
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 ZAR665,000,000 10.245% Senior Unsecured Fixed Rate Notes due 10 December 2028
under the Rand Water ZAR5,000,000,000 Domestic Medium Term Note Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein ("**Notes**" and "**this Tranche**").

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

The Programme Memorandum was approved by the JSE Limited ("**JSE**") on 23 November 2010.

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

The Notes are issued on and subject to the Terms and Conditions as replaced, amended and/or supplemented by the terms and conditions of the Notes set out in this Applicable Pricing Supplement.

To the extent that there is any conflict or inconsistency between the provisions of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

PARTIES

1.	Issuer	Rand Water
2.	Dealers	FirstRand Bank Limited, acting through its Rand Merchant Bank division and Investec Bank Limited, acting through its division, Investec Corporate and Institutional Banking
3.	Managers	FirstRand Bank Limited, acting through its Rand Merchant Bank division and Investec Bank Limited, acting through its division, Investec Corporate and Institutional Banking
4.	Paying Agent	The Standard Bank of South Africa Limited
	Specified Address of the Paying Agent	5 th Floor, Standard Bank Centre, 3 Simmonds Street, Johannesburg, 2001
5.	Calculation Agent	The Standard Bank of South Africa Limited
	Specified Address of the Calculation Agent	5 th Floor, Standard Bank Centre, 3 Simmonds Street, Johannesburg, 2001
6.	Transfer Agent	The Standard Bank of South Africa Limited
	Specified Address of the Transfer Agent	25 Sauer Street, Johannesburg, 2001
7.	Debt Sponsor (for the issue of this Tranche only)	Investec Bank Limited, acting through its division, Investec Corporate and Institutional Banking
	Specified Address of the Debt Sponsor	100 Grayston Drive, Sandown, Sandton, 2196

PROVISIONS RELATING TO THE NOTES

8.	Status of Notes	Senior Unsecured
9.	Form of Notes	Listed Registered Notes
		The Notes are issued in registered uncertificated form and will be

		held in the CSD.
10.	Series Number	3
11.	Tranche Number	1
12.	Aggregate Nominal Amount:	
	a) Series	ZAR665,000,000
	b) Tranche	ZAR665,000,000
13.	Programme Amount	
	a) Programme Amount as at the Issue Date	ZAR5,000,000,000
	b) Aggregate Outstanding Nominal Amount of all of the Notes issued under the Programme as at the Issue Date	ZAR1,474,027,977, excluding the aggregate Nominal Amount of this Tranche and any other Tranche/s of Notes issued on the Issue Date specified in Item 17 below.
14.	Interest	Interest-bearing
15.	Interest Payment Basis	Fixed Rate
16.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	Not Applicable
17.	Issue Date	10 December 2013
18.	Nominal Amount per Note	ZAR1,000,000
19.	Specified Denomination	ZAR1,000,000
20.	Specified Currency	ZAR
21.	Issue Price	100% of the Nominal Amount
22.	Interest Commencement Date	10 December 2013
23.	Maturity Date	10 December 2028
24.	Applicable Business Day Convention	Following Business Day
25.	Final Redemption Amount	100% of the Nominal Amount
26.	Last Day to Register	by 17h00 on 30 May and 29 November of each year
27.	Books Closed Period(s)	The Register will be closed from 31 May to 9 June and from 30 November to 9 December in each year until the Maturity Date
28.	Default Rate	Not Applicable

FIXED RATE NOTES

29.	a) Fixed Rate of Interest	10.245% per annum, payable semi-annually in arrear
	b) Fixed Interest Payment Date(s)	10 June and 10 December in each year up to and including the Maturity Date
	c) Fixed Coupon Amount(s)	Not Applicable
	d) Initial Broken Amount	Not Applicable
	e) Final Broken Amount	Not Applicable
	f) Determination Date	Not Applicable
	g) Day Count Fraction	Actual/365
	h) Any other terms relating to the particular method of calculating interest	Not Applicable

PARTLY PAID NOTES Not Applicable

INSTALMENT NOTES Not Applicable

MIXED RATE NOTES Not Applicable

INDEX-LINKED NOTES	Not Applicable
DUAL CURRENCY NOTES	Not Applicable
EXCHANGEABLE NOTES	Not Applicable
OTHER NOTES	Not Applicable

PROVISIONS REGARDING REDEMPTION/MATURITY

30. Redemption at the Option of the Issuer:	No
31. Redemption for Tax Reasons	Yes, see Condition 10.2 (<i>Redemption for Tax Reasons</i>)
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>)
33. Early Redemption Amount	Condition 10.5.1 (<i>Early Redemption Amounts</i>) applicable for purposes of Condition 10.2 (<i>Redemption for Tax Reasons</i>), Condition 10.4 (<i>Redemption in the event of a Change of Control</i>) and Condition 16 (<i>Events of Default</i>)

GENERAL

34. Financial Exchange	JSE (Interest Rate Market)
35. Additional selling restrictions	Not Applicable
36. ISIN No.	ZAG000111253
37. Stock Code	RW28
38. Stabilising manager	Not Applicable
39. Provisions relating to stabilisation	Not Applicable
40. The notice period required for exchanging Beneficial Interest in the Notes for Notes represented by Certificates	10 days
41. Method of distribution	Sealed Bid Auction without Feedback
42. 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 & Poors	National Scale Long Term: zaAAA as at 29 October 2013, to be reviewed from time to time
43. Governing law (if the laws of South Africa are not applicable)	Not Applicable
44. Use of proceeds	See Item 53 below
45. Other provisions	Not Applicable

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS

46. <u>Paragraph 3(5)(a)</u>	The " <i>ultimate borrower</i> " (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 auditors of the Issuer as at the Issue Date are Nexia SAB&T Chartered Accountants Incorporated.
49. <u>Paragraph 3(5)(d)</u>	As at the Issue Date:
a)	the Issuer has issued ZAR1,474,027,977 " <i>commercial paper</i> " (as defined in the Commercial Paper Regulations) (which amount excludes the Notes and any other Tranche/s of Notes issued on the Issue Date)

specified in Item 17 above); and

- b) the Issuer estimates that, during the Issuer's current financial year ending 30 June 2014, it will issue further "commercial paper" (as defined in the Commercial Paper Regulations) in an aggregate amount of ZAR1,400,000,000 (which amount excludes the Notes and any other Tranche/s of Notes issued on the Issue Date specified in Item 17 above).

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 this 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 on the Interest Rate Market of the JSE.

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)

Nexia SAB&T Chartered Accountants Incorporated, the auditors of the Issuer as at the Issue Date, have confirmed that nothing has come to their attention which causes them to believe that the issue of the Notes under the Programme, pursuant to the Programme Memorandum (as read with this Applicable Pricing Supplement), 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 the Programme Memorandum and this Applicable Pricing Supplement.

The Issuer confirms that, to the best of its knowledge and belief, there are no facts the omission of which would make the Programme Memorandum or any statement contained in the Programme Memorandum false or misleading and that all reasonable enquiries to ascertain such facts have been made.

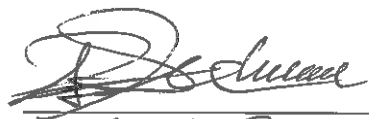
The Issuer confirms that, to the best of its knowledge and belief, this Applicable Pricing Supplement (as read with the Programme Memorandum) contains or incorporates by reference all information required to be disclosed by the Issuer in terms of the "Debt Listings Requirements", dated March 2011, published by the JSE, as amended and/or supplemented, and all other applicable laws.

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 in or incorporated by reference into the Programme Memorandum. The admission of this Tranche of Notes to the list of Debt Securities maintained by the JSE and the listing of this Tranche of Notes on the Interest Rate Market of the JSE is not to be taken as an indication of the merits of the Issuer or the Notes. The JSE assumes no responsibility or liability of whatsoever nature for the contents of the Programme Memorandum or this Applicable Pricing Supplement or any information incorporated by reference into the Programme Memorandum, and the JSE makes no representation as to the accuracy or completeness of the Programme Memorandum or this Applicable Pricing Supplement, or any information incorporated by reference into the Programme Memorandum. The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the Programme Memorandum or this Applicable Pricing Supplement or any information incorporated by reference into the Programme Memorandum.

Application is hereby made to list Tranche 1 of Series 3 of the Notes on the Interest Rate Market of JSE Limited, as from 10 December 2013, pursuant to the Rand Water ZAR5,000,000,000 Domestic Medium Term Note Programme.

SIGNED at Johannesburg on 6th December 2013


For and on behalf of RAND WATER



Name: D.K.P. SECHEMATWE

Capacity: CE

Who warrants his/her authority hereto



Name: M. Nyembe

Capacity: CFD

Who warrants his/her authority hereto