
APPLICABLE PRICING SUPPLEMENT

Shisa Investments

SHISA INVESTMENTS (PROPRIETARY) LIMITED

(Incorporated with limited liability in South Africa under Registration Number 2002/006440/07)

Issue of ZAR1,267,947,318.00 Unsecured Index-Linked Notes due 1 October 2021

Under its ZAR20,000,000,000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Programme Memorandum dated 15 September 2006. The Notes described in this Applicable Pricing Supplement are subject to the Terms and Conditions in the Programme Memorandum. This Applicable Pricing Supplement contains the final terms of the Notes and this Applicable Pricing Supplement must be read in conjunction with such Programme Memorandum. 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.

DESCRIPTION OF THE NOTES

1. Issuer	Shisa Investments (Proprietary) Limited
2. Status of Notes	Unsecured loan stock
3. Series Number	2
4. Tranche Number	1
5. Aggregate Nominal Amount	ZAR1,267,947,318.00
6. Interest/Payment Basis	N/A
7. Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
8. Form of Notes	Registered Notes
9. Issue Date	3 January 2007
10. Business Centre	Johannesburg
11. Specified Denomination	ZAR1,267,947,318.00
12. Issue Price	ZAR1,051,216,940.00
13. Payment Dates and amounts	1 January, 1 April, 1 July and 1 October, as set out in Annexure "A" annexed hereto
14. Maturity Date	1 October 2021
15. Specified Currency	ZAR
16. Applicable Business Day Convention	Following Business Day
17. Final Redemption Amount	As per Annexure "A"
18. Last Date to Register	17h00 on 20 December, 20 March, 20 June and 20 September



19. Books Closed Period(s) The Register will be closed from 21 December to 30 December, 21 March to 30 March, 21 June to 30 June and 21 September to 30 September (all dates inclusive) in each year until the Maturity Date

20. Default Rate N/A

SERIES

21. Series Limited Recourse Assets The Collateral, as referred to in Annexure "B" annexed hereto

INDEX-LINKED NOTES

22. Other terms The payments due are linked to CPI as fully set out in Annexures "A" and "B" annexed hereto

PROVISIONS REGARDING REDEMPTION/MATURITY

23. Issuer's Optional Redemption: No

24. Redemption at the Option of the Noteholders: Yes, on the basis set out in Annexure B annexed hereto

25. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). No redemption for tax reasons

GENERAL

26. Financial Exchange BESA

27. Calculation Agent See Annexure "B" annexed hereto

28. Paying Agent FirstRand Bank Limited, acting through its Rand Merchant Bank division

29. Specified office of the Paying Agent 4 Merchant Place, cnr Fredman Drive and Rivonia Road, Sandton, 2196

30. Transfer Agent FirstRand Bank Limited, acting through its Rand Merchant Bank division

(a) Address 4 Merchant Place, cnr Fredman Drive and Rivonia Road, Sandton, 2196

(b) Telephone Number (011) 269 9675

(c) Telefax Number (011) 269 9597

31. Additional selling restrictions N/A

32. ISIN ZAG000035627

33. Stock Code SHI02

34. Method of distribution Private placement

35. If syndicated, names of Managers N/A

36. If non-syndicated, name of Dealer FirstRand Bank Limited, acting through its Rand Merchant Bank division

- | | |
|--|---------------------------------|
| 37. Credit Rating assigned to Notes (if any) | N/A |
| 38. Governing law (if the laws of South Africa are not applicable) | N/A |
| 39. Other Banking Jurisdiction | N/A |
| 40. Other provisions | See Annexure "B" annexed hereto |

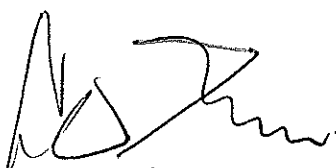
Responsibility

The Issuer accepts responsibility for the information contained in this Applicable Pricing Supplement.

Application is hereby made to list this issue of Notes on 3 January 2007.

SIGNED at Sandton this 1 day of December 2006

For and on behalf of
SHISA INVESTMENTS (PROPRIETARY) LIMITED
(as ISSUER)



Name: A. D. Stuart
Capacity: DIRECTOR
Who warrants his authority hereto

Signed as a
duplicate original
on 17 June 2014.



Name: H. B. HARRISON
Capacity: DIRECTOR
Who warrants his authority hereto

Signed as duplicate
of the original on
17 June 2014

ANNEXURE "A"THE PAYMENT DATES

Payment #	Date	Real cash flow	Annual CPI Calculation Date
1	01-Apr-07	23,602,885.00	01-Jan-07
2	01-Jul-07	22,877,236.00	01-Jan-07
3	01-Oct-07	23,339,420.00	01-Jan-07
4	01-Jan-08	23,339,420.00	01-Jan-08
5	01-Apr-08	23,339,420.00	01-Jan-08
6	01-Jul-08	22,601,574.00	01-Jan-08
7	01-Oct-08	23,081,304.00	01-Jan-08
8	01-Jan-09	23,081,304.00	01-Jan-09
9	01-Apr-09	23,081,304.00	01-Jan-09
10	01-Jul-09	22,284,799.00	01-Jan-09
11	01-Oct-09	22,795,087.00	01-Jan-09
12	01-Jan-10	22,795,087.00	01-Jan-10
13	01-Apr-10	22,795,087.00	01-Jan-10
14	01-Jul-10	21,946,072.00	01-Jan-10
15	01-Oct-10	22,474,991.00	01-Jan-10
16	01-Jan-11	22,474,991.00	01-Jan-11
17	01-Apr-11	22,474,991.00	01-Jan-11
18	01-Jul-11	21,558,620.00	01-Jan-11
19	01-Oct-11	22,117,018.00	01-Jan-11
20	01-Jan-12	22,117,018.00	01-Jan-12
21	01-Apr-12	22,117,018.00	01-Jan-12
22	01-Jul-12	21,154,134.00	01-Jan-12
23	01-Oct-12	21,695,178.00	01-Jan-12
24	01-Jan-13	21,695,178.00	01-Jan-13

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25	01-Apr-13	21,695,178.00	01-Jan-13
26	01-Jul-13	20,774,083.00	01-Jan-13
27	01-Oct-13	21,266,297.00	01-Jan-13
28	01-Jan-14	21,266,297.00	01-Jan-14
29	01-Apr-14	21,266,297.00	01-Jan-14
30	01-Jul-14	20,367,686.00	01-Jan-14
31	01-Oct-14	20,929,393.00	01-Jan-14
32	01-Jan-15	20,929,393.00	01-Jan-15
33	01-Apr-15	20,929,393.00	01-Jan-15
34	01-Jul-15	19,992,088.00	01-Jan-15
35	01-Oct-15	20,562,407.00	01-Jan-15
36	01-Jan-16	20,562,407.00	01-Jan-16
37	01-Apr-16	20,562,407.00	01-Jan-16
38	01-Jul-16	19,590,493.00	01-Jan-16
39	01-Oct-16	20,184,266.00	01-Jan-16
40	01-Jan-17	20,184,266.00	01-Jan-17
41	01-Apr-17	20,184,266.00	01-Jan-17
42	01-Jul-17	19,183,918.00	01-Jan-17
43	01-Oct-17	19,796,836.00	01-Jan-17
44	01-Jan-18	19,796,836.00	01-Jan-18
45	01-Apr-18	19,796,836.00	01-Jan-18
46	01-Jul-18	18,756,558.00	01-Jan-18
47	01-Oct-18	19,390,320.00	01-Jan-18
48	01-Jan-19	19,390,320.00	01-Jan-19
49	01-Apr-19	19,390,320.00	01-Jan-19
50	01-Jul-19	18,296,730.00	01-Jan-19
51	01-Oct-19	18,945,428.00	01-Jan-19
52	01-Jan-20	18,945,428.00	01-Jan-20
53	01-Apr-20	18,945,428.00	01-Jan-20

54	01-Jul-20	17,823,403.00	01-Jan-20
55	01-Oct-20	18,501,080.00	01-Jan-20
56	01-Jan-21	18,501,080.00	01-Jan-21
57	01-Apr-21	18,501,080.00	01-Jan-21
58	01-Jul-21	17,332,494.00	01-Jan-21
59	01-Oct-21	54,567,470.00	01-Jan-21



ANNEXURE "B"

OTHER PROVISIONS

1. INTERPRETATION

- 1.1. In this Annexure, unless the context indicates otherwise:
- 1.1.1. **"Adjustment Effective Date"** means a date specified in an Adjustment Notice in accordance with clause 5.2.5;
- 1.1.2. **"Adjustment Event"** has the meaning given to it in clause 5.3;
- 1.1.3. **"Adjustment Notice"** means a notice contemplated by clause 5.2, duly completed and delivered;
- 1.1.4. **"Annual CPI Calculation Date"** means the date stipulated for each corresponding Payment Date as set out in the Applicable Pricing Supplement;
- 1.1.5. **"Annuity Policy"** means the written annuity policy to be issued by Metropolitan Life Limited (Registration Number 1949/032491/06), who is the Noteholder, to the Fund, on or about the date hereof, and any variation, amendment and/or novation thereof;
- 1.1.6. **"Bank"** means RMB;
- 1.1.7. **"Base CPI"** means 136.3, being the CPI for September 2006, being the Reference CPI for the Issue Date. In the event that the CPI is reset, then a new Base CPI will (if necessary) be calculated by the Calculation Agent in such a way that the CPI Adjustment is the same immediately before and after the reset;
- 1.1.8. **"Bond Value"** means the value of the relevant bonds on the relevant date which shall equal the price of such bonds calculated by the Calculation Agent with reference to the closing yields published by BESA for the Business Day immediately preceding the relevant date provided that if:
- 1.1.8.1. such yields cannot be readily obtained; or
- 1.1.8.2. the Noteholder or the Fund (in its sole discretion) informs the Issuer and the Calculation Agent that it is of the view that the price, based on the closing yields published by BESA does not reflect the fair market value of any of the bonds,
- then the value of such bonds shall be determined (in the circumstances contemplated by clause 1.1.8.2, until such time as the Noteholder or the Fund informs the Issuer and the Calculation Agent in writing that it no longer holds that view) in accordance with the applicable provision of the Calculation Agent Agreement;
- 1.1.9. **"Calculation Agent"** means the Calculation Agent appointed as such by the Noteholder, the Issuer, the Fund and the Bank (acting jointly) on or before the Issue Date, substantially on the terms and conditions contained in the Calculation Agent Agreement, performing the obligations or acting in the capacity attributed to the *"Calculation Agent"* in terms of, inter alia, this Note and the Calculation Agent Agreement or such other person

appointed to perform the functions of the "*Calculation Agent*" in accordance with Calculation Agent Agreement;

- 1.1.10. "**Calculation Agent Agreement**" means the agreement entered into between the Noteholder, the Issuer, the Fund and the Bank, on 1 December 2006;
- 1.1.11. "**Cession and Pledge**" means, as the context may require, either:
 - 1.1.11.1. the cession and pledge agreement entered into between the Fund, the Issuer and the Bank, on or about the date hereof, in terms of which the Issuer cedes and pledges the Collateral to the Fund as security for the Issuer's obligations to the Fund under the Credit Swap and any variation and/or novation thereof; or
 - 1.1.11.2. the cession and pledge of the Collateral effected by such agreement;
- 1.1.12. "**Collateral**" means:
 - 1.1.12.1. initially, the number and type of bonds issued or explicitly guaranteed by the Republic of South Africa agreed to by the Fund, the Issuer and the Bank under the Cession and Pledge; and
 - 1.1.12.2. thereafter, the bonds from time to time subject to the Cession and Pledge;
- 1.1.13. "**CPI**" means:
 - 1.1.13.1. the weighted average of the consumer price index as published by Statistics South Africa, which is referred to as "*CPI- All items for metropolitan areas*" in Statistical release P0141.1, from time to time; or
 - 1.1.13.2. such substituted index as may be determined by the Calculation Agent in accordance with the terms of the Calculation Agent Agreement; or
 - 1.1.13.3. in the event of the delay in the publication of the consumer price index or the substituted index, the CPI calculated in accordance with the Calculation Agent Agreement;
- 1.1.14. "**CPI Adjustment**" means the Reference CPI as at each Annual CPI Calculation Date divided by the Base CPI, as determined by the Calculation Agent;
- 1.1.15. "**Credit Swap**" means the agreement entered into between the Fund and the Issuer, on or about the date hereof, in terms of which the Issuer undertakes to pay to the Fund a specified amount or to transfer to the Fund certain bonds, on the occurrence of certain specified events, and any variation and/or novation thereof;
- 1.1.16. "**Discount Rate**" means the rate determined in accordance with clause 4.3;
- 1.1.17. "**Early Settlement Amount**" has the meaning given to it in clause 3.1;
- 1.1.18. "**Early Settlement Date**" has the meaning given to it in clause 3.1;
- 1.1.19. "**the Fund**" means De Beers Pension Fund (Reference No. 12/8/559/2);

- 1.1.20. **"Future Note Payments"** means Note Payments that are due after the relevant date, which relevant date shall for purposes of clause 3.1, be the Early Settlement Date and for all other purposes, shall be the date with reference to which the calculation is made (such Future Note Payments shall be calculated in terms of clause 4.2);
- 1.1.21. **"Guarantee"** means a written guarantee by the Bank of the Issuer's obligations to the Fund under the Credit Swap and the Cession and Pledge and any variation and/or novation thereof;
- 1.1.22. **"Issuer Change Benefit"** means any credit against, relief or remission for or repayment of or benefit (including any cost-saving), for the Issuer or the Bank, arising from:
 - 1.1.22.1. a recognition (for tax or regulatory purposes) of any or all of the obligations of the Issuer or the Bank under the Note or the Swap; or
 - 1.1.22.2. a recognition of any tax liability of the Issuer or the Bank; or
 - 1.1.22.3. any obligation or requirement that the Issuer or the Bank maintain any special deposits, liquid assets, reserve assets or capital for any reason in connection with (including the receipts or accruals on or deemed or attributed receipts or accruals on) the Collateral, the Swap or the Note;
- 1.1.23. **"Materiality Threshold"** means 0.02% of the Early Settlement Amount (calculated without regard to any adjustments for costs incurred by reason of the occurrence of the Early Settlement Date) that would be payable by the Issuer to the Noteholder on the relevant Adjustment Effective Date if the Adjustment Effective Date were the Early Settlement Date;
- 1.1.24. **"Note Consideration"** means the Issue Price as set out in the Applicable Pricing Supplement;
- 1.1.25. **"Note Payments"** means the payments to be made by the Issuer to the Noteholder, contemplated in clause 2 hereof and set out in Annexure "A" of this Applicable Pricing Supplement;
- 1.1.26. **"Note PV"** means the amount calculated in accordance with clause 4.1;
- 1.1.27. **"Prime Rate"** means the publicly quoted rate of interest (per centum per annum) at which the Bank lends on overdraft from time to time, determined on a 365 day year factor irrespective of whether the year is a leap year and compounded monthly in arrears, as certified by any divisional director or manager of the Bank whose authority and/or appointment it shall not be necessary to prove and whose certificate shall constitute *prima facie* proof thereof or such substitute rate as may be determined by the Calculation Agent in accordance with the applicable provisions of the Calculation Agent Agreement;
- 1.1.28. **"Real Note Payment"** means the amount, for each Payment Date, specified in Annexure "A" of this Applicable Pricing Supplement;
- 1.1.29. **"Reference CPI"** or **"Ref CPI_{Date}"** means in relation to the Annual CPI Calculation Date:

1.1.29.1. if the Annual CPI Calculation Date is the first day of a calendar month, Ref CPI_{Date} is the CPI for the fourth calendar month preceding the calendar month in which the Annual CPI Calculation Date occurs (which CPI is typically published during the third calendar month preceding the calendar month in which the Annual CPI Calculation Date occurs);

1.1.29.2. if the Annual CPI Calculation Date occurs on any day other than the first day of a calendar month, then Ref CPI_{Date} shall be determined in accordance with the following formula

$$\text{Ref CPI}_{\text{Date}} = \text{Ref CPI}_J + \left[\frac{t-1}{D} \right] \times (\text{Ref CPI}_{J+1} - \text{Ref CPI}_J)$$

Where:

1.1.29.2.1. Ref CPI_J is the Reference CPI for the first day of the calendar month in which the Annual CPI Calculation Date occurs;

1.1.29.2.2. Ref CPI_{J+1} is the Reference CPI for the first day of the calendar month immediately following the calendar month in which the Annual CPI Calculation Date occurs;

1.1.29.2.3. t is the calendar day corresponding to the Annual CPI Calculation Date; and

1.1.29.2.4. D is the number of days in the calendar month in which the Annual CPI Calculation Date occurs;

1.1.30. "Swap" means the cash flow swap agreement entered into between the Bank and the Issuer on or about the date hereof.

2. REAL NOTE PAYMENTS

2.1. On each of the Payment Dates, the Issuer shall make a Note Payment to the Noteholder in the amount equal to the greater of:

2.1.1. the Real Note Payment for that Payment Date; and

2.1.2. the Real Note Payment for that Payment Date multiplied by the applicable CPI Adjustment as at the applicable Annual CPI Calculation Date.

2.2. The obligation of the Issuer to make the Note Payments to the Noteholder is conditional only on the Noteholder having discharged its obligations to pay the Note Consideration.

3. RIGHT OF EARLY SETTLEMENT

3.1. The Noteholder shall be entitled, by written notice to the Issuer stipulating a date, determined in accordance with clause 3.4, ("the Early Settlement Date"), to accelerate the unpaid Note Payments, including the Future Note Payments that are due after the Early Settlement Date, to an obligation of the Issuer to make payment to the Noteholder, on the Early Settlement Date, of an amount equal to the Note PV as at the Early Settlement Date ("the Early Settlement Amount"), subject to clause 3.9.

3.2. The Noteholder shall, by written notice to the Issuer, be entitled to withdraw the notice contemplated by clause 3.1, at any time prior to the calculation or determination by the Calculation Agent of the Early Settlement Amount.

- 3.3. In the event that the notice of early settlement is withdrawn by the Noteholder, the Noteholder shall again be entitled to exercise the rights conferred on it by this clause 3.
- 3.4. The Early Settlement Date shall be a date stipulated by the Noteholder in the notice contemplated by clause 3.1, provided that:
 - 3.4.1. the Early Settlement Date must be after the second anniversary of the Issue Date;
 - 3.4.2. the Early Settlement Date so stipulated must be at least 8 Business Days after receipt by the Issuer of the notice referred to in clause 3.1; and
 - 3.4.3. if any calculation or determination of the Early Settlement Amount is referred to an independent third party in accordance with the provisions of the Calculation Agent Agreement, the Early Settlement Date shall be the third Business Day after the date on which the Early Settlement Amount is calculated or determined by the independent third party as contemplated by the Calculation Agent Agreement.
- 3.5. Despite clause 3.4.1, the Early Settlement Date may be prior to the second anniversary of the Issue Date if the Noteholder is obliged, in terms of the Annuity Policy, to commute its unpaid obligations in terms of the said policy prior to the said date.
- 3.6. The Noteholder shall be entitled, by written notice to the Issuer, to require that the Issuer discharge all of the Early Settlement Amount or any part thereof by instructing the Issuer to transfer ownership to the Fund of bonds:
 - 3.6.1. that are (in number and type) equivalent to some or all of the bonds comprising the Collateral as at that time; and
 - 3.6.2. having a Bond Value not exceeding the Early Settlement Amount.
- 3.7. The written notice referred to in clause 3.6 shall be given no later than the 5 Business Days prior to the Early Settlement Date and shall specify:
 - 3.7.1. the bonds contemplated by clause 3.6.1 to be transferred to the Fund; and
 - 3.7.2. the manner and form of effecting such transfer.
- 3.8. Should the Noteholder exercise its rights under clause 3.6, the receipt by the Fund of the unencumbered ownership of the bonds contemplated by clause 3.6.1 shall constitute a full and proper discharge by the Issuer of its obligations to pay the Early Settlement Amount or part thereof to the Noteholder in an amount equal to the Bond Value of the bonds received on the Early Settlement Date. Any outstanding balance of the Early Settlement Amount shall be payable in cash on the Early Settlement Date.
- 3.9. In the event that:
 - 3.9.1. the Noteholder does not exercise its rights under clause 3.6 or does not exercise such rights in respect of all of the bonds comprising the Collateral or the entire Early Settlement Amount; and
 - 3.9.2. the Issuer is not in default of its obligations hereunder or under the Credit Swap; and

- 3.9.3. the Bank is not in default of any of its obligations under the Guarantee;
and
- 3.9.4. a Credit Event has not occurred in relation to the Bank or the Issuer under the Credit Swap

the Early Settlement Amount will be reduced by any amount by which the proceeds of the sale of the bonds by the Issuer is less than the Bond Value of the said bonds as at the Early Settlement Date. The Issuer shall not take any steps that may prejudice the interests of the Fund in the sale of the bonds. The sale of bonds contemplated in this clause will be done in terms of normal market practice.

4. NOTE PV

- 4.1. The Note PV as at a date is an amount equal to the sum of:
 - 4.1.1. the present value of the Future Note Payments payable by the Issuer to the Noteholder under the Note, calculated as at such date on the basis set out in clause 4.2 and clause 4.3;
 - 4.1.2. any Note Payments that are due but unpaid as at such date; and
 - 4.1.3. any accrued interest as at such date calculated in accordance with clause 9 hereof.
- 4.2. For purposes of calculating the present value of the Future Note Payments as at such date, each Future Note Payment shall be deemed to be equal to a nominal amount determined as the greater of:
 - 4.2.1. the amount of the Real Note Payment multiplied by the CPI Adjustment determined as at such date; and
 - 4.2.2. the Real Note Payment.
- 4.3. The present value of the Future Note Payments referred to in clause 4.2 will be calculated by discounting the amount determined in respect of each Future Note Payment at an appropriate real discount rate that is extrapolated by the Calculation Agent from the market-related real yield curve it generally uses to determine the present value of future inflation-linked payments or a substitute equivalent rate determined in accordance with the Calculation Agent Agreement ("Discount Rate").

5. ADJUSTMENT FOLLOWING A CHANGE IN CIRCUMSTANCES

- 5.1. An Adjustment Notice may be served by the Issuer at any time before the last of the Payment Dates and on or after the occurrence of an Adjustment Event.
- 5.2. An Adjustment Notice shall:
 - 5.2.1. be irrevocable;
 - 5.2.2. be delivered on a Business Day;
 - 5.2.3. describe the Adjustment Event;
 - 5.2.4. describe the steps considered and/or taken as contemplated by clause 5.3.2.2.1;

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- 5.2.5. specify a date, not less than 35 Business Days after the delivery of the Adjustment Notice, as the “**Adjustment Effective Date**” for purposes of the Adjustment Notice; and
- 5.2.6. stipulate:
 - 5.2.6.1. an adjustment to the manner of calculation of the CPI-adjusted Note Payments due after the Adjustment Effective Date; and/or
 - 5.2.6.2. an adjustment to the manner of the calculation of the Early Settlement Amount should the Early Settlement Date occur after the Adjustment Effective Date for the period following the Adjustment Effective Date up to and including the Early Settlement Date,

that will result in the Issuer being indemnified (after taking account of any Issuer Change Benefit) on a pre-tax basis against the occurrence of the Adjustment Event for the period following the Adjustment Effective Date up to and including the earlier of the Early Settlement Date and the last of the Payment Dates.
- 5.3. An Adjustment Event shall mean:
 - 5.3.1. a change in the laws of the Republic of South Africa (in particular, without limiting the generality of the foregoing, any change to the Income Tax Act or the Banks Act, 1990, or regulations promulgated in terms thereof) or the interpretation or application of such legislation by any court or a change in published banking regulatory practice in the Republic of South Africa (as evidenced by circulars published by the Registrar of Banks) (“**Change in Law**”) that:
 - 5.3.1.1. either:
 - 5.3.1.1.1. results in the Issuer not being entitled to deduct its obligations to make the CPI-adjusted Note Payments and its obligation to make payments corresponding to its receipts on the Collateral to the Bank under the Swap in full over the period during which the CPI-adjusted Note Payments are scheduled to be made against its “gross income” for that period for tax purposes; or
 - 5.3.1.1.2. results in the timing of such deductions not matching the timing of the Issuer’s receipts or accruals from the Collateral and the amounts payable by the Bank to the Issuer under the Swap; and
 - 5.3.1.2. after taking account of any Issuer Change Benefit, results in the Issuer being liable for any tax in respect of its receipts on the Collateral or the receipts or accruals under the Swap for which it would not have been liable but for the Change in Law provided that such tax liability does not arise by reason of:
 - 5.3.1.2.1. any actual or potential breach of or default under any of the obligations of the Issuer or the Bank under and/or arising from the Collateral and/or the Note and/or the Swap; or

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- 5.3.1.2.2. any representation or warranty made by the Issuer or the Bank under the Note and/or the Swap being untrue, incorrect or misleading in any material respect; or
- 5.3.1.2.3. the failure of the Issuer or the Bank to comply with its fiscal or statutory obligations; or
- 5.3.1.2.4. the exercise by any fiscal, revenue or monetary authority of special powers in respect of regulatory defaulters or tax defaulters or in respect of tax avoidance; or
- 5.3.1.2.5. a change in the place of residence or the place of business of the Issuer; and
- 5.3.1.3. the amount of the tax liability is such as to result in the adjustment (as contemplated by clause 5.5.1.1) required to the CPI-adjusted Note Payments exceeding the Materiality Threshold on a cumulative basis (that is to say including any tax liabilities in respect of which no adjustment to the CPI-adjusted Note Payments has previously been made for the sole reason that the requirements of this clause 5.3.1.3 and/or clause 5.3.2.3 were not complied with);
- 5.3.2. a Change in Law or the withdrawal by the Registrar of Banks of the approval obtained by the Bank to establish the Issuer as a subsidiary of the Bank in terms of section 52 of the Banks Act or the imposition of any new condition in connection with such approval that:
 - 5.3.2.1. results in the Bank being required by the Registrar of Banks to maintain any special deposits, liquid assets, reserve assets or capital in connection with the rights or obligations of the Issuer under the Collateral, the Swap or the Note or results in the value of special deposits, liquid assets, capital or reserve assets which the Bank is required to hold being increased by reason of such rights and obligations of the Issuer; and
 - 5.3.2.2. after taking account of any Issuer Change Benefit, results in the Issuer or the Bank incurring any cost in connection with the consequences referred to in clause 5.3.2.1 which it would not have incurred but for the Change in Law or the withdrawal or imposition contemplated by clause 5.3.2 provided that:
 - 5.3.2.2.1. such cost cannot be lawfully avoided or reduced by the Issuer and/or the Bank and/or the Noteholder taking commercially reasonable steps; and
 - 5.3.2.2.2. such costs do not arise by reason of any of the circumstances referred to in clause 5.3.1.2.1 to clause 5.3.1.2.5 (both clauses inclusive); and
 - 5.3.2.3. the amount of the costs is such as to result in the adjustment (as contemplated by clause 5.5.1.1) required to the CPI-adjusted Note Payments exceeding the Materiality Threshold on a cumulative basis (that is to say including any costs in respect of which no adjustment to the CPI-adjusted Note Payments has previously been made for the sole reason that the requirements of this clause 5.3.2.3 and/or clause 5.3.1.3 were not complied with).

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- 5.4. The Noteholder shall be entitled to elect to comply with the Adjustment Notice by counter-signing the Adjustment Notice and delivering such counter-signed notice to the Issuer.
- 5.5. Should the Noteholder elect to comply with the Adjustment Notice, or not make an election in the manner contemplated by clause 5.4 before the Adjustment Effective Date:
 - 5.5.1. the Issuer shall:
 - 5.5.1.1. subject to clause 5.6, be entitled to adjust:
 - 5.5.1.1.1. each CPI-adjusted Note Payment following the Adjustment Effective Date in accordance with the Adjustment Notice; and
 - 5.5.1.1.2. the Early Settlement Amount (should the Early Settlement Date follow the Adjustment Effective Date) in accordance with the Adjustment Notice;
 - 5.5.1.2. be obliged to make payment to the Noteholder, on each Payment Date and on the Early Settlement Date, of an amount equal to the amount of any Issuer Change Benefit (other than any such benefit taken into account in the adjustment referred to in clause 5.5.1.1); and
 - 5.5.2. any adjustment contemplated by clause 5.5.1.1 shall not affect the rights of the Noteholder under the remaining provisions of this Note.
- 5.6. The provisions of clause 5.5.1.1 and the Noteholder's receipt of an adjusted CPI-adjusted Note Payment or an adjusted Early Settlement Amount pursuant to clause 5.5.1.1 shall not prejudice any rights of the Noteholder to dispute whether the Issuer was entitled to make the adjustment in question or that the Adjustment Notice does not have the effect contemplated by clause 5.2.6 and to recover any resulting under-payment of one or more Note Payments and/or the Early Settlement Amount, plus penalty interest contemplated by clause 9 from the Issuer.
- 5.7. The Issuer shall notify the Noteholder of the occurrence and nature of any actual or potential Adjustment Event promptly upon satisfying itself that it has occurred or may occur and shall furnish Noteholder with full written details thereof.
- 5.8. The Noteholder shall be entitled to cede all or any of its rights against the Issuer under clause 5.5.1.2 and/or to recover any underpayment contemplated in clause 5.6 to any one or more persons.

6. THE CREDIT SWAP

- 6.1. Words used in this clause with initial capitals, which are not defined in clause 1 of this Annexure "B", will bear the meaning given to them in the Credit Swap.
- 6.2. In the event of the Fund delivering a Credit Event Notice to the Issuer under the Credit Swap, and the Issuer paying the Shisa Payment to the Fund, an Early Settlement Date will be deemed to occur on the Swap Payment Date, and the Early Settlement Amount will be reduced by the amount of the Shisa payment.
- 6.3. In the event of the Fund delivering the Credit Event Notice, as contemplated in clause 6.2 above, and the Fund exercising its rights under clause 2.4 of the Credit Swap, the Noteholder will be deemed to have made the same election for purposes of clause 3.6 of this Annexure "B".

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- 6.4. If the Fund gives the Issuer the notice contemplated in clause 2.3.2 of the Credit Swap or if the Issuer or the Bank becomes aware of the occurrence of a Credit Event in relation to Metropolitan, the Issuer's obligation to make any further Note Payments or to pay an Early Settlement Amount shall be suspended until the Fund either delivers a Credit Event Notice or advises the Issuer in writing that it waives its rights under clause 2.3 of the Credit Swap. Pending such delivery or waiver no penalty interest under clause 9 hereof will accrue against the Issuer

7. LIMITED RECOURSE

- 7.1 Notwithstanding anything to the contrary contained in the Note, this Applicable Pricing Supplement and/or the Terms and Conditions, should the Issuer fail to pay any amount due in terms of this Note, the Noteholder will only be entitled to execute against the Collateral, and the other assets (if any) of the Issuer will not be available for payment of any amounts owed by the Issuer to the Noteholder, whether in respect of the Note, or in respect of legal or other costs related thereto.
- 7.2 The Noteholder acknowledges that the Collateral has been pledged to the Fund in terms of the Cession and Pledge, and that its claims against the Collateral would be subject to such prior claim.

8. LIMITATION OF TRANSFER

The Note is not transferable by the Noteholder without the prior written consent of the Issuer.

9. PENALTY INTEREST

Should the Issuer not pay any amount payable in terms of the Note on the due date for payment, then such amount shall bear interest from (and including) such due date until (and excluding) the date of payment at a rate equal to 2% above the Prime Rate.

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