
APPLICABLE PRICING SUPPLEMENT



RAND WATER

(Established under Transvaal Ordinance No 32 of 1903, as consolidated in the Rand Water Board Statutes (Private) Act, 1950, and now deemed to be established in terms of Section 84 of the Water Services Act, 1997)

Issue of ZAR500,000,000 9.97% Senior Unsecured Fixed Rate Notes due 21 April 2021 Under its ZAR5,000,000,000 Domestic Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 9 December 2010, prepared by Rand Water in connection with the Rand Water ZAR5,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the "**Programme Memorandum**").

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

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

PARTIES

| | |
|----------------------|---|
| 1. Issuer | Rand Water |
| 2. Dealer(s) | Rand Merchant Bank, a division of FirstRand Bank Limited |
| 3. Managers | N/A |
| 4. Paying Agent | The Standard Bank of South Africa Limited |
| Specified Address | 5 th Floor, 3 Simmonds Street, Johannesburg, 2001 |
| 5. Calculation Agent | The Standard Bank of South Africa Limited |
| Specified Address | 5 th Floor, 3 Simmonds Street, Johannesburg, 2001 |
| 6. Transfer Agent | The Standard Bank of South Africa Limited |
| Specified Address | 25 Sauer Street, Johannesburg, 2001 |
| 7. Debt Sponsor | Rand Merchant Bank, a division of FirstRand Bank Limited |
| Specified Address | 1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196 |

PROVISIONS RELATING TO THE NOTES

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|--------------------|-------------------------|
| 8. Status of Notes | Senior Unsecured |
| 9. Form of Notes | Listed Registered Notes |
| 10. Series Number | 1 |
| 11. Tranche Number | 3 |

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|---|--|
| 12. Aggregate Nominal Amount: | |
| (a) Series | ZAR1,474,027,977 |
| (b) Tranche | ZAR500,000,000 |
| 13. Interest | Interest-bearing |
| 14. Interest Payment Basis | Fixed Rate |
| 15. Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another | N/A |
| 16. Form of Notes | Registered Notes |
| 17. Issue Date | 28 June 2013 |
| 18. Nominal Amount per Note | ZAR1,000,000 |
| 19. Specified Denomination | ZAR1,000,000 |
| 20. Specified Currency | ZAR |
| 21. Issue Price | 107.13021% |
| 22. Interest Commencement Date | 21 April 2013 |
| 23. Maturity Date | 21 April 2021 |
| 24. Applicable Business Day Convention | Modified Following Business Day |
| 25. Final Redemption Amount | 100% of the Nominal Issue Amount |
| 26. Last Day to Register | by 17h00 on 10 October and 10 April of each year |
| 27. Books Closed Period(s) | The Register will be closed from 11 October to 20 October and from 11 April to 20 April in each year until the Maturity Date |
| 28. Default Rate | N/A |

FIXED RATE NOTES

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|---|--|
| 29. (a) Fixed Rate of Interest | 9.97 percent per annum semi-annually in arrear |
| (b) Fixed Interest Payment Date(s) | 21 October and 21 April in each year up to and including the Maturity Date |
| (c) Fixed Coupon Amount(s) | N/A |
| (d) Initial Broken Amount | N/A |
| (e) Final Broken Amount | N/A |
| (f) Determination Date | N/A |
| (g) Day Count Fraction | Actual/365 |
| (h) Any other terms relating to the particular method of calculating interest | N/A |

FLOATING RATE NOTES

N/A

ZERO COUPON NOTES

N/A

PARTLY PAID NOTES

N/A

INSTALMENT NOTES

N/A

MIXED RATE NOTES

N/A

INDEX-LINKED NOTES

N/A

| | |
|---|--|
| DUAL CURRENCY NOTES | N/A |
| EXCHANGEABLE NOTES | N/A |
| OTHER NOTES | N/A |
| PROVISIONS REGARDING REDEMPTION/MATURITY | |
| 30. Redemption at the Option of the Issuer: | No |
| 31. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). | Yes |
| 32. Redemption in the event of a Change of Control | Yes, see Condition 10.4 (<i>Redemption in the event of a Change of Control</i>) |
| GENERAL | |
| 33. Financial Exchange | JSE (Interest Rate Market) |
| 34. Additional selling restrictions | N/A |
| 35. ISIN No. | ZAG000085523 |
| 36. Stock Code | RW21 |
| 37. Stabilising manager | N/A |
| 38. Provisions relating to stabilisation | N/A |
| 39. The notice period required for exchanging uncertificated Notes for Certificates | 10 days |
| 40. Method of distribution | Sealed Bid Auction without feedback |
| 41. Credit Rating assigned to the Issuer | |
| (a) Fitch | National Scale Long Term: AA (zaf) as at 13 March 2013 to be reviewed from time to time |
| (b) Standard & Poor's | National Scale Long Term: zaAAA as at 18 October 2012 to be reviewed from time to time |
| 42. Governing law (if the laws of South Africa are not applicable) | N/A |
| 43. Surrendering of Notes in the case of Notes represented by a Certificate | N/A |
| 44. Use of proceeds | N/A |
| 45. Other provisions | N/A |
| DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS | |
| 46. <u>Paragraph 3(5)(a)</u> | The "ultimate borrower" (as defined in the Commercial Paper Regulations) is the Issuer. |
| 47. <u>Paragraph 3(5)(b)</u> | The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes. |
| 48. <u>Paragraph 3(5)(c)</u> | The auditor of the Issuer is SAB&T Chartered Accountants Incorporated. |

49. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has issued ZAR974,027,977 Commercial Paper (as defined in the Commercial Paper Regulations), excluding this issuance of Notes; and
- (ii) the Issuer estimates that it will not issue further Commercial Paper during the current financial year, ending 30 June 2013.

50. Paragraph 3(5)(e)

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the Notes is contained in the Programme Memorandum and the Applicable Pricing Supplement.

51. Paragraph 3(5)(f)

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

52. Paragraph 3(5)(g)

The Notes issued will be listed.

53. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for its general corporate purposes.

54. Paragraph 3(5)(i)

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

55. Paragraph 3(5)(j)

SAB&T Chartered Accountants Incorporated, the auditors of the Issuer, have confirmed that, based on their procedures to be performed, nothing has come to their attention which indicates that this issue of Notes by the Issuer does not comply in all respects with the provisions of the Commercial Paper Regulations.

Responsibility:

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer the information contained in this Applicable Pricing Supplement is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement contains all information required by law and the debt listings requirements of the JSE.

Application is hereby made to list this issue of Notes 28 June 2013.

SIGNED at Johannesburg on this 26th day of June 2013

For and on behalf of

RAND WATER



Name: D K P Sechemane

Capacity: CE

Who warrants his/her authority hereto



Name: S M Nyemke

Capacity: CEO

Who warrants his/her authority hereto