payment of compensation which may not exceed the sum of the purchase price paid by the Issuer for the relevant shares, the book value of any loan, the amounts paid by the Issuer in respect of any other right or obligation and the cost and expenditure of the Issuer in connection with such shares, loan or other right or obligation.

In terms of section 20 of the IDC Act, the Issuer "*shall not be wound up except by or under the authority of an Act by Parliament*".

The Minister of Economic Development may, by notice in the Government Gazette, apply to the Issuer any provision of the Companies Act which is not inconsistent with the provisions of the IDC Act. As at the date of this Offering Circular, no such notice has been published.

The powers and functions which were entrusted to the Minister of Trade and Industry under the IDC Act were transferred to the Minister of Economic Development, with effect from 1 April 2010, in terms of the Proclamation promulgated as Notice No. 6 published in *Government Gazette* 33003 of 5 March 2010.

#### *Companies Act*

Subject to certain exceptions, the Companies Act has replaced the Companies Act, 1973 in its entirety. As at the date of this Offering Circular, the provisions of the Companies Act do not apply to the Issuer.

#### *Banks Act*

Government Notice No. 2169 published in *Government Gazette* 16167 of 14 December 1994 issued pursuant to section 2(vii) of the Banks Act, 1990 (the **Banks Act**) designates the Issuer, subject to certain conditions, as an institution to which the provisions of the Banks Act shall not apply, insofar as such provisions impose requirements with which any institution must comply before it may carry on the business of a bank or in the lawful carrying on of the business of a bank. Accordingly, the issue of the Bonds, pursuant to this Offering Circular, is not required to comply with 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.

#### *Public Finance Management Act*

The Issuer is a "*public entity*" for purposes of the Public Finance Management Act, 1999 (the **Public Finance Management Act**) and is accordingly subject to the provisions of the Public Finance Management Act. A "*public entity*" may only borrow money or enter into any other transaction that binds or may bind it to any future financial commitment through its "*accounting authority*". The Board is the "*accounting authority*". In terms of section 66(7) of the Public Finance Management Act, the Issuer, when it is authorised to borrow money by the Board, must submit to the Minister of Finance, on an annual basis, a "*borrowing programme*" for the relevant year. A "*public entity*" may not borrow money in a foreign currency above the prescribed limit, except where that public entity "*is a company in which the state is not the only shareholder*".

#### *Income Tax Act*

The Issuer is a "*resident*" (as defined in the Income Tax Act) of South Africa for tax purposes, and is subject to the applicable provisions of the Income Tax Act.

#### *Exchange Control Regulations*

Since 1995, certain exchange controls in South Africa have been relaxed. The extent to which the South African Government (the **Government**) may further relax such exchange controls cannot be predicted with certainty, although the Government has committed itself to a gradual approach of relaxation. Further relaxation, or abolition of exchange controls, may precipitate a change in the capital flows to and from South Africa. If the net result of this were to cause large capital outflows, this could adversely affect the Issuer's business and it could have an adverse effect on the financial condition of the Issuer as a whole. In the event of the immediate abolition of exchange control there may be a sudden withdrawal of Rand from the South African market by investors. Because South Africa has a fully floating exchange rate and a flexible interest rate policy, this could result in a rapid depreciation of the Rand exchange rate which could serve to stem the flight and could also result in an increase in interest rates due to the depreciation of the Rand. Rand would be purchased in exchange for foreign currency and deposited in the Sterilisation Account of the South African Reserve Bank.

#### **General risks relating to the Bonds**

##### *Investment suitability*

Each potential investor in any Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in (or incorporated by reference into) this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such an investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets;
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

#### **Exchange rate risks**

All payments in respect of the Bonds will be made in ZAR. Certain risks may arise relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than ZAR. These include the risk that exchange rates may significantly change (including changes due to devaluation of ZAR or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to ZAR will decrease (i) the Investor's Currency-equivalent yield on the Bonds, (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds and (iii) the Investor's Currency-equivalent market value of the Bonds.

#### **Meetings of Bondholders**

Condition 17 (*Meetings of Bondholders*) contains provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders including Bondholders who do not attend and vote at the relevant meeting and Bondholders who vote in a manner contrary to the majority.

#### **Change of law**

This Offering Circular, the Bonds and the Terms and Conditions are governed by, and will be construed in accordance with, South African law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to South African law or administrative practice in South Africa after the date of this Offering Circular.

#### **Rating**

On or about 18 September 2014, Fitch Southern Africa (Proprietary) Limited upgraded the Issuer's National Long-term Rating to AA+(zaf) from AA(zaf) and affirmed the Issuer's National Short-term Rating at F1+(zaf). These ratings are expected to be reviewed on or about October 2015. The Bonds are not rated.

The rating of the Issuer does not necessarily reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. The rating of the Issuer is not a recommendation to subscribe for, buy, sell or hold any Bonds, inasmuch as, among other things, a rating of the Issuer does not address or comment on the market price or suitability of the Bonds for a particular investor.

#### **Listing and limited liquidity of the Bonds**

The Bonds will be listed on the Interest Rate Market of the JSE. The continued listing of the Bonds on the Interest Rate Market of the JSE is subject to the rules of the JSE in force from time to time. There can accordingly be no assurance that the listing of the Bonds will continue until the Redemption Date.

It is not possible to predict the price at which Bonds may trade in the secondary market, or whether such market will be liquid or illiquid. There can be no assurance that any secondary market for any of the Bonds will continue until the final Redemption Date. Consequently, a subscriber or purchaser must be prepared to hold its Bonds until the final Redemption Date.

If the Bonds are traded after their initial issue, they may trade at a discount to their initial Issue Price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer.

#### **Bonds will be held in the CSD**

The Bonds will be held in the CSD. The Bondholders of such Bonds will have to rely on the procedures of the JSE and the CSD for transfer, payment and communication with the Issuer. Except in the circumstances described in the Terms and Conditions, the Bondholders of such Bonds will not be entitled to receive Individual Certificates.

The CSD will maintain records of the Beneficial Interests in Bonds held in the CSD. While the Bonds are held in the CSD, the holders of Beneficial Interests in such Bonds will be able to trade their Beneficial Interests only through the CSD.

While the Bonds are held in the CSD, the Issuer will discharge its payment obligations under such Bonds by making payments to, or to the order of, the CSD's Nominee (as the registered holder of such Bonds) for distribution to holders of the Beneficial Interest in such Bonds. A holder of a Beneficial Interest in a Bond must rely on the procedures of the CSD

and its Settlement Agents to receive payments under the relevant Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, Beneficial Interests.

Holders of Beneficial Interests in Bonds vote in accordance with the Applicable Procedures and will not have a direct right to vote in respect of such Bonds. The holder of a Beneficial Interest will only be entitled to exchange such Beneficial Interest for Bonds represented by an Individual Certificate in accordance with Condition 11 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

#### ***Non-recourse obligations***

The Bonds will be obligations solely of the Issuer. The Bonds will not be obligations of, or the responsibility of, or guaranteed by, any other person.

#### ***Tax considerations***

The Issuer has carried out (or will have carried out) all steps reasonably necessary to ensure its compliance with the current provisions of taxation legislation (including the Income Tax Act, 1962, the Value-Added Tax Act, 1991 and other taxation provisions). Full disclosure will be made to any taxation bodies but no assurance can be given that the views of these bodies will not differ from the treatment adopted by the Issuer from time to time.

A summary of the applicable taxation legislation in respect of the Bonds as at the date of this Offering Circular is set out in the section of this Offering Circular headed "*South African Taxation*". The summary does not constitute tax advice.

Potential investors in the Bonds should, before making an investment in the Bonds, consult their own professional advisers as to the potential tax consequences of, and their tax positions in respect of, an investment in the Bonds.

No representation and/or warranty and/or undertaking is given by the Issuer (or any other person) in respect of the tax treatment of any Bondholder, and no liability and/or responsibility is assumed by the Issuer (or any other person) for the tax treatment of any Bondholder.

#### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor in the Bonds should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

#### ***Early redemption at the option of the Issuer***

The Issuer may redeem the Bonds, prior to the final Redemption Date, as described in Condition 6.2 (*Redemption for tax reasons*). The optional redemption feature may limit the market value of the Bonds. During any period when the Issuer may elect to redeem the Bonds, the market value of those Bonds generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any such redemption period. A Bondholder may not be able to reinvest the redemption proceeds of the relevant Bonds in a comparable security at an effective interest rate as high as that applicable to the relevant Bonds. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### ***Interest rate risks***

The Bonds bear interest at a fixed Interest Rate. Investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the market value of the Bonds.

#### ***General***

This Offering Circular identifies some of the information that a prospective investor in the Bonds should consider prior to making an investment in the Bonds. However, this Offering Circular does not provide (and does not purport to provide) all of the information or the comprehensive analysis necessary to evaluate the economic and other consequences of investing in the Bonds. Therefore, a potential investor in the Bonds should conduct its own thorough analysis, including its own accounting, legal and tax analysis, prior to deciding to invest in the Bonds. A potential investor in the Bonds should make an investment in the Bonds only after it has determined that such investment is suitable for its financial investment objectives. This Offering Circular is not (and does not purport to be) investment advice.

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**SUMMARY OF THE TERMS AND CONDITIONS**


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*The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Offering Circular.*

<b>Issuer</b>	Industrial Development Corporation of South Africa Limited, a body corporate established in terms of Section 2 of the Industrial Development Corporation Act, 1940;
<b>Paying Agent</b>	The Issuer or such other paying agent as may be appointed by the Issuer from time to time;
<b>Transfer Secretary</b>	The Issuer or such other transfer secretary as may be appointed by the Issuer from time to time;
<b>Manager</b>	The Issuer;
<b>Debt Sponsor</b>	Nedbank Capital, a division of Nedbank Limited;
<b>Description of Bonds</b>	Industrial Development Corporation of South Africa Limited ZAR500,000,000 4% Senior Unsecured Fixed Rate Registered Bonds due 17 October 2019;
<b>Total Principal Amount</b>	The issue of the Bonds will be for a total Principal Amount of ZAR500,000,000;
<b>Clearing System</b>	The CSD acting as the approved electronic clearing house, carrying on the role of matching, clearing and facilitation of settlement of all transactions carried out on the Interest Rate Market of the JSE;
<b>Currency</b>	South African Rand (ZAR);
<b>Denomination of Bonds</b>	Bonds will be issued with a minimum denomination of ZAR1,000,000 each;
<b>Early Redemption</b>	The Issuer may redeem the Bonds at their Principal Amount (together with any interest due thereon) upon notice for taxation reasons, as described in Condition 6.2 ( <i>Redemption for tax reasons</i> );
<b>Form of the Bonds</b>	The Bonds 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 Bonds in certificated form represented by an Individual Certificate in accordance with Condition 11 ( <i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i> ) (see the section of this Offering Circular entitled "Form of the Bonds");
<b>Governing Law</b>	The Bonds and the Terms and Conditions will be governed by, and construed in accordance with, the laws of South Africa;
<b>Interest Payment Dates</b>	Semi-annually in arrears on 17 April and 17 October (or if any such date is not a Business Day, the first following day that is a Business Day) of each year, with the first Interest Payment Date being 17 April 2015 and the last Interest Payment Date being the Redemption Date;
<b>Interest Rate</b>	A fixed rate (the <b>Fixed Rate</b> ) of 4% per annum over the period from and including 17 October 2014 to but excluding the Redemption Date;
<b>Listing and Trading</b>	This Offering Circular was approved by the JSE on 9 October 2014. The Bonds will be listed on the Interest Rate Market of the JSE under stock code number IDCP06 (ISIN number ZAG000120395) on and with effect from the Issue Date. The application for a listing of the Bonds on the Interest Rate Market of the JSE was granted in the week commencing on 13 October 2014 and the Bonds may be traded by and through the members of the JSE on and with effect from the Issue Date;
<b>Principal Amount</b>	The face value of each Bond;
<b>Purchase of Bonds</b>	The Issuer may, at any time, purchase Bonds at any price in the open market or otherwise. Such Bonds may be held, resold or, at the option of the Issuer, cancelled;
<b>Redemption Date</b>	Unless redeemed at a prior date or purchased and cancelled, the Bonds will mature on 17 October 2019;
<b>Redemption Value</b>	100% of the Principal Amount of each Bond;

<b>Register Closed</b>	The Register shall be closed prior to each Interest Payment Date and the Redemption Date for the periods as described in Condition 13 ( <i>Register</i> );
<b>Selling Restrictions</b>	The distribution of this Offering Circular and any offering or subscription for or sale of Bonds may be restricted by law in certain jurisdictions and is restricted by law in the United States of America, the European Economic Area, the United Kingdom and South Africa. Persons who come into possession of this Offering Circular are required by the Issuer, the Debt Sponsor and the Manager to comply with all Applicable Laws and regulations in each country or jurisdiction in which they subscribe for, purchase, offer, sell, transfer or deliver Bonds or have in their possession or distribute this Offering Circular and to obtain any consent, approval or permission required by them for the subscription, purchase, offer, sale, transfer or delivery by them of any Bonds under the law and regulations in force in any country or jurisdiction to which they are subject or in which they make such subscriptions, purchases, offers, sales, transfers or deliveries, in all cases at their own expense;
<b>Issue and Transfer Taxes</b>	No stamp duty, uncertificated securities tax or any similar tax is payable in respect of the issue, transfer or redemption of the Bonds under current South African law;
<b>Status of Bonds</b>	The Bonds constitute direct, senior and unsecured obligations of the Issuer and rank and will rank <i>pari passu</i> amongst themselves and at least <i>pari passu</i> with the claims of all other senior unsecured creditors of the Issuer, other than those claims which are expressly preferred under the laws of South Africa;
<b>Taxation</b>	All payments in respect of the Bonds will be made without withholding or deduction for or on account of any taxes, unless such withholding or deduction is required by law. In the event that such withholding or deduction is required by law, then the Issuer will (subject to the Issuer's rights to redeem the Bonds pursuant to Condition 6.2 ( <i>Redemption for tax reasons</i> )) and subject to certain exceptions as provided in Condition 9 ( <i>Taxation</i> )) pay any additional amounts as shall be necessary in order that the net amounts received by the Bondholders after such withholding or deduction as the case may be, shall equal the respective amounts of the Principal Amount and interest which would otherwise have been receivable in respect of the Bonds, in the absence of such withholding or deduction (see the section of this Offering Circular headed " <i>South African Taxation</i> "); and
<b>Terms and Conditions</b>	The terms and conditions of the Bonds are set out in the section of this Offering Circular headed " <i>Terms and Conditions of the Bonds</i> ".



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## FORM OF THE BONDS

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### **Bonds issued in uncertificated form**

The Bonds will be issued in uncertificated form, in terms of the Financial Markets Act, and will be held in the CSD.

Subject as set out under "*Bonds represented by Individual Certificates*" below, the Bonds will not be represented by any certificate or written instrument.

### **Beneficial Interests**

While the Bonds are held in their entirety in the CSD, the CSD's Nominee will be named in the Register as the sole Bondholder of the Bonds.

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

The CSD maintains central securities accounts only for Settlement Agents. As at the date of this Offering Circular, the Settlement Agents are Standard Chartered Bank Johannesburg Branch, Societe Generale, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.

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

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

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

Title to Beneficial Interests held by Settlement Agents directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Settlement Agents. Title to Beneficial Interests held by clients of Settlement Agents indirectly through such Settlement Agents will pass on transfer thereof by electronic book entry in the securities accounts maintained by such Settlement Agents 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 Bonds represented by Individual Certificates in accordance with Condition 11 (*Exchange for Beneficial Interests and Replacement of Individual Certificates*).

### **Bonds represented by Individual Certificates**

Bonds represented by Individual Certificates will be registered in the Register in the names of the individual Bondholders of such Bonds.

Individual Certificates will not be issued in bearer form.

The Issuer, the Paying Agent and the Transfer Secretary shall regard the Register as the conclusive record of title to Bonds represented by Individual Certificates.

Payments of all amounts due and payable in respect of Bonds represented by Individual Certificates will be made in accordance with Condition 8 (*Payment*) to the person reflected as the registered Bondholder of such Bonds in the Register at 16h00 South African time on the Last Day to Register.

Bonds represented by Individual Certificates shall be transferred in accordance with Condition 12 (*Register*).

### **Transferability of Bonds**

The Bonds will, upon issue, be freely transferrable and fully paid.

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**TERMS AND CONDITIONS OF THE BONDS**


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*The following are the Terms and Conditions of the Bonds to be issued by the Issuer which will be incorporated by reference into each Individual Certificate.*

**1. INTERPRETATION**

In these Terms and Conditions, unless inconsistent with the context, the following expressions shall have the following meanings:

<b>Applicable Laws</b>	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;
<b>Applicable Procedures</b>	the rules and operating procedures for the time being of the CSD, Settlement Agents and the JSE Debt Listings Requirements;
<b>Beneficial Interest</b>	the beneficial interest as co-owner of an undivided share of all of the Bonds held in the CSD, as provided in Chapter IV of the Financial Markets Act;
<b>Bondholder</b>	the registered holder of Bonds recorded as such in the Register being the CSD's Nominee and/or the holder of Bonds represented by Individual Certificates;
<b>Bonds</b>	the 4% senior unsecured fixed rate registered bonds with minimum denominations of ZAR1,000,000 each issued by the Issuer, pursuant to this Offering Circular, on and subject to these Terms and Conditions;
<b>Books Closed Period</b>	the 10 (ten) day period preceding each Interest Payment Date (such period commencing, in the case of an Interest Payment Date falling on 17 October of each year, on 7 October of each year and, in the case of an Interest Payment Date falling on 17 April of each year, on 7 April of each year) and the Redemption Date until 17h00 South African time on the day preceding each Interest Payment Date and the Redemption Date;
<b>Business Day</b>	a day which is a day, other than a Saturday, Sunday or official South African public holiday within the meaning of the Public Holidays Act, 1994 (as amended), on which commercial banks settle ZAR payments in Johannesburg;
<b>Companies Act</b>	the Companies Act, 2008 (as amended) (or any successor legislation thereto);
<b>CSD</b>	Strate Limited (Registration Number 1998/022242/06), a public company duly incorporated with limited liability in accordance with the company laws of South Africa, or its nominee, operating in terms of the Financial Markets Act (or any successor legislation thereto), or any additional or alternate depository approved by the Issuer;
<b>CSD's Nominee</b>	Central Depository Nominees Proprietary Limited (Registration Number 1990/006665/07), a private company duly incorporated with limited liability in accordance with the company laws of South Africa, a wholly owned Subsidiary of the CSD;
<b>Debt Sponsor</b>	Nedbank Capital a division of Nedbank Limited (registration number 1951/000009/06), a public company with limited liability and a registered bank duly incorporated in accordance with the company and banking laws of South Africa;
<b>Event of Default</b>	any of the events of default by the Issuer set out in Condition 10 ( <i>Events of Default</i> );
<b>Extraordinary Resolution</b>	a resolution passed at a properly constituted meeting of the Bondholders upon a show of hands by a majority consisting of not less than 66.67% of the Bondholders present in person and voting at the meeting or, if a poll be duly demanded, a majority consisting of not less than 66.67% of the votes given at such poll by Bondholders present in person or by Proxy;
<b>Financial Markets Act</b>	the Financial Markets Act, 2012 (as amended);

<b>Form of Proxy</b>	an instrument in writing signed by the Bondholder or, in the case of a Bondholder which is a corporation, executed under its common seal or signed on its behalf by a duly authorised representative of the corporation appointing a Proxy;
<b>IDC Act</b>	the Industrial Development Corporation Act, 1940 (as amended);
<b>IFRS</b>	International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of IASB (as amended, supplemented or re-issued from time to time);
<b>Income Tax Act</b>	the Income Tax Act, 1962 (as amended);
<b>Individual Certificate</b>	the single certificate in definitive registered form, without interest coupons, representing Bonds for which a Beneficial Interest has been exchanged in accordance with Condition 11 ( <i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i> );
<b>Interest Payment Date</b>	the day upon which interest due in respect of the Bonds shall be paid by the Issuer, being 17 April and 17 October (or if any such date is not a Business Day, the first following day that is a Business Day) of each year, with the first Interest Payment Date being 17 April 2015 and the last Interest Payment Date being the Redemption Date;
<b>Interest Period</b>	each six-month period commencing on and including an Interest Payment Date and ending on but excluding the following Interest Payment Date during the period from and including the Issue Date to but excluding the Redemption Date, provided that the first Interest Period will commence on (and include) 17 October 2014 and end on (but exclude) 17 April 2015 and the final Interest Period shall end on (but exclude) the Redemption Date;
<b>Interest Rate</b>	the rate of interest applicable to the Bonds, being 4% per annum;
<b>Interest Rate Market of the JSE</b>	the separate platform or submarket of the JSE designated as the " <i>Interest Rate Market</i> " and on which Debt Securities (as defined in the JSE Debt Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all Applicable Laws;
<b>Issue Date/First Settlement Date</b>	17 October 2014;
<b>Issue Price</b>	ZAR500,000,000;
<b>Issuer</b>	Industrial Development Corporation of South Africa Limited, established as a body corporate in terms of Section 2 of the IDC Act;
<b>JSE</b>	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;
<b>JSE Debt Listings Requirements</b>	the JSE Debt Listings Requirements published by the JSE and set out in Bulletin 1 of 2014 (13 January 2014), as amended and/or supplemented from time to time;
<b>Last Day to Register</b>	17h00 South African time on the eleventh day preceding an Interest Payment Date or Redemption Date, as the case may be, (being in the case of an Interest Payment Date falling on 17 October of each year, until 17h00 on 6 October of each year and, in the case of an Interest Payment Date falling on 17 April of each year, until 17h00 on 6 April of each year), such last day to register being the last day on which the Transfer Secretary will accept Transfer Forms and record the transfer of the Bonds represented by Individual Certificate(s) in the Register and whereafter the Register is closed for further transfers or entries until such Interest Payment Date or Redemption Date;
<b>Offering Circular</b>	this offering circular dated 16 October 2014;
<b>Ordinary Resolution</b>	a resolution passed at a properly constituted meeting of Bondholders, upon a show of hands by a majority of the Bondholders present in person or by proxy and voting at the meeting or, if a poll is demanded, a majority of the votes cast at such poll by Bondholders present in person or by Proxy;
<b>Paying Agent</b>	the Issuer or such other paying agent as may be appointed by the Issuer from time to time;



<b>Form of Proxy</b>	an instrument in writing signed by the Bondholder or, in the case of a Bondholder which is a corporation, executed under its common seal or signed on its behalf by a duly authorised representative of the corporation appointing a Proxy;
<b>IDC Act</b>	the Industrial Development Corporation Act, 1940 (as amended);
<b>IFRS</b>	International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of IASB (as amended, supplemented or re-issued from time to time);
<b>Income Tax Act</b>	the Income Tax Act, 1962 (as amended);
<b>Individual Certificate</b>	the single certificate in definitive registered form, without interest coupons, representing Bonds for which a Beneficial Interest has been exchanged in accordance with Condition 11 ( <i>Exchange of Beneficial Interests and Replacement of Individual Certificates</i> );
<b>Interest Payment Date</b>	the day upon which interest due in respect of the Bonds shall be paid by the Issuer, being 17 April and 17 October (or if any such date is not a Business Day, the first following day that is a Business Day) of each year, with the first Interest Payment Date being 17 April 2015 and the last Interest Payment Date being the Redemption Date;
<b>Interest Period</b>	each six-month period commencing on and including an Interest Payment Date and ending on but excluding the following Interest Payment Date during the period from and including the Issue Date to but excluding the Redemption Date, provided that the first Interest Period will commence on (and include) 17 October 2014 and end on (but exclude) 17 April 2015 and the final Interest Period shall end on (but exclude) the Redemption Date;
<b>Interest Rate</b>	the rate of interest applicable to the Bonds, being 4% per annum;
<b>Interest Rate Market of the JSE</b>	the separate platform or submarket of the JSE designated as the "Interest Rate Market" and on which Debt Securities (as defined in the JSE Debt Listings Requirements) may be listed, or such other separate platform or sub-market of the JSE as is selected by the Issuer, subject to all Applicable Laws;
<b>Issue Date/First Settlement Date</b>	17 October 2014;
<b>Issue Price</b>	ZAR500,000,000;
<b>Issuer</b>	Industrial Development Corporation of South Africa Limited, established as a body corporate in terms of Section 2 of the IDC Act;
<b>JSE</b>	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;
<b>JSE Debt Listings Requirements</b>	the JSE Debt Listings Requirements published by the JSE and set out in Bulletin 1 of 2014 (13 January 2014), as amended and/or supplemented from time to time;
<b>Last Day to Register</b>	16h00 South African time on the tenth day preceding an Interest Payment Date or Redemption Date, as the case may be, (being in the case of an Interest Payment Date falling on 17 October of each year, 7 October of each year and, in the case of an Interest Payment Date falling on 17 April of each year, 7 April of each year), such last day to register being the last day on which the Transfer Secretary will accept Transfer Forms and record the transfer of the Bonds represented by Individual Certificate(s) in the Register and whereafter the Register is closed for further transfers or entries until such Interest Payment Date or Redemption Date;
<b>Offering Circular</b>	this offering circular dated 16 October 2014;
<b>Ordinary Resolution</b>	a resolution passed at a properly constituted meeting of Bondholders, upon a show of hands by a majority of the Bondholders present in person or by proxy and voting at the meeting or, if a poll is demanded, a majority of the votes cast at such poll by Bondholders present in person or by Proxy;
<b>Paying Agent</b>	the Issuer or such other paying agent as may be appointed by the Issuer from time to time;
<b>Principal Amount</b>	the face value of each Bond;

<b>Proxy</b>	a person appointed under a Form of Proxy to act on behalf of a Bondholder in connection with any meeting or proposed meeting of the Bondholders;
<b>Redemption Date</b>	the date upon which the Bonds are due to be redeemed by the Issuer, whether by way of redemption on maturity in terms of Condition 6.1 ( <i>Redemption on maturity</i> ) or redemption for tax reasons in terms of Condition 6.2 ( <i>Redemption for tax reasons</i> ), as the case may be;
<b>Register</b>	the register maintained by the Transfer Secretary in terms of Condition 13 ( <i>Register</i> );
<b>Relevant Date</b>	the earlier of (a) the date on which all amounts due in respect of the Bonds has been paid and (b) the date on which the full amount of the monies payable in respect of the Bonds has been received by the CSD's Nominee;
<b>Representative</b>	where a Bondholder is a corporation, a person authorised by a resolution of the Bondholder's directors or other governing body to act as its representative in connection with any meeting or proposed meeting of the Bondholders;
<b>Securities Services Act</b>	the Securities Services Act, 2004 (as amended);
<b>Settlement Agent</b>	a person accepted by the CSD as a participant in terms of the Securities Services Act (prior to 3 June 2013) or the Financial Markets Act (on and after 3 June 2013), as applicable, and who is approved by the JSE, in terms of the rules of the JSE, as a settlement agent to perform electronic settlement of both funds and scrip on behalf of market participants;
<b>South Africa</b>	the Republic of South Africa;
<b>Taxable Income</b>	any " <i>taxable income</i> " as defined in section 1 of the Income Tax Act;
<b>Taxable Gain</b>	any " <i>taxable capital gain</i> " as defined in paragraph 1 of Schedule 8 to the Income Tax Act;
<b>Terms and Conditions</b>	the terms and conditions incorporated in this section " <i>Terms and Conditions of the Bonds</i> " and in accordance with which the Bonds are issued;
<b>Transfer Form</b>	the written form for the transfer of any Bond represented by an Individual Certificate, in the form approved by the Transfer Secretary;
<b>Transfer Secretary</b>	the Issuer or any successor transfer secretary appointed by the Issuer; and
<b>ZAR</b>	the lawful currency of South Africa, being South African Rand, or any successor currency.

All references in this Offering Circular to any statute, regulation or other legislation will be a reference to that statute, regulation or other legislation as amended, re-enacted or replaced and substituted from time to time.

## 2. ISSUE

- 2.1 The Issuer will issue the Bonds, in a total Principal Amount of ZAR500,000,000, on the Issue Date, on and subject to these Terms and Conditions.
- 2.2 Nothing contained herein shall preclude the Issuer from, at any time, without the consent of any Bondholder, issuing further Bonds (the **Additional Bonds**) having terms and conditions which are identical to the Terms and Conditions of the existing Bonds in issue (the **Existing Bonds**) (save as to their respective Principal Amounts, first Interest Payment Dates, Issue Dates and Issue Prices). The Additional Bonds shall (i) be consolidated and form a single series with the Existing Bonds and (ii) rank *pari passu* in all respects with the Existing Bonds. The term '*Bonds*' in this Offering Circular shall, in the event of such issue, also include the Additional Bonds.

## 3. FORM AND DENOMINATION

- 3.1 The Bonds are senior unsecured fixed rate registered bonds with a minimum denomination of ZAR1,000,000 each.
- 3.2 The Bonds will be issued in uncertificated form, in terms of the Financial Markets Act, and will be held in the CSD. All amounts to be paid and all rights to be exercised in respect of Bonds held in the CSD will be paid to and may be exercised only by the CSD's Nominee for the holders of Beneficial Interests in such Bonds. An owner of a Beneficial Interest in the Bonds shall be entitled to exchange such Beneficial Interest for Bonds represented by an Individual Certificate in accordance with Condition 11 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).

## 4. TITLE

- 4.1 The CSD's Nominee shall be reflected in the Register as the registered Bondholder of the Bonds held in the CSD. Each holder of Bonds represented by an Individual Certificate will be named in the Register as the registered Bondholder of such Bonds.

- 4.2 Title to Bonds represented by an Individual Certificate will pass upon registration of transfer in the Register in accordance with Condition 12 (*Transfer of Bonds*). The Issuer, the Paying Agent and the Transfer Secretary shall recognise a Bondholder as the sole and absolute owner of the Bonds registered in that Bondholder'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 Bond may be subject.
- 4.3 Beneficial Interests which are held by Settlement Agents will be held directly through the CSD, and the CSD will hold such Beneficial Interests, on behalf of such Settlement Agents, through the central securities accounts maintained by the CSD for such Settlement Agents. Beneficial Interests which are held by clients of Settlement Agents will be held indirectly through such Settlement Agents, and such Settlement Agents will hold such Beneficial Interests, on behalf of such clients, through the securities accounts maintained by such Settlement Agents for such clients. The clients of Settlement Agents, as the holders of Beneficial Interests in Bonds or as custodians for such holders, may exercise their rights in respect of such Bonds only through their Settlement Agents.
- 4.4 In relation to each person shown in the records of the CSD or the relevant Settlement Agent, as the case may be, as the holder of a Beneficial Interest in a particular outstanding Principal Amount of Bonds, a certificate or other document issued by the CSD or the relevant Settlement Agent, as the case may be, as to the outstanding Principal Amount of such Bonds standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered Bondholder of such Bonds named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Secretary and the relevant Settlement Agents as the holder of that outstanding Principal Amount of such Bonds for all purposes.
- 4.5 Beneficial Interests in the Bonds may be transferred only in accordance with the Applicable Procedures. Such transfers will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the registered Bondholder of such Bonds, notwithstanding such transfers.

## 5. STATUS

The Bonds constitute direct, senior, unconditional and unsecured obligations of the Issuer and will rank *pari passu* amongst themselves and (save for certain debts required to be preferred by law) at least equally with claims of all other unsecured creditors (other than unsecured subordinated obligations, if any) of the Issuer from time to time outstanding.

## 6. REDEMPTION AND PURCHASES

### 6.1 Redemption on maturity

Subject to these Terms and Conditions, the Bonds shall be redeemed at their Principal Amount on 6 October 2019 (together with interest accrued to such Redemption Date). If such Redemption Date falls upon a day which is not a Business Day, payment shall be made on the first following day that is a Business Day, provided that no additional interest shall be payable for the period necessitated by such delay.

### 6.2 Redemption for tax reasons

If the Issuer, immediately prior to the giving of the notice referred to below in this Condition 6.2 (*Redemption for tax reasons*), is of the reasonable opinion that:

- (a) as a result of any change in or amendment to the laws or regulations of South Africa or any political subdivision of, or any authority in, or of, South Africa having power to tax becoming effective after the date of this Offering Circular, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 9 (*Taxation*); and
- (b) such requirement cannot be avoided by the Issuer taking reasonable measures available to it,

then the Issuer may at its option, having given not less than 30 (thirty) and not more than 60 (sixty) days' notice to Bondholders (which notice shall be irrevocable), redeem all the Bonds, but not some only, on the date for redemption stipulated in such notice (which date shall be an Interest Payment Date), at their Principal Amount (together with interest accrued to such Redemption Date) provided that no notice of redemption shall be given earlier than 90 (ninety) days before the earliest date on which the Issuer would incur the obligation to pay such additional amounts where a payment in respect of the Bonds is due.

### 6.3 Procedure for redemption

- (a) Payments in respect of the redemption of the Bonds shall be made in accordance with Condition 8 (*Payment*).
- (b) The redemption of Beneficial Interests in the Bonds shall take place in accordance with the Financial Markets Act and the Applicable Procedures.
- (c) Bondholders of Bonds represented by Individual Certificates shall surrender such Individual Certificates to the Transfer Secretary for cancellation at least 10 (ten) days prior to the Redemption Date. If the Bondholder of Bonds represented by an Individual Certificate fails to surrender that Individual Certificate to the Transfer Secretary for cancellation before the Redemption Date, the amount payable to such Bondholder in respect of the Bonds represented by that Individual Certificate shall be retained by the Issuer for such Bondholder, at the latter's risk, until the Bondholder surrenders that Individual Certificate, and such Bondholder will not be

entitled to any interest and/or other payments in respect of any delay in payment occasioned as a result of such failure to surrender such Individual Certificate.

#### 6.4 Purchases

The Issuer or any of its affiliates may at any time purchase Bonds at any price in the open market or otherwise. In the event of the Issuer purchasing Bonds, such Bonds may (subject to restrictions of any Applicable Law) be held, resold or, at the option of the Issuer, cancelled.

#### 6.5 Cancellation

Subject to the provisions of Condition 6.3 (*Procedure for redemption*), all Bonds which are redeemed by the Issuer will forthwith be cancelled. All Bonds so cancelled cannot be re-issued or resold.

### 7. INTEREST

7.1 The Bonds shall bear interest at the Interest Rate from and including the Issue Date to but excluding the Redemption Date.

7.2 Interest in respect of each Interest Period shall be payable in arrears on the Interest Payment Date immediately succeeding such Interest Period. The first Interest Period will commence on (and include) 17 October 2014 and end on (but exclude) 17 April 2015 and the last Interest Period will end on (but exclude) the Redemption Date. If any Interest Payment Date falls upon a day which is not a Business Day, the interest payable upon such Interest Payment Date shall be payable upon the first following day that is a Business Day, provided that for the purposes of determining an Interest Period, no adjustment shall be made to such Interest Payment Date.

7.3 Each Bond will cease to bear interest from the Redemption Date unless payment of principal and/or interest is improperly withheld or refused.

7.4 In the event that the Issuer fails to punctually make payment of any amounts owing in accordance with these Terms and Conditions, the amounts so owing shall continue to bear interest at the Interest Rate in accordance with these Terms and Conditions.

#### 7.5 Calculation of Interest

The amount of interest payable per Bond in respect of each Interest Period shall be calculated by multiplying the applicable Interest Rate by the Principal Amount of such Bond and then dividing such product by two; provided that if interest is required to be calculated for any period other than a full six month Interest Period, such interest shall be calculated on the basis of the actual number of days elapsed in that period divided by 365, irrespective of the number of days in a year.

### 8. PAYMENT

8.1 The Principal Amount and/or interest on the Bonds shall be paid by the Paying Agent for and on behalf of the Issuer in ZAR. Only Bondholders named in the Register at 16h00 Johannesburg time on the relevant Last Day to Register shall be entitled to payments of amounts due and payable in respect of the Bonds.

8.2 Payments of interest and/or principal in respect of Bonds held in the CSD will be made to the CSD's Nominee, as the registered holder of such Bonds, which in turn will transfer such funds, via the Settlement Agents, to the holders of Beneficial Interests.

8.3 Each of the persons reflected in the records of the CSD or the relevant Settlement Agent, as the case may be, as the holders of Beneficial Interests in the Bonds shall look solely to the CSD or the relevant Settlement Agent, as the case may be, for such person's share of each payment so made by the Issuer to, or for the order of, the CSD's Nominee (as the registered holder of such Bonds).

8.4 The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to such Beneficial Interests.

8.5 Payments of interest and principal in respect of Bonds held in the CSD shall be recorded by the CSD's Nominee, as the registered holder of such Bonds, distinguishing between interest and principal, and such record of payments by the CSD's Nominee, as the registered holder of such Bonds, shall be *prima facie* proof of such payments.

8.6 Payments of interest and/or principal in respect of Bonds represented by Individual Certificates shall be made to the person reflected as the registered holder of the Individual Certificate in the Register on the Last Day to Register.

8.7 Payments of interest and/or the principal in respect of Bonds represented by an Individual Certificate shall be paid by the Paying Agent, for and on behalf of the Issuer, by electronic funds transfer to the account of the person named as the registered Bondholder of such Bonds in the Register or, in the case of joint Bondholders, the account of that one of them who is first named in the Register in respect of such Bonds.

8.8 If several persons are entered into the Register as joint Bondholders of Bonds then, without affecting the previous provisions of this Condition 8 (*Payment*), payment to any one of them of any monies payable on or in respect of such Bonds shall be an effective and complete discharge by the Issuer of the amount so paid, notwithstanding any notice (express or otherwise) which the Issuer may have of the right, title, interest or claim of any other person to or in any such Bonds or interest therein.

- 8.9 If the Paying Agent, acting on behalf of the Issuer, is prevented or restricted directly or indirectly from making any payment by electronic funds transfer in accordance with the above provisions of this Condition 8 (*Payment*) (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), such inability shall not constitute an Event of Default and the Issuer shall give notice to the Bondholders within 3 (three) Business Days of such inability arising. Upon receipt of such notice any Bondholder may request, in writing, setting out a postal address, that the Issuer make payment of any such amounts by way of cheque if allowed by law or banking practice. The Paying Agent, acting on behalf of the Issuer, shall deliver any such cheque to such Bondholder within 5 (five) Business Days of receiving such request.
- 8.10 Each such cheque shall be made payable to the relevant Bondholder or, in the case of joint Bondholders, the first one of them named in the Register and each such cheque shall be dated as at the Interest Payment Date or Redemption Date, as the case may be. Subject to these Terms and Conditions, payments by cheque may be posted by ordinary mail and neither the Issuer nor the Paying Agent shall be responsible for any loss in the transmission of mail and the postal authorities shall be deemed to be the agent of the Bondholders for the purpose of all cheques posted in terms of this Condition 8 (*Payment*).
- 8.11 Payment of a cheque sent in terms of Conditions 8.9 and 8.10 shall be a complete discharge by the Issuer of the amount of the cheque.
- 8.12 In the event that any cheque provided by the Paying Agent, for and on behalf of the Issuer, as set out above is not presented for payment and no demand is made for payment of the relevant amount of interest or principal within a period of 6 (six) months from the Relevant Date, the Paying Agent shall forthwith refund any such amount to the Issuer.

## 9. TAXATION

- 9.1 All payments (whether in respect of the Principal Amount, interest or otherwise) in respect of the Bonds will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges (**taxes**) of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of South Africa or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes is required by law (including any applicable double taxation agreement to which South Africa is a party).
- 9.2 In the event of any such withholding or deduction in respect of taxes levied or imposed on interest or principal payments on the Bonds, the Issuer shall (subject to the Issuer's rights to redeem the Bonds pursuant to Condition 6.2 (*Redemption for tax reasons*)) pay such additional amounts as may be necessary in order that the net amounts receivable by the Bondholder after such withholding or deduction shall equal the respective amounts which would have been receivable by such Bondholder in the absence of such withholding or deduction, except that no such additional amounts shall be payable:
- (a) in respect of any Bond held by a Bondholder which is liable to such taxes in respect of such Bond by reason of its having some connection with South Africa other than the mere holding of such Bond or the receipt of the Principal Amount or interest in respect thereof; or
  - (b) in respect of any Bond presented for payment by or on behalf of, or held by, a Bondholder who could lawfully avoid (but has not so avoided) such withholding or deduction by complying with any statutory requirements in force at the present time or in the future by making a declaration of non-residence or other similar claim or filing for exemption to which it is entitled to the relevant tax authority or the Paying Agent (the effect of which is not to require the disclosure of the identity of the relevant Bondholder); or
  - (c) where such withholding or deduction is in respect of taxes levied or imposed on interest or principal payments only by virtue of the inclusion of such payments in the Taxable Income or Taxable Gains of any Bondholder; or
  - (d) where (in the case of a payment of the Principal Amount or interest which is conditional on surrender of the relevant Individual Certificate in accordance with these Terms and Conditions) the relevant Certificate is surrendered for payment more than 30 (thirty) days after the Relevant Date, except to the extent that the relevant Bondholder would have been entitled to such additional amounts if it had surrendered the relevant Individual Certificate on the last day of such period of 30 (thirty) days; or
  - (e) if such withholding or deduction arises through the exercise by revenue authorities of special powers in respect of tax defaulters.
- 9.3 If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to South Africa, references in this Condition 9 (*Taxation*) to South Africa shall be read and construed as references to South Africa and/or to such other jurisdiction(s).
- 9.4 Any reference in these Terms and Conditions to any amounts payable in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 (*Taxation*).

## 10. EVENTS OF DEFAULT

- 10.1 An Event of Default shall occur if:

**Failure to pay**

- (a) subject to Conditions 6.3(c) and 8.9, the Issuer fails to pay any Principal Amount and/or interest due under the Bonds on the due date for payment thereof and any such failure continues for a period of 3 (three) Business Days, after receiving written notice from any Bondholder demanding such payment; or

**Breach of Undertaking**

- (b) the Issuer fails to perform or observe any of its other material obligations under any of the Bonds and such failure continues for a period of 30 (thirty) calendar days after receipt by the Issuer of a notice in respect of such failure; or

**Consents**

- (c) any action, condition or thing, including the obtaining of any consent, licence approval or authorisation now or in future necessary to enable the Issuer to comply with its obligations under the Bonds is not taken, fulfilled or done, or any such consent, licence, approval or authorisation is revoked, modified, withdrawn or withheld or shall cease to be in full force and effect, resulting in the Issuer being unable to perform any of its respective payments or other obligations in terms of the Bonds and the Issuer fails to remedy such circumstances (if capable of remedy) within 7 (seven) Business Days of receiving written notice from the Bondholders demanding such remedy; or

**Liquidation or winding-up**

- (d) any bill or government paper is published (and publicly disseminated) by the Government of South Africa that provides for, or contemplates, the winding-up of the Issuer in terms of section 20 of the IDC Act or the Issuer is wound up in terms of section 20 of the IDC Act; provided that the occurrence of any such event shall not constitute an Event of Default if (i) such event occurred for the purposes of effecting an amalgamation, merger, demerger, consolidation, reorganisation or other similar arrangement or (ii) the terms of such winding-up were approved by Extraordinary Resolution of Bondholders before the date of such winding-up; or

**Judicial proceedings**

- (e) the Issuer initiates or consents to judicial proceedings relating to itself under any applicable compromise with its creditors (or any significant class of creditors) or compromises or attempts to compromise with its creditors generally (or any significant class of creditors) or any meeting of creditors is convened by the Issuer or to consider a proposal for an arrangement of compromise with its creditors generally (or any significant class of its creditors); or
- (f) proceedings are initiated against the Issuer such that a person takes possession of the whole or a material part of the undertaking or assets of the Issuer, or an execution or attachment or other process is levied, enforced upon, sued out or put in force against the whole or a part of the undertaking or assets of the Issuer and such is not discharged within 30 (thirty) days.

10.2 If the Issuer becomes aware of the occurrence of any Event of Default, the Issuer shall forthwith notify all Bondholders, the JSE and the CSD in writing in accordance with Condition 15 (Notices).

10.3 Upon the happening of an Event of Default, any Bondholder may, by written notice to the Issuer at its registered office, effective upon the date of receipt thereof by the Issuer, declare the Bonds held by such Bondholder to be forthwith due and payable. Upon receipt of that notice, such Bonds, together with accrued interest (if any) to the date of payment, shall become forthwith due and payable.

**11. EXCHANGE OF BENEFICIAL INTERESTS AND REPLACEMENT OF INDIVIDUAL CERTIFICATES**

11.1 The Bonds will be issued in uncertificated form, in terms of the Financial Markets Act, and will be held in the CSD. Subject to Condition 11.2, the Bonds will not be represented by any certificate or written instrument.

11.2 A person holding a Beneficial Interest in the Bonds may, in terms of the Applicable Procedures and subject to the applicable provisions of the Financial Markets Act, by written notice to its nominated Settlement Agent, (or, if such holder is a Settlement Agent, the CSD), request that such Beneficial Interest be exchanged for Bonds in definitive form represented by an Individual Certificate (the **Exchange Notice**).

11.3 The holder's nominated Settlement Agent will, following receipt of the Exchange Notice, through the CSD, notify the Transfer Secretary that it is required to exchange such Beneficial Interest for Bonds represented by an Individual Certificate. The Transfer Secretary shall deliver such Individual Certificate, no later than 14 (fourteen) days after receiving such notice, to the holder of such Beneficial Interest in accordance with the Applicable Procedures, provided that joint holders of a Beneficial Interest shall be entitled to receive only one Individual Certificate in respect of that joint holding and delivery to one of those joint holders shall be delivery to all of them.

11.4 The Bonds are issued in uncertificated form and, in order to effect the exchange of a Beneficial Interest in any Bonds, (i) the CSD's Nominee will surrender (through the CSD system) such uncertificated Bonds to the Transfer Secretary at its registered office set out at the end of the Offering Circular and (ii) the Transfer Secretary will obtain the release of such uncertificated Bonds from the CSD in accordance with the Applicable Procedures.

11.5 An Individual Certificate shall, in relation to a Beneficial Interest in any number of Bonds of a particular aggregate Principal Amount standing to the account of the holder of such Bonds, represent that number of Bonds of that

aggregate Principal Amount, and shall otherwise be in such form as may be agreed between the Issuer and the Transfer Secretary; provided that if such aggregate Principal Amount is equivalent to a fraction of the minimum denomination (ZAR1,000,000) or a fraction of any multiple thereof, such Individual Certificate shall be issued in accordance with, and be governed by, the Applicable Procedures.

- 11.6 Individual Certificates shall be provided (whether by way of issue, delivery or exchange) at the cost of the Issuer, save as otherwise provided in these Terms and Conditions. Separate costs and expenses relating to the provision of Individual Certificates and/or the transfer of Bonds may be levied by other persons, such as a Settlement Agent, under the Applicable Procedures and such costs and expenses shall not be borne by the Issuer. The costs and expenses of delivery of Individual Certificates other than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Bondholder.
- 11.7 If any Individual Certificate is mutilated, defaced, stolen, destroyed or lost it may be replaced at the office of the Transfer Secretary on payment by the claimant of such costs and expenses as may be incurred in connection therewith and against the furnishing of such indemnity as the Transfer Secretary may reasonably require. Mutilated or defaced Individual Certificates must be surrendered to the Transfer Secretary before replacements will be issued.
- 11.8 Any person becoming entitled to Bonds in consequence of the death or insolvency of the relevant Bondholder of such Bonds may, upon producing evidence to the satisfaction of the Issuer that he holds the position in respect of which he proposes to act under this Condition 11.8 or of his title as the Issuer and the Transfer Secretary shall require be registered himself as the holder of such Bonds or, subject to the Applicable Procedures, this Condition 11.8 and Condition 12 (*Transfer of Bonds*), may transfer such Bonds. The Issuer and (if applicable) the CSD and the relevant Settlement Agent shall be entitled to retain any amount payable upon the Bonds to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Bonds.

## 12. TRANSFER OF BONDS

- 12.1 Beneficial Interests in the Bonds may be transferred only in terms of the Applicable Procedures through the CSD. Transfers of Beneficial Interests to and from clients of Settlement Agents occur by way of electronic book entry in the securities accounts maintained by the Settlement Agents for their clients, in accordance with the Applicable Procedures. Transfers of Beneficial Interests among Settlement Agents occur through electronic book entry in the central securities accounts maintained by the CSD for the Settlement Agents, in accordance with the Applicable Procedures. Transfers of Beneficial Interests in Bonds will not be recorded in the Register and the CSD's Nominee will continue to be reflected in the Register as the Bondholder of such Bonds notwithstanding such transfers.
  - 12.2 In order for any transfer of Bonds represented by an Individual Certificate to be recorded in the Register and for the transfer to be recognised by the Issuer:
    - (a) the transfer of Bonds represented by an Individual Certificate must be embodied in a Transfer Form;
    - (b) the Transfer Form must be signed by the registered Bondholder and the transferee, or any authorised representative/s of that registered Bondholder and/or transferee;
    - (c) the transfer of Bonds represented by an Individual Certificate shall only be in respect of denominations of ZAR1,000,000 each or a multiple thereof and consequently the Issuer will not recognise any fraction of a denomination of ZAR1,000,000; and
    - (d) the Transfer Form must be delivered to the Transfer Secretary together with the Individual Certificate in question for cancellation.
  - 12.3 If only part of the Bonds represented by an Individual Certificate is transferred, a new Individual Certificate for the balance of the Bonds held by the relevant Bondholder will be delivered to the relevant Bondholder and the cancelled Individual Certificate will be retained by the Transfer Secretary.
  - 12.4 The transferor of any Bonds represented by an Individual Certificate shall be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.
  - 12.5 Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Transfer Secretary reasonably requires as to the identity and title of the transferor and the transferee.
  - 12.6 No transfer will be registered while the Register is closed.
  - 12.7 If a transfer is registered then the Transfer Form and cancelled Individual Certificate will be retained by the Transfer Secretary.
- ## 13. REGISTER
- 13.1 The Register shall be kept at the offices of the Transfer Secretary. The Register shall contain the name, address and bank account details of the registered Bondholders. The Register shall set out the Principal Amount of the Bonds issued to any Bondholder and shall show the date of such issue and the date upon which the Bondholder became registered as such. The Register shall show the serial numbers of Individual Certificates issued. The Register shall be open for inspection during the normal business hours of the Transfer Secretary to any Bondholder or any person authorised in writing by any Bondholder. The Transfer Secretary shall not be obliged to record any transfer while the Register is closed.

- 13.2 The Register will be closed during the Books Closed Period from 17h00 South African time on the Last Day to Register (the Last Day to Register being, in the case of the Interest Payment Date falling on 17 October of each year, 6 October of each year and, in the case of the Interest Payment Date falling on 17 April of each year, 6 April of each year) until 17h00 South African time on the day preceding each Interest Payment Date and the Redemption Date, in order to determine those Bondholders entitled to receive payments. All periods referred to for the closure of the Register may, subject to the Applicable Procedures, be shortened by the Issuer from time to time, upon notice thereof to the Bondholders.

- 13.3 The Transfer Secretary shall alter the Register in respect of any change of name, address or bank account number of any of the Bondholders of which it is notified in accordance with these Terms and Conditions.

#### 14. LISTING, TRADING, AND SETTLEMENT

This Offering Circular was approved by the JSE on 9 October 2014. The Bonds will be listed on the Interest Rate Market of the JSE under stock code number IDCP06 (ISIN number ZAG000120395) on and with effect from the Issue Date. The application for a listing of the Bonds on the Interest Rate Market of the JSE was granted by the JSE, prior to the Issue Date, in the week commencing on 13 October 2014, and the Bonds may be traded by and through members of the JSE on and with effect from the Issue Date.

#### 15. NOTICES

- 15.1 Save in the case of Condition 15.2, all notices (including all demands or requests under these Terms and Conditions) to the Bondholders will be valid if (a) mailed by registered post or hand delivered to their addresses appearing in the Register or published in a leading English language daily newspaper of general circulation in South Africa, and (b) for so long as the Bonds are listed on the Interest Rate Market of the JSE, published in a daily newspaper of general circulation in Johannesburg, which newspapers are respectively expected to be the *Business Day* and *The Star* (or their respective successors). Any such notice shall be deemed to have been given on the day of first publication or hand delivery or on the seventh day after the day on which it is mailed, as the case may be. In addition to the applicable notice requirements set out in this Condition 15.1, all notices of meetings of the Bondholders shall be published on the JSE Stock Exchange News Service (SENS).
- 15.2 For so long as the Bonds are held in their entirety by the CSD, there may be substituted for publication as contemplated in Condition 15.1 the delivery of the relevant notice to the CSD's Nominee (as the registered holder of such Bonds), the Settlement Agents and the JSE for communication by them to the holders of Beneficial Interests in such Bonds.
- 15.3 Notices (including all demands or requests under these Terms and Conditions) to be given by any Bondholder of Bonds represented by an Individual Certificate shall be in writing and given by delivering the notice, together with a certified copy of the relevant Individual Certificate, to the Issuer. All notices to be given by any holder of a Beneficial Interest in Bonds to the Issuer shall be in writing and given by such holder through such holder's relevant Settlement Agent in accordance with the Applicable Procedures and in such manner as the Issuer and the relevant Settlement Agent may approve for this purpose.
- 15.4 Any notice to the Issuer shall be deemed to have been received by the Issuer on the second Business Day after being hand delivered to the registered office of the Issuer or on the seventh day after the day on which it is mailed by registered post to the registered office of the Issuer, as the case may be.

#### 16. AMENDMENT OF THESE TERMS AND CONDITIONS

- 16.1 These Terms and Conditions set out all the rights and obligations relating to the Bonds. No addition, variation or consensual cancellation shall be of any force or effect unless reduced to writing and signed by or on behalf of the Issuer and (a) signed by or on behalf of Bondholders holding not less than 66.67% in value of the Bonds outstanding from time to time, or (b) authorised by an Extraordinary Resolution of a meeting of Bondholders; provided that no such amendment shall be of any force or effect unless notice of the intention to make such amendment shall have been given to the Bondholders.
- 16.2 The Issuer may, without the consent of the Bondholder, make any modification to these Terms and Conditions which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of South Africa. Any such modification shall be binding on the Bondholders and any such modification shall be notified to the Bondholders in accordance with Condition 15 (Notices) as soon as practical thereafter.

#### 17. MEETINGS OF BONDHOLDERS

##### 17.1 Convening of meetings

- (a) The Issuer may at any time convene a meeting of Bondholders (a meeting or the meeting).
- (b) The Issuer shall convene a meeting upon the requisition in writing of the holders of at least 10% of the aggregate Principal Amount outstanding of the Bonds (requisition notice).
- (c) Whenever the Issuer wishes or is required to convene a meeting, it shall forthwith give notice in writing to the Bondholders of the place, day and hour of the meeting and of the nature of the business to be transacted at the meeting.
- (d) All meetings of Bondholders shall be held in Johannesburg.



- (e) Every director, the company secretary of and the attorneys to the Issuer, and every other person authorised in writing by the Issuer, may attend and speak at a meeting of Bondholders, but shall not be entitled to vote, other than as a Proxy or duly authorised representative of a Bondholder.

## 17.2 Requisition

- (a) A requisition notice shall state the nature of the business for which the meeting is to be held and shall be deposited at the registered office of the Issuer.
- (b) A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

## 17.3 Convening of meetings by requisitionists

If the Issuer does not proceed to cause a meeting to be held within 30 days of the deposit with the company secretary of the Issuer of a requisition notice, requisitionists who together hold not less than 10% of the aggregate Principal Amount outstanding of the Bonds for the time being, may themselves convene the meeting, but the meeting so convened shall be held within 60 days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which meetings may be convened by the Issuer. Notice of the meeting shall be required to be given to the Issuer.

## 17.4 Notice of meeting

- (a) Unless the holders of at least 90% of the aggregate Principal Amount outstanding of the Bonds agree in writing to a shorter period, at least 21 days' written notice specifying the place, day and time of the meeting and the nature of the business for which the meeting is to be held shall be given by the Issuer to Bondholders. All notices of meetings of Bondholders shall be published on SENS.
- (b) The accidental omission to give such notice to any Bondholder or the non-receipt of any such notice, shall not invalidate the proceedings at a meeting.

## 17.5 Quorum

- (a) A quorum at a meeting shall for the purposes of considering:
  - (i) an Ordinary Resolution, consist of Bondholders present in person or by Proxy and holding in the aggregate not less than one-third of the aggregate Principal Amount outstanding of the Bonds;
  - (ii) an Extraordinary Resolution, consist of Bondholders present in person or by Proxy and holding in the aggregate not less than 66.67% of the aggregate Principal Amount outstanding of the Bonds.
- (b) No business shall be transacted at a meeting of the Bondholders unless a quorum is present at the time when the meeting proceeds to business.
- (c) If, within 15 minutes from the time appointed for the meeting, a quorum is not present, the meeting shall, if it was convened on the requisition of Bondholders, be dissolved. In every other case the meeting shall stand adjourned to the same day in the third week thereafter, at the same time and place, or if that day is not a Business Day, the following Business Day. If at such adjourned meeting a quorum is not present the Bondholders present in person or by Proxy shall constitute a quorum for the purpose of considering any resolution, including an Extraordinary Resolution.

## 17.6 Chairman

The chairman of the meeting shall be appointed by the Issuer.

## 17.7 Adjournment

- (a) Subject to the provisions of this Condition 17 (*Meetings of Bondholders*), the chairman may, with the consent of, and shall on the direction of, the meeting adjourn the meeting from time to time and from place to place.
- (b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- (c) At least 14 days' written notice of the place, day and time of an adjourned meeting shall be given by the Issuer to the Bondholders. In the case of a meeting adjourned in terms of Condition 17.5(c), the notice shall state that the Bondholders present in person or by proxy at the adjourned meeting will constitute a quorum.

## 17.8 How questions are decided

- (a) At a meeting, a resolution put to the vote shall be decided on a show of hands unless, before or on the declaration of the result of the show of hands, a poll is demanded by the chairman or by any one of the Bondholders present in person or by Proxy.
- (b) Unless a poll is demanded, a declaration by the chairman that on a show of hands a resolution has been carried, or carried by a particular majority, or lost, shall be conclusive evidence of that fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
- (c) A poll demanded on the election of a chairman or on the question of the adjournment of a meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and the result of such poll shall be deemed to be the resolution of the meeting.

- (d) In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to the vote, if any, to which he is entitled.

#### 17.9 Votes

On a show of hands every Bondholder present in person shall have one vote. On a poll every Bondholder, present in person or by Proxy, shall have one vote for each ZAR1,000,000 of the Principal Amount outstanding of the Bonds held by him. The joint holders of Bonds shall have only one vote on a show of hands and one vote on a poll for each ZAR1,000,000 of the Principal Amount outstanding of the Bonds of which they are the registered holder and the vote may be exercised only by that holder present whose name appears first on the Register in the event that more than one of such joint holders is present in person or by Proxy at the meeting. The CSD's Nominee, as the registered Bondholder of Bonds held in the CSD, shall vote at any such meeting on behalf of the holders of Beneficial Interests in such Bonds in accordance with the instructions to the CSD's Nominee from such holders conveyed through the Settlement Agents in accordance with the Applicable Procedures.

#### 17.10 Proxies and representatives

- (a) Bondholders present either in person or by Proxy may vote on a poll.
- (b) A person appointed to act as Proxy need not be a Bondholder.
- (c) The Form of Proxy shall be deposited at the registered office of the Issuer or at the office where the Register is kept or at such other office as the Issuer may determine not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in such Form of Proxy proposes to vote, and in default, the Proxy shall be invalid.
- (d) No Form of Proxy shall be valid after the expiration of 6 months from the date named in it as the date of its execution.
- (e) A Proxy shall have the right to demand or join in demanding a poll.
- (f) Notwithstanding Condition 17.10(d) the Form of Proxy shall be valid for any adjourned meeting, unless the contrary is stated thereon.
- (g) A vote given in accordance with the terms of a Proxy shall be valid notwithstanding the previous death or incapacity of the principal or revocation of the Proxy or of the authority under which the Form of Proxy was executed or the transfer of Bonds in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or revocation shall have been received by the Issuer at the office of the Transfer Secretary more than, and that the transfer has been given effect to less than, 12 hours before the commencement of the meeting or adjourned meeting at which the Proxy is to be used.
- (h) Any Bondholder which is a corporation may by resolution of its directors or other governing body authorise any person to act as its representative in connection with any meeting or proposed meeting of Bondholders. Any reference in these Conditions to a Bondholder present in person includes such a duly authorised representative of a Bondholder.

#### 17.11 Minutes

- (a) The Issuer shall cause minutes of all resolutions and proceedings of meetings to be duly entered in the minute books of the Issuer.
- (b) Any such minutes as aforesaid, if purporting to be signed by the chairman of the meeting at which such resolutions were passed or proceedings held or by the chairman of the next succeeding meeting, shall be receivable in evidence without any further proof, and until the contrary is proved, a meeting of Bondholders in respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and convened and all resolutions passed thereat, or proceedings held, to have been duly passed and held.

#### 18. NO VOTING RIGHTS ON BONDS HELD BY THE ISSUER

The Issuer shall not have any voting rights on any Bonds purchased or otherwise held by it.

#### 19. GOVERNING LAW

The Bonds and these Terms and Conditions are governed by, and shall be construed in accordance with the laws of South Africa.

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**USE OF PROCEEDS**

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The net proceeds from the issue of the Bonds will be applied by the Issuer for the funding of its general corporate purposes.

A handwritten signature in black ink, located in the bottom right corner of the page. The signature is stylized and appears to be a first name followed by a last name, though the specific characters are not clearly legible.

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## DESCRIPTION OF THE INDUSTRIAL DEVELOPMENT CORPORATION

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### 1. OVERVIEW

The Industrial Development Corporation of South Africa Limited (the **IDC**) is a self-financing, development finance institution. The IDC was established in terms of section 2 of the Industrial Development Corporation Act, 1940 (**IDC Act**) to promote economic growth and industrial development in South Africa.

The Registration Number of the issuer is 1940/014201/06. The registered office of the IDC is situated at 19 Fredman Drive, Sandown, Sandton, 2196, South Africa. The Acting Group Company Secretary is Mr P B Makwane. The registered office of the Acting Group Company Secretary is 19 Fredman Drive, Sandown, Sandton, 2196, South Africa.

As at the date of this Offering Circular, the South African Government is the sole shareholder of the IDC (the **Shareholder**).

The IDC's vision is to be the primary driving force of commercially sustainable industrial development and innovation to the benefit of South Africa and the rest of the African continent. As such, the IDC operates across a range of sectors, throughout Africa.

The IDC's objective is to support industrial capacity development. The IDC does this through implementation of industrial policy. By focussing on its objective of industrial capacity development, several outcomes are achieved. The most important outcome relates to ensuring that sustainable employment opportunities are created.

Secondary outcomes that the IDC will incorporate in its endeavours to develop industrial capacity are:

- Improve regional equity, including the development of South African rural areas, poorer provinces and industrialisation in the rest of Africa;
- Promote entrepreneurial development and growing the small and medium enterprise (SME) sector;
- Advance environmentally sustainable growth;
- Grow sector diversity and increase localisation of production; and
- Support the transformation of communities and development of black industrialists.

In addition to these outcomes, the IDC is expected to remain financially sustainable in the long-term.

### 2. OPERATIONAL UNITS

The IDC's development activity covers various sectors of the economy. These sectors range from agro-processing, mining, manufacturing and certain services industries. To ensure a focused approach to the development of these sectors, the IDC has assigned the responsibility for sectors to individual units. The following industries receive funding by the following sector-focused units:

#### 2.1 Agro-Industries Unit

This unit is involved in the development of a competitive agricultural value chain. Its focus is on agro-processing and more specifically on globalising SA brands and incorporation of SA companies into global supply chains; horticultural and grain surplus value addition; import replacement of seed oils and oil cake and malt production; marine aquaculture and other emerging agricultural related industries; and establishing linkages between processors and smaller primary producers.

#### 2.2 Mining and Mineral Beneficiation Unit

This unit focuses on the development of new, and the expansion of existing, mines, the financing of mining contractors, expansionary BEE transactions in mining and the establishment of beneficiation operations. More specifically, its priorities include initiatives aimed at reducing local steel prices; early stage projects; addressing inputs into the agricultural industry; establishing linkages with the mining industry in the rest of the continent; and development of minerals needed to drive the establishment of modern industrial sectors.

#### 2.3 Forestry and Wood Products Unit

The major focus of this unit is on manufacturing business' right through the timber value chain. This unit supports projects and expansions in businesses associated with afforestation, pulp, paper, sawmilling, particle board, packaging, wood chips, charcoal, furniture, and all other wood-related products.

#### 2.4 Textiles and Clothing Unit

This unit places specific focus on the development of the textile and clothing supply chain, regional development of the industry throughout the Southern Africa Development Community (**SADC**).

#### 2.5 Chemicals and Allied Industries Unit

The strategic focus of this unit is to increase the exposure to these chemicals and non metallic mineral industries in

view of the anticipated future job creation potential of these industries and the various sub-sectors, including but not limited to chemicals, ceramics, concrete, cosmetics, detergents, glass and recycling products, rubber and plastics. The unit is currently focussing on the establishment of clusters of production for local beneficiation especially in the titanium, zirconium, hydrogen fluoride, plastics and petro-chemicals industries; addressing market imbalances in the glass industry; pursuing import substitution opportunities; and ensuring security of supply for key inputs into infrastructure, food and energy needs.

## **2.6 Metal, Transport and Machinery Products Unit**

This unit focuses on all industries utilising metal as a primary input. These industries include fabricated metals, capital and transport equipment especially businesses focussing on SOE capex programmes, tooling, die and mould industry, foundries; automotive assembly and components as well as medium and heavy commercial vehicles, busses and taxis; components for green industries including energy saving technologies; wind; solar components; and development of the nuclear and aerospace industries.

## **2.7 Tourism Unit**

This unit has a strong emphasis on accommodation establishments, sub-sectors of tourism such as adventure tourism, cultural tourism, new developments and refurbishment of existing establishments.

Assisting appropriate establishments facing difficulties as a result of prevailing economic conditions; developing underdeveloped tourism nodes in SA through promotion of backpackers tourism, adventure & sports tourism, natural attractions, heritage attractions, avitourism, beach tourism and arts & crafts as well as refurbishment of existing properties, new properties, and business hotels in the rest of Africa.

## **2.8 Media and Motion Pictures Unit**

The unit focuses on developing the motion picture value chain, including film production (low, medium and high budget); production facilities (Johannesburg studios, post-production); audience development (digital cinema, rural and township cinema, channel aggregation for export); and developing the local animation industry. In addition, it is developing pan African television broadcasters through the expansion of SA broadcasters.

## **2.9 Information Communication Technology (ICT) Unit**

This unit focuses on telecommunication infrastructure, especially international connectivity, national backhaul, metro focussed, last mile access in underserved areas, and terrestrial fibre in rest of Africa. Other industries being supported include shared services, set-top boxes and digital TVs; e-Waste; electronics; and information technology (software and hardware).

## **2.10 Healthcare Unit**

This unit focuses on development of the pharmaceuticals industry, medical devices and healthcare public / private partnerships (PPPs).

## **2.11 Strategic High Impact Projects**

This unit focuses on greenfield projects that have a potential to deliver high developmental impact and promote new industries and coordinates projects spanning across different strategic business units (SBUs). The unit also finances high impact logistics.

## **2.12 Green Industries Unit**

This unit focuses on supporting renewable energy, energy efficiency, and waste to energy and bio-fuels projects as well as emission and pollution mitigation industries.

## **2.13 Venture Capital Unit**

This unit is not sector focussed but finances early stage technology businesses with innovation through applied research, technology development and technology transfer.

# **3. CORPORATE STRUCTURE**

## **The Board**

The IDC Act determines the constitution of the board of directors of the IDC (the **Board**) as well as the Board's rights, powers and obligations. The Board meets at least eight times annually.

The Board is appointed by the Shareholder and operates within a unitary structure that provides for interaction among all members in decision-making processes on strategy, planning performance, resources, business ethics and communication with stakeholders. The Board is chaired by a non-executive chairman, and all members of the Board, except for the managing director (chief executive officer), are non-executive.

The Board conducts the business of the IDC with integrity and generally in accordance with practices as contained in the King III Report on Corporate Governance for South Africa.

The non-executive directors receive no remuneration other than directors' fees, which are determined by the Shareholder.

The Board retains full and effective control over the IDC by monitoring management and implementing Board policies and strategies within the parameters of the Board's mandate from the Shareholder, by approving targets

set by management and measuring the IDC's performance.

In order to ensure transparency, a register of directors' interests in companies containing the nature of such interests, as well as the nature and extent of beneficial shares held in companies, is submitted and circulated at each meeting of the Board to be noted and updated (where necessary). Where a director has an interest in any matter before the Board for consideration, the director concerned recuses him/herself from such discussion when a decision is taken on the matter. Such a matter must be considered by the Governance and Ethics Committee and the full Board, which must confirm that such matter has not been dealt with differently from other matters.

The members of the Board as at the date of this Offering Circular are as follows:

Director	Executive/Non-Executive	Appointed to Board
Ms M W Hlahla (Monhla Wilma)	Chairperson (Non-Executive)	October 2005
Mr M G Qhena (Geoffrey Mvuleni)	Chief Executive Officer (Executive)	March 2005
Ms L I Bethlehem (Lael Irene)	(Non-Executive)	October 2008
Ms L L Dhlamini (Lindani Lorna)	(Non-Executive)	October 2008
Mr L R Pitot (Longchamp Roger)	(Non-Executive)	October 2008
Mr S K Mapetla (Shadrack Kosea)	(Non-Executive)	October 2008
Mr. N E Zalk (Nimrod Elijah)	(Non-Executive)	July 2009
Mr B A Dames (Brian Anthony)	(Non-Executive)	November 2011
Ms P M Mthethwa (Philisiwe)	(Non-Executive)	November 2011
Mr R M Godsell (Robert Michael)	(Non-Executive)	November 2011
Ms B A Mabuza (Busisiwe Abigail)	(Non-Executive)	November 2011
Mr J A Copelyn (John Anthony)	(Non-Executive)	November 2011
Mr Z J Vavi (Zwelinzima Joseph)	(Non-Executive)	November 2011
Dr S M Magwentshu-Rensburg (Sizeka Monica)	(Non-Executive)	November 2011

#### Credit Decisions

*The Board* – The Board retains the authority to approve financing transactions where the counterparty exposure is above R7 billion, the investment is of a strategic nature, or a conflict of interest through a director's involvement in the transaction might arise. The Board has delegated authority for the consideration of other transactions to the Board Investment Committee, Special Credit and Credit Committees.

*Board Investment Committee* – The Board Investment Committee considers funding transactions above R250 million or where the counterparty exposure is above R1 billion but below R7 billion. This committee also considers all transactions where the IDC's country boundary or sector, transaction or regional limits are breached.

*Special Credit Committee* – This committee comprises all executives and two external members. It considers transactions where the IDC transaction exposure is between R25 million and R250 million or the counterparty exposure is between R250 million and R1 billion.

*Credit Committee* – This committee comprises all executives (excluding the chief executive officer) and 2 (two) external members. For purposes of a quorum, only one external member is required. This committee considers transactions where the IDC transaction exposure is equal to or less than R25 million and the counterparty exposure is less than R250 million.

#### Governance and Ethics Committee

This committee advises the Board generally on corporate governance and ethics matters by promoting ideals of corporate fairness, transparency and accountability as well as to assist the Board in vetting funding applications, projects and any matter in which a director of the IDC has an interest.

#### Board Human Capital and Nominations Committee

This committee considers matters of general human capital policy and recommend executive and senior management remuneration to the Board. The chairman of this committee is a non-executive director. This committee ensures that the Board is apprised of current developments in human capital practices and that the IDC

retains its talent and grows its people through oversight over management of human capital implementation processes.

#### **Board Audit Committee**

This committee ensures the effectiveness of the IDC's internal control mechanisms and monitors the IDC's audit and compliance processes. This committee ensures that the finance function is properly resourced to carry out its function. This committee further considers the appointment of the external auditors of the IDC and has direct access to the internal audit function.

#### **Board Investment Committee**

The Board Investment Committee (BIC) considers funding transactions above R250 million or where the counterparty exposure is above R1 billion but below R7 billion. It also considers all transactions where IDC's country boundary or sector, transaction or regional limits are breached.

#### **Board Risk Management Committee**

This committee is chaired by an independent non-executive director. Its function is to develop the IDC's risk strategy and risk management policies and procedures and to ensure compliance with all relevant statutory requirements. This committee considers enterprise wide risk reports from management, challenges management on its understanding of the IDC's risks and provides reports to the Board on the management of risk.

4.

### **CORPORATE GOVERNANCE**

The IDC regards excellence in corporate governance, transparency, fairness, responsibility and accountability as essential for its long-term business sustainability and to protect and enhance the interests of its stakeholders.

The IDC is guided by and complies with its enabling Act (the IDC Act), as well as the Public Finance Management Act, Treasury Regulations, the Companies Act and the principles of good corporate governance contained in the King Report on Corporate Governance for South Africa 2009 (King III). \*The IDC subscribes to the Protocol on Corporate Governance in the Public Sector.

The IDC endorses King III and has endeavoured to adhere to its recommendations during the relevant reporting period. A table setting out IDC's compliance with King III appears in the annual report of the IDC for the financial year ended 31 March 2014 under "Corporate Governance" – "King III checklist". The annual report of the IDC for the financial year ended 31 March 2014, together with the audited consolidated annual financial statements of the Issuer for the financial year ended 31 March 2014, is incorporated by reference into, and forms part of, this Offering Circular (see the section of this Offering Circular headed "*Documents Incorporated by Reference*").

#### *King III checklist*

An assessment of the Issuer's compliance with King III is set out in the table below. The Issuer complies with King III save for the areas of non-compliance set out in the table below:

Key	
✓	Applied
⚠	Partially applied
✖	Not applied
🔄	In progress
🚫	Not applicable
Ethical leadership and corporate citizenship	
✓	Effective leadership based on an ethical foundation
✓	Responsible corporate citizen
✓	Effective management of company's ethics
Board and directors	
✓	The Board is the custodian of corporate governance
✓	Strategy, risk, performance and sustainability are inseparable
✓	The Board considers business rescue proceedings when appropriate
✓	Directors act in the best interests of the company
✓	The Chairman of the Board is an independent non-executive director
✓	A delegation of authority framework has been established
✓	The Board consists of a balance of power, with a majority of non-executive directors who are independent
✓	Directors are appointed through a formal process
✓	Directors are inducted and receive ongoing training
✓	The Board is assisted by a competent, suitably qualified and experienced Company Secretary
✓	The performance of the Board, Board Committees and individual directors is regularly evaluated
✓	Appointment of well-structured committees and oversight of key functions
✓	A governance framework is agreed between the Corporation and its subsidiaries*
✓	Directors are fairly and responsibly remunerated
✓	Remuneration of directors is disclosed in the annual report
✓	The Corporation's remuneration policy is approved by its shareholders
Internal Audit	
✓	Effective risk-based Internal Audit function
✓	Written assessment of the effectiveness of the company's system of internal control and risk management
✓	Internal Audit is strategically positioned to achieve its objectives
Audit committee	
✓	Effective and independent
✓	Suitably skilled and experienced independent non-executive directors
✓	Chaired by an independent non-executive director
✓	Oversees integrated reporting
✓	A combined assurance model is applied to improve efficiency in assurance activities
✓	Satisfies itself of the competence, resources and experience of the company's finance function
✓	Oversees the external audit process
✓	Reports to the Board and shareholders on how it has discharged its duties

The IDC follows internationally accepted company policies and procedures.

## 5. KEY PRINCIPLES

### Caring for the environment

The IDC supports the South African Government's environmental policies and integrates these policies into all its activities by:

- encouraging compliance from all applicants;



- considering the impact of all proposed agricultural, forestry, industrial, mining and tourism projects;
- promoting the use of renewable resources and environmentally friendly products;
- using non-renewable resources responsibly;
- measuring and managing the environmental impact of projects in which the IDC is involved.

#### *Shareholder engagement*

The Board has approved the shareholder engagement and proxy voting guidelines towards the introduction of a more formalised and consistent approach to shareholder engagement between the IDC and its investee companies. This is also aimed at outlining the IDC's position on various matters relating to corporate governance and its expectations from its investee companies as a good corporate citizen.

#### **Procurement**

The IDC ensures the efficient, effective, economic and uniform procurement of goods and services required for the functioning of the IDC while adhering to the IDC Act and all relevant legislation as required by the government of South Africa, for example, the Public Finance Management Act (PFMA), the Preferential Procurement Policy Framework Act, 2000 (PPFPA), the National Industrial Participation Programme (NIPP), the Broad Based Black Economic Empowerment Act, 2003 (BBBEE) and the Codes of Good Practice. The IDC also ensures that its objective of supporting corporate and professional entities owned by blacks (as defined in the Broad Based Black Economic Empowerment Act, 2003) and small and medium enterprises (SMEs) is adhered to.

#### **Skills development**

As a development finance institution, the IDC focuses on providing skills development and training not only to its staff, but also externally to clients and entrepreneurs. In addition, the deployment and secondment policy allows the IDC to host staff from other organisations and thereby strengthen the skills and capacity of less developed/smaller development finance institutions (DFIs), Department of Trade and Industry agencies, and other government offices.

### 6. **GENERAL**

Further information on the IDC, its operations and business can be found in the annual reports which are included with the consolidated annual financial statements of the IDC (see "*Financial Information – General*" below).

### 7. **RISK MANAGEMENT**

For a description of the risks relating to the IDC, see the section of this Offering Circular headed "*Risk Factors – Risks relating to the Issuer*" above and "*Board Risk Management Committee*" above.

*The effective management of risk has been identified as a key component for the future sustainability of the IDC and the achievement of its strategic objectives accordingly requires a strong risk management culture. This culture ensures that sound financial and development decisions are taken to adequately balance risk and return.*

A visible and simple way to express risk in relation to the IDC's strategies is represented in the triangle below which reveals that risk, from an IDC context, should be balanced or underpinned by adequate financial and development returns. Risk is not only considered as a negative event in the IDC but as a positive means to achieve its strategic objectives.



### 8. **FINANCIAL INFORMATION**

#### **General**

The (A) audited consolidated annual financial statements of the IDC together with such statements, reports and notes attached to or intended to be read with such consolidated annual financial statements for the financial years ended 31 March 2012, 31 March 2013 and 31 March 2014, and (B) the audited consolidated annual financial

*[Handwritten signature]*

statements of the IDC, together with such statements, reports and notes attached to or intended to be read with such consolidated annual financial statements, in respect of all financial years of the IDC after the date of this Offering Circular, are incorporated by reference into, and form part of, this Offering Circular (see the section of this Offering Circular headed "*Documents Incorporated by Reference*").

The audited consolidated annual financial statements of the IDC, together with such statements, reports and notes attached to or intended to be read with such consolidated annual financial statements for the financial year ended 31 March 2012, 31 March 2013 and 31 March 2014 are available for inspection, upon request, during normal office hours, at the registered office of the IDC as set out at the end of this Offering Circular. In addition, these consolidated annual financial statements are available on the IDC's website at <http://www.idc.co.za>.

The audited consolidated annual financial statements of the IDC, together with such statements, reports and notes attached to or intended to be read with such consolidated annual financial statements, in respect of all financial years of the IDC after the date of this Offering Circular will, as and when such audited consolidated annual financial statements are approved and become available for inspection, be available for inspection, upon request, during normal office hours, at the registered office of the IDC as set out at the end of this Offering Circular. In addition, these consolidated annual financial statements will (as and when the relevant consolidated annual financial statements are approved and become available) be available on the IDC's website at <http://www.idc.co.za>.

#### **Report of the Auditors**

KPMG Inc. and SizweNtsalubaGobodo Inc. are the independent Auditors of the IDC as at the date of this Offering Circular. The reports of the independent Auditors of the IDC are included with the audited consolidated annual financial statements of the IDC (see "*General*" above).



## SOUTH AFRICAN TAXATION

*The comments below are intended as a general guide to the current position under the laws of South Africa. The contents of this section entitled "South African Taxation" are not exhaustive and do not constitute tax advice and persons who are in any doubt as to their tax position should consult their professional advisers.*

### Securities Transfer Tax

The issue, transfer and redemption of the Bonds do not attract securities transfer tax under the Securities Transfer Tax Act, 2007 (the **STT Act**). Any future transfer duties and/or taxes that may be introduced in respect of (or applicable to) the transfer and/or redemption of Bonds will be for the account of the Bondholders.

### Value-Added Tax

No value-added tax (VAT) is payable on the issue or transfer of the Bonds. The Bonds constitute "debt securities" as defined in the Value-Added Tax Act, 1991 (the **VAT Act**). The issue, allotment or transfer of ownership of a "debt security" constitutes a "financial service" as defined in the VAT Act, the supply of which is exempt from VAT in terms of section 12(a) of the VAT Act. However, commissions or other charges that are payable on the facilitation of this "financial service" are, in principle, subject to VAT at the standard rate (currently 14%), depending on the circumstances and the identity of the relevant service provider.

### Income Tax

The taxation of "interest" is regulated by section 24J of the Income Tax Act, 1962 (the **Income Tax Act**). For tax purposes "interest" as defined in section 24J of the Income Tax Act (**Interest**) has a wide meaning and includes, among other things, not just interest and related finance charges, but also any discount or premium payable or receivable in terms of or in respect of a financial arrangement.

A "resident" (as defined in section 1 of the Income Tax Act) (**Resident**) will, subject to any available exemptions, be taxed on its worldwide income. Accordingly, a Resident Bondholder will be liable for income tax, subject to available exemptions, on any income (including income in the form of Interest) received or accrued in respect of the Bonds held by that Resident Bondholder in the relevant year of assessment of that Resident Bondholder.

A person who or which is not a Resident ("**Non-Resident**") is taxed in South Africa under the Income Tax Act only on income from a source within or deemed to be within South Africa. Interest which, during the relevant year of assessment of a Non-Resident Bondholder, is received or accrued in respect of Bonds which are held by that Non-Resident Bondholder will (subject to "Withholding tax" below) be exempt from income tax under section 10(1)(h) of the Income Tax Act, unless that Non-Resident Bondholder:

- (a) is a natural person who was physically present in South Africa for a period exceeding 183 days in aggregate during the relevant year of assessment; or
- (b) at any time during the relevant year of assessment carried on business through a permanent establishment of that Non-Resident Bondholder in South Africa.

If a Non-Resident Bondholder does not qualify for the exemption under section 10(1)(h) of the Income Tax Act, an exemption from or reduction of tax liability under the Income Tax Act may be available under an applicable convention concluded between the Government of the Republic of South Africa and the relevant other contracting state for the avoidance of double taxation (**DTA**). Furthermore, certain entities may be exempt from income tax. Prospective Non-Resident Bondholders must consult their own professional advisers as to whether the Interest income earned on the Bonds to be held by them will be exempt under section 10(1)(h) of the Income Tax Act or under an applicable DTA.

As regards liability for the withholding tax on Interest paid to Non-Resident Bondholders, see "Withholding tax" below.

Any original issue at a discount to the Principal Amount of the Bonds will be treated as Interest for tax purposes, and the discount income will be deemed to accrue to the Bondholder on a yield to maturity basis as if such Bondholder were to hold the Bonds until maturity. Any original issue premium over the Principal Amount of the Bonds will also be treated as Interest for tax purposes and will be taken into account in calculating the return to the Bondholder on a yield to maturity basis as if such Bondholder were to hold the Bonds until maturity.

### Disposal of the Bonds – Capital Gains Tax

If a Bondholder sells or otherwise disposes of a Bond, taxes (whether income tax or capital gains tax) may be levied on such sale or disposal.

Taxes (whether income tax or capital gains tax) may be levied on the disposal or deemed disposal of any Bonds held by a Resident Bondholder. In general, income tax will be leviable to the extent that a Resident Bondholder is a trader or has acquired the Bonds for speculative purposes. In general, capital gains tax will be leviable to the extent that the Bonds have been acquired by a Resident Bondholder for investment purposes and the disposal is not regarded as part of a profit-making transaction, even though the South African Revenue Service has generally taken the view that these types of transactions would generally be on revenue account.

Any discount or premium on acquisition of the Bonds which has already been treated as Interest for income tax purposes

under section 24J of the Income Tax Act (see "*Income Tax*" above) will not again be taken into account when determining any capital gain or loss.

In general, taxes (whether income tax or capital gains tax) will not be levied on the disposal or deemed disposal of Bonds held by a Non-Resident Bondholder unless the profits made on the disposal or deemed disposal of such Bonds are from a South African source or are attributable to a permanent establishment of that Non-Resident Bondholder in South Africa during the relevant year of assessment of that Non-Resident Bondholder. An applicable DTA may provide such Non-Resident Bondholder with relief from such taxes.

Prospective Bondholders must consult their own professional advisers as to whether a disposal of Bonds held by them will result in a liability to capital gains tax.

#### **Withholding Tax**

The Taxation Laws Amendment Act, 2013 amended the Income Tax Act on and with effect from 12 December 2013. In terms of Part IVB of the amended Income Tax Act, a withholding tax on Interest paid to Non-Residents (at a rate of 15% of the amount of the Interest) (**Withholding Tax**) will come into effect on 1 January 2015.

Subject to any Withholding Tax relief provided for in the Income Tax Act (see the paragraph below) or an applicable DTA, the Withholding Tax will be imposed in respect of all payments of Interest to Non-Residents (other than payments of Interest to a Non-Resident who is not entitled to the section 10(1)(h) exemption referred to under "*Income tax*" above and which Non-Resident is therefore liable for the payment of income tax on such Interest).

However, payments of Interest under Bonds held by Non-Resident Bondholders will be exempt from Withholding Tax if (among other exemptions) such Bonds are listed on a "*recognised exchange*" or are issued by the IDC. The Issuer is the IDC. The JSE is a "*recognised exchange*".

Payments of Interest under Bonds held by Non-Resident Bondholders will accordingly be exempt from Withholding Tax.

#### **Definition of Interest**

The references to "*interest*" above mean "*interest*" as understood in South African tax law. The statements above do not take account of any different definitions of "*interest*" or "*principal*" which may prevail under any other law or which may be created by the Terms and Conditions or any related documentation.

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## SOUTH AFRICAN EXCHANGE CONTROL

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*The information below is not intended as advice and it does not purport to describe all of the considerations that may be relevant to a prospective purchaser of, or subscriber for, Bonds. Prospective subscribers for or purchasers of Bonds that are non-South African residents or emigrants from the Common Monetary Area are urged to seek further professional advice in this regard.*

### Offering Circular

Neither this Offering Circular nor the issue of the Bonds under this Offering Circular, require the approval of the Financial Surveillance Department of the South African Reserve Bank in terms of the Exchange Control Regulations of 1961 issued pursuant to the Currency and Exchanges Act, 1933 (the **Exchange Control Regulations**).

### Blocked Rand

Blocked Rands may, subject to the Exchange Control Regulations, be used for the purchase of, or subscription for, Bonds. Any amounts payable by the Issuer in respect of the Bonds purchased, or subscribed for, with Blocked Rands may not, in terms of the Exchange Control Regulations, be remitted out of South Africa or paid into any non-South African bank account.

### Emigrants from the Common Monetary Area

In the event that a Beneficial Interest in Bonds is held by an emigrant from the Common Monetary Area through the CSD, the securities account of such emigrant maintained by the relevant Settlement Agent will be designated as an "emigrant" account.

Any Individual Certificates issued to Bondholders who are emigrants from the Common Monetary Area will be restrictively endorsed "emigrant". Such restrictively endorsed Individual Certificates shall be deposited with an authorised foreign exchange dealer controlling such emigrant's blocked assets.

Any payments of principal and/or other redemption amount due to an emigrant Bondholder in respect of Bonds will be deposited into such emigrant Bondholder's Blocked Rand account maintained with the authorised foreign exchange dealer. These amounts are not freely transferable from the Common Monetary Area and may only be dealt with in terms of the Exchange Control Regulations. Payments of interest due to an emigrant Bondholder in respect of Bonds need not be deposited into such emigrant Bondholder's Blocked Rand account, and such amounts of interest are freely transferable from the Common Monetary Area.

### Non-residents of the Common Monetary Area

Any Individual Certificates issued to Bondholders who are not resident in the Common Monetary Area will be endorsed "non-resident". In the event that a Beneficial Interest in Bonds is held by a non-resident of the Common Monetary Area through the CSD, the securities account of such Bondholder maintained by the relevant Settlement Agent will be designated as a "non-resident" account.

It will be incumbent on any such non-resident Bondholder to instruct the non-resident's nominated authorised foreign exchange dealer as to how any funds due to such non-resident in respect of Bonds are to be dealt with. Such funds may, in terms of the Exchange Control Regulations, be remitted abroad only if the relevant Bonds are acquired with foreign currency introduced into South Africa and provided that the relevant Individual Certificates have been endorsed "non-resident" or the relevant securities account has been designated as a "non-resident" account, as the case may be.

The Issuer is established and resident in South Africa and as such is not required to obtain exchange control approval.

For the purposes of these paragraphs:

**Common Monetary Area** means South Africa, Lesotho, Namibia and Swaziland; and

**Blocked Rands** means the funds which may not be remitted out of South Africa or paid into a non-South African resident's bank account.

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## SUBSCRIPTION AND SALE

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### Dealer and placing arrangements

The Bonds will be offered by way of private placement to a single subscriber in terms of a private placement agreement. Subscription for the Bonds may not be reduced. Neither the Issuer nor the subscriber has the right to cancel the private placement agreement before the issue of the Bonds. However, the private placement agreement will automatically terminate if the two suspensive conditions stated in the private placement agreement are not fulfilled prior to the issue of the Bonds. If the private placement agreement is so terminated, the Bonds will not be issued or listed.

### Selling restrictions

#### South Africa

The Manager has represented and agreed that it will not solicit any offers for subscription for or sale of the Bonds and will not itself sell any of the Bonds, in South Africa, in contravention of the Companies Act, the Banks Act, 1990, the Exchange Control Regulations and any other Applicable Laws and regulations of South Africa in force from time to time.

This Offering Circular does not, nor is it intended to, constitute a "*prospectus*" (as contemplated in the Companies Act) and the Manager has represented and agreed that it will not make an "*offer to the public*" (as such expression is defined in the Companies Act) of any of the Bonds (whether for subscription, purchase or sale) in South Africa. Bonds will not be offered for subscription or sale to any single addressee for an amount of less than ZAR1,000,000 or such other amount as is prescribed from time to time in terms of section 96(2)(a) of the Companies Act.

Information made available in this Offering Circular should not be considered as "*advice*" as defined in the Financial Advisory and Intermediary Services Act, 2002.

#### United States of America

##### Regulation S Category 2

The Bonds have not been and will not be registered under the United States Securities Act of 1933 (as amended) (the **Securities Act**). The Bonds may not be offered or sold in the United States of America or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act.

The Manager has represented and agreed that it has not offered, sold, resold or delivered any Bonds and will not offer, sell, resell or deliver any Bonds:

- (a) as part of its distribution at any time; and
- (b) otherwise until 40 (forty) days after completion of the distribution of all of the Bonds, as determined and certified by the Manager

within the United States of America or to, or for the account or benefit of, U.S. persons unless and only in accordance with Regulation S and it will send to each dealer or distributor to which it sells any Bonds during the distribution compliance period, a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States of America or to, or for the account or benefit of, U.S. persons.

In addition, an offer or sale of the Bonds within the United States of America by the Manager or other distributor (whether or not participating in the offering of the Bonds) during the distribution compliance period described in the preceding paragraph may violate the registration requirements of the Securities Act.

The Manager shall determine and certify to the Issuer when it has completed the distribution of the Bonds.

The Manager has further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf has engaged or will engage in any "directed selling efforts" (as that term is defined in Regulation S under the Securities Act) with respect to the Bonds and it and they have complied and will comply with the offering restrictions requirements of Regulation S.

#### United Kingdom

The Manager has represented and agreed that:

- (a) in relation to any Bonds having a maturity of less than one year (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses, where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the United Kingdom Financial Services and Markets Act, 2000 (the **FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the **FSMA**)

received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Bonds in, from or otherwise involving the United Kingdom.

#### **European Economic Area (EEA)**

The Manager has represented and agreed that, in relation to the Bonds and each Relevant EEA State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant EEA State (the **Relevant Implementation Date**) it has not made and will not make an offer of Bonds to the public in that Relevant EEA State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant EEA State:

- (a) if this Offering Circular specifies that an offer of Bonds may be made other than pursuant to Article 3.2 of the Prospectus Directive in that Relevant EEA State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to the Bonds which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant EEA State and notified to the competent authority in that Relevant EEA State, provided, if applicable, that any such prospectus has subsequently been completed by the applicable final terms (as constituting final terms for the purposes of the prospectus) contemplated in such a Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or applicable final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant EEA State has implemented the relevant provisions of the 2010 PD Amending Directive, 150, natural or legal persons per Relevant EEA State (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3.2 of the Prospectus Directive.

For the purposes of this provision, the expression an "*offer of Bonds to the public*" in relation to the Bonds in any Relevant EEA State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant EEA State by any measure implementing the Prospectus Directive in that Relevant EEA State, the expression "*Prospectus Directive*" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant EEA State) and includes any relevant implementing measure in each Relevant EEA State, the expression "*2010 PD Amending Directive*" means Directive 2010/73/EU and the expression "*Relevant EEA State*" means any Member State of the European Economic Area which has implemented the Prospectus Directive.

#### **Other selling restrictions**

The Manager has represented and agreed that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, subscribes, or procures the subscription for Bonds, offers, sells or re-sells the Bonds or has in its possession or distributes this Offering Circular, and will obtain any consent, approval or permission required by it for the purchase, subscription, offer, sale or re-sale by it of Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, subscriptions, offers or sales or re-sales.

Neither the Issuer nor the Manager represent that Bonds may at any time lawfully be subscribed for or sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder or assumes any responsibility for facilitating such subscription or sale.

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## SETTLEMENT, CLEARING AND TRANSFERS

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The Bonds will be issued in uncertificated form, in terms of the Financial Markets Act, and will be held in the CSD.

### Clearing systems

The CSD has, as the operator of an electronic clearing system, been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the Interest Rate Market of the JSE. The CSD will hold the Bonds subject to the Financial Markets Act and the Applicable Procedures.

The Bonds will be issued, cleared and settled in accordance with the rules and operating procedures for the time being of the JSE and the CSD through the electronic settlement system of the CSD. The Bonds will be cleared by Settlement Agents who will follow the electronic settlement procedures prescribed by the JSE and the CSD. The Bonds may be accepted for clearance through any additional clearing system as may be agreed between the JSE and the Issuer.

### Settlement Agents

The CSD maintains central securities accounts only for the Settlement Agents. As at the date of this Offering Circular, the Settlement Agents are Standard Chartered Bank Johannesburg Branch, Societe Generale, Citibank N.A., South Africa Branch, FirstRand Bank Limited, Nedbank Limited, The Standard Bank of South Africa Limited and the South African Reserve Bank.

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

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

### Settlement and clearing

Settlement Agents will be responsible for the settlement of scrip and payment transfers through the CSD, the JSE and the South African Reserve Bank.

While the Bonds are held in their entirety in the CSD, the CSD's Nominee will be reflected as the sole Bondholder of the Bonds in the Register. All amounts to be paid and all rights to be exercised in respect of the Bonds held in the CSD, will be paid to and may be exercised only by the CSD's Nominee, for the holders of Beneficial Interests in such Bonds.

In relation to each person shown in the records of the CSD or the relevant Settlement Agent, as the case may be, as the holder of a Beneficial Interest in a particular Principal Amount of Bonds, a certificate or other document issued by the CSD or the relevant Settlement Agent, as the case may be, as to the Principal Amount of such Bonds standing to the account of such person shall be *prima facie* proof of such Beneficial Interest. The CSD's Nominee (as the registered Bondholder of such Bonds named in the Register) will be treated by the Issuer, the Paying Agent, the Transfer Secretary and the relevant Settlement Agent as the holder of that aggregate Principal Amount of such Bonds for all purposes.

Payments of interest and principal in respect of Bonds held in the CSD will be made to the CSD's Nominee, as the registered holder of such Bonds, which in turn will transfer such funds, via the Settlement Agents, to the holders of Beneficial Interests. Each of the persons shown in the records of the CSD or the relevant Settlement Agent, as the case may be, as the holders of Beneficial Interests in Bonds, shall look solely to the CSD or the relevant Settlement Agent, as the case may be, for such person's shares of each payment so made by (or on behalf of) the Issuer to, or to the order of, the CSD's Nominee, as the registered holder of such Bonds.

Payments of all amounts due and payable in respect of Beneficial Interests in Bonds will be recorded by the CSD's Nominee, as the registered Bondholder of such Bonds, distinguishing between interest and principal, and such record of payments by the CSD's Nominee, as the registered Bondholder of such Bonds, will be *prima facie* proof of such payments.

### Transfers and exchanges

Title to Beneficial Interests held by clients of Settlement Agents indirectly through such Settlement Agents will pass on transfer thereof by electronic book entry in the securities accounts maintained by such Settlement Agents for such clients. Title to Beneficial Interests held by Settlement Agents directly through the CSD will pass on transfer thereof by electronic book entry in the central securities accounts maintained by the CSD for such Settlement Agents.

Beneficial Interests may be transferred only in accordance with the Applicable Procedures.

Beneficial Interests may be exchanged for Bonds represented by Individual Certificates in accordance with Condition 11 (*Exchange of Beneficial Interests and Replacement of Individual Certificates*).



**Records of payments, trust and voting**

The Issuer will not have any responsibility or liability for any aspect of the records relating to, or payments made on account of, Beneficial Interests, or for maintaining, supervising or reviewing any records relating to Beneficial Interests. Neither the Issuer nor the Transfer Secretary will be bound to record 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 Bond may be subject. Holders of Beneficial Interests vote in accordance with the Applicable Procedures.

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**GENERAL INFORMATION**

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**Authorisation**

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the execution of this Offering Circular and the issue of the Bonds.

**Listing and Trading**

This Offering Circular was approved by the JSE on 9 October 2014. The Bonds will be listed on the Interest Rate Market of the JSE under stock code number IDCP06 (ISIN number ZAG000120395) on and with effect from the Issue Date. The application for a listing of the Bonds on the Interest Rate Market of the JSE was granted by the JSE, prior to the Issue Date, in the week commencing on 13 October 2014.

**Litigation**

The IDC (whether as defendant or otherwise) is not engaged in any legal, arbitration, administration or other proceedings other than those disclosed in this Offering Circular, the results of which might have or have had a material effect on the financial position or the operations of the Issuer, nor is it aware of any such proceedings being threatened or pending.

**Auditors**

KPMG Inc. and SizweNtsalubaGobodo Inc. have acted as auditors of the annual consolidated financial statements of the Issuer for the financial years ended 31 March 2012, 2013 and 2014 and in respect of these financial years, issued unqualified audit reports.


**Material Change**

After due and careful enquiry, the Issuer hereby confirms that as at the date of this Offering Circular there has been no material change in the financial or trading condition of the Issuer since the date of the Issuer's latest audited financial statements. This statement has not been confirmed nor verified by the auditors of the Issuer.

SIGNED at Sandton on this 16 day of October 2014

For and on behalf of  
INDUSTRIAL DEVELOPMENT CORPORATION OF SOUTH AFRICA LIMITED

  
Name: Mr Gert Gouw  
Capacity: Chief Financial Officer

  
Name: Mr Paulus Bassy Makwane  
Capacity: General Counsel and Divisional  
Executive Legal Services and Post Investment

**ISSUER**

**Industrial Development Corporation of South Africa Limited**  
 19 Fredman Drive  
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 Sandton, 2196  
 South Africa  
 Contact: Mrs L Mangope

**MANAGER**

**Industrial Development Corporation of South Africa Limited**  
 19 Fredman Drive  
 Sandown  
 Sandton, 2196  
 South Africa  
 Contact: Mrs L Mangope

**DEBT SPONSOR**

**Nedbank Capital, a division of Nedbank Limited**  
 (Registration Number 1951/000009/06)  
 135 Rivonia Road  
 Sandton, 2196  
 South Africa  
 Contact: Ms Arvana Singh

**PAYING AGENT**

**Industrial Development Corporation of South Africa Limited**  
 19 Fredman Drive  
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 Sandton, 2196  
 South Africa  
 Contact: Mrs L Mangope

**ISSUER'S SETTLEMENT AGENT**

**Standard Chartered Bank (Johannesburg Branch)**  
 (Registration Number 2003/020177/10)  
 5th Floor  
 No. 4 Sandown Valley Crescent  
 Sandton, 2196  
 South Africa  
 Contact: Janel Ross

**TRANSFER SECRETARY**

**Industrial Development Corporation of South Africa Limited**  
 19 Fredman Drive  
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 South Africa  
 Contact: Mrs L Mangope

**LEGAL ADVISORS TO THE ISSUER AND THE MANAGER**

**Cliffe Dekker Hofmeyr Inc.**  
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 1 Protea Place 150 West Street  
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 Contact: Jacqueline King

**AUDITORS TO THE ISSUER**

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 85 Empire Road  
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 Contact: Mr S Malaba

**SizweNtsalubaGobodo Inc.**  
 (Registration No.2000/007030/21)  
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 South Africa  
 Contact: Mr D Manana

A handwritten signature in black ink, consisting of stylized, cursive letters.