
APPLICABLE PRICING SUPPLEMENT



FORTRESS REAL ESTATE INVESTMENTS LIMITED

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

unconditionally and irrevocably guaranteed by

CAPITAL PROPFUND PROPRIETARY LIMITED

(Incorporated in the Republic of South Africa with limited liability under registration number 2014/013211/07)

and

FORTRESS INCOME 3 PROPRIETARY LIMITED

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

Issue of ZAR1,600,000,000 Senior Unsecured Floating Rate Notes due 16 April 2033

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

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 10 January 2019, prepared by Fortress Real Investments Limited in connection with the Fortress Real Estate Investments Limited ZAR20,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

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

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

PARTIES

1. Issuer	Fortress Real Estate Investments Limited
2. Guarantors	Fortress Income 3 Proprietary Limited; and Capital Propfund Proprietary Limited.
3. Dealer	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
4. Manager(s)	N/A
5. Debt Sponsor	Nedbank Limited, acting through its Nedbank Corporate and Investment Banking division
6. Paying Agent	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division

Specified Address	5 th Floor, 3 Simmonds Street, Johannesburg, 2001
7. Calculation Agent	Rand Merchant Bank, a division of FirstRand Bank Limited
Specified Address	1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196
8. Transfer Agent	Rand Merchant Bank, a division of FirstRand Bank Limited
Specified Address	1 Merchant Place, Cnr Fredman Drive and Rivonia Road, Sandton, 2196
9. Settlement Agent	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
Specified Office	5 th Floor, 3 Simmonds Street, Johannesburg, 2001
10. Issuer Agent	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
Specified Office	5 th Floor, 3 Simmonds Street, Johannesburg, 2001

PROVISIONS RELATING TO THE NOTES

11. Status of Notes	Senior Unsecured
12. Form of Notes	The listed Notes in this Tranche are issued in uncertificated form and held by the CSD
13. Series Number	83
14. Tranche Number	1
15. Aggregate Nominal Amount:	
(a) Series	ZAR1,600,000,000
(b) Tranche	ZAR1,600,000,000
16. Interest	Interest-bearing
17. Interest Payment Basis	Floating Rate
18. Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
19. Issue Date	16 April 2026
20. Nominal Amount per Note	ZAR1,000,000
21. Specified Denomination	ZAR1,000,000
22. Specified Currency	ZAR
23. Issue Price	100 percent
24. Interest Commencement Date	16 April 2026
25. Maturity Date	16 April 2033
26. Applicable Business Day Convention	Modified Following Business Day
27. Final Redemption Amount	100% of the Aggregate Nominal Amount

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|------------------------------|--|
| 28. Last Day to Register | By 17h00 on 10 July, 10 October, 10 January and 10 April in each year until the Maturity Date, or if any early redemption occurs, 6 Days prior to the actual Redemption Date, or if such day is not a Business Day, the Business Day before each Books Closed Period |
| 29. Books Closed Period(s) | The Register will be closed from 11 July to 15 July, 11 October to 15 October, 11 January to 15 January and from 11 April to 15 April (all dates inclusive) in each year until the Maturity Date, or if any early redemption occurs, 5 Days prior to the actual Redemption Date |
| 30. Default Rate | Reference Rate plus Margin plus 2% |
| 31. Interest Payment Date(s) | 16 July, 16 October, 16 January and 16 April in each year until the Maturity Date, with the first Interest Payment Date being 16 July 2026, or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the Applicable Business Day Convention (as specified in this Applicable Pricing Supplement) |
| 32. Interest Periods | Each period from, and including, the applicable Interest Payment Date and ending on, but excluding, the following Interest Payment Date, the first Interest Period commences on (and includes) the Interest Commencement Date and ends on (but excludes) the first Interest Payment Date (each Interest Payment Date is as adjusted in accordance with the Applicable Business Day Convention) |

FIXED RATE NOTES

N/A

FLOATING RATE NOTES

- | | |
|---|---|
| 33. (a) Definition of Business Day (if different from that set out in Condition 1) (<i>Interpretation</i>) | N/A |
| (b) Minimum Rate of Interest | N/A |
| (c) Maximum Rate of Interest | N/A |
| (d) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision, if different from Condition 9 (<i>Interest</i>) of the Terms and Conditions) | Condition 9.2 (<i>Interest Determination, Screen Rate Determination including Fallback Provisions</i>) shall not apply to the Notes notwithstanding that Screen Rate Determination is specified as the manner in which the Interest Rate is to be determined, and the Interest Rate shall be determined in accordance with paragraph 1 of |

	Appendix 2 (<i>Screen Rate Determination for Floating Rate Notes Referencing Compounded Daily ZARONIA (Lookback Without Observation Shift)</i>)
	Day Count Fraction: Actual/365
34. Rate of Interest and the manner in which the Rate of Interest is to be determined	Screen Rate Determination in accordance with the provisions of paragraph 1 of Appendix 2 (<i>Screen Rate Determination for Floating Rate Notes Referencing Compounded Daily ZARONIA (Lookback Without Observation Shift)</i>)
35. Margin	161 basis points to be added to the Reference Rate
36. If ISDA Determination	N/A
37. If Screen Rate Determination:	
(a) Reference Rate (including relevant period by reference to which the Rate of Interest is to be calculated)	Compounded Daily ZARONIA (as defined in, and determined in accordance with the provisions of paragraph 1 of Appendix 2 (<i>Screen Rate Determination for Floating Rate Notes Referencing Compounded Daily ZARONIA (Lookback Without Observation Shift)</i>))
(b) Interest Rate Determination Date(s)	The 5th (fifth) Johannesburg Business Day (as defined in paragraph 1 of Appendix 2 (<i>Screen Rate Determination for Floating Rate Notes Referencing ZARONIA</i>)) prior to each Interest Payment Date
(c) Relevant Screen Page and Reference Code	N/A
(d) Observation Method	Lookback Without Observation Shift
(e) Observation Lookback Period	5 (five) Business Days
38. If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Rate Determination, insert basis for determining Rate of Interest/Margin/ Fallback provisions	Condition 9.2. (<i>Interest Determination, Screen Rate Determination including Fallback Provisions</i>) shall not apply to the Notes notwithstanding that Screen Rate Determination is specified as the manner in which the Interest Rate is to be determined, and the Interest Rate shall be determined in accordance with paragraph 1 of Appendix 2 (<i>Additional Terms and Conditions: Screen Rate Determination for Floating Rate Notes Referencing Compounded Daily ZARONIA (Lookback Without Observation Shift)</i>)
39. Calculation Agent responsible for calculating amount of principal and interest	Rand Merchant Bank, a division of FirstRand Bank Limited

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	
40. Redemption at the Option of the Issuer:	No
41. Redemption at the option of the Senior Noteholders:	No
42. Redemption in the event of a Change of Control at the election of Noteholders pursuant to Condition 11.5 (<i>Redemption in the event of a Change of Control</i>) or any other terms applicable to a Change of Control.	Yes
43. Redemption in the event of a failure to maintain JSE Listing and Rating at the election of the Noteholders pursuant to Condition 11.6 (<i>Redemption in the event of a failure to maintain JSE Listing and Rating</i>).	Yes
44. Early Redemption Amount(s) payable on redemption for taxation reasons pursuant to Condition 11.2 (<i>Redemption for Tax Reasons</i>), on Event of Default pursuant to Condition 17 (<i>Events of Default</i>), on a Change of Control pursuant to Condition 11.5 (<i>Redemption in the event of a Change of Control</i>) or in relation to a failure to maintain a JSE Listing and Rating pursuant to Condition 11.6 (<i>Redemption in the event of a failure to maintain JSE Listing and Rating</i>) (if required or if different from that set out in the relevant Conditions).	N/A
GENERAL	
45. Financial Exchange	Interest Rate Market of the JSE
46. Additional selling restrictions	N/A
47. ISIN No.	ZAG000224460
48. Bond Code	FIFB36
49. Stabilising manager	N/A
50. Provisions relating to stabilisation	N/A
51. Method of distribution	Private placement

52. Rating assigned to the Issuer	<p>Global Credit Rating Co. as at 25 April 2025:</p> <p>National: Short term A1+(za) Long term AA(za)</p> <p>Moody's Rating as at 26 January 2026:</p> <p>National: Short term P-1.za Corporate Family Rating: Ba2 National: Long term Aa2.za</p>
53. Applicable Rating Agency	Global Credit Rating Co. and Moody's Investors Service South Africa (Pty) Ltd
54. Governing law (if the laws of South Africa are not applicable)	N/A
55. Other provisions	See Appendix 1 headed " <i>Additional Terms and Conditions relating to the FIFB36 Notes - Redemption in the event of a breach of Loan to Value Financial Covenant</i> " and Appendix 2 headed " <i>Additional Terms and Conditions</i> " relating to the Notes and Appendix 3 " <i>Additional Risk Factors Relating to ZARONIA</i> "
56. Total Notes in Issuance	ZAR10,918,000,000
57. Additional Risk Factors	The Risk Factors set out in Appendix 3 headed " <i>Additional Risk Factors Relating to ZARONIA</i> " of this Applicable Pricing Supplement apply to the Tranche of Notes to which this Applicable Pricing Supplement applies. Prospective investors are to ensure that they have read Appendix 3 headed " <i>Additional Risk Factors Relating to ZARONIA</i> " as well as the detailed information set out in the Programme Memorandum, read with the Information Statement, to reach their own views prior to making any investment decision.

DISCLOSURE REQUIREMENTS IN TERMS OF PARAGRAPH 3(5) OF THE COMMERCIAL PAPER REGULATIONS IN RELATION TO THIS ISSUE OF NOTES AS AT THE ISSUE DATE

At the date of the Applicable Pricing Supplement:

58. Paragraph 3(5)(a)

The “*ultimate borrower*” (as defined in the Commercial Paper Regulations) is the Issuer.

59. Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the Notes.

60. Paragraph 3(5)(c)

The auditor of the Issuer is KPMG Incorporated.

61. Paragraph 3(5)(d)

As at the date of this issue:

- (a) the Issuer has issued ZAR10,918,000,000 (excluding this issue and any other Notes issuing on the same Issue Date) of Commercial Paper (as defined in the Commercial Paper Regulations); and
- (b) the Issuer estimates that it will not issue any further Commercial Paper during the current financial year, ending 30 June 2026.

62. 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.

63. 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.

64. Paragraph 3(5)(g)

The Notes issued will be listed.

65. 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.

66. Paragraph 3(5)(i)

The payment obligations of the Issuer in respect of the Notes are guaranteed in terms of the Guarantee provided by the Guarantors but are otherwise unsecured.

67. Paragraph 3(5)(j)

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

Additional Disclosure:

The Dealer and its affiliates have a lending relationship with the Issuer and from time to time have performed, and in the future will perform, banking, investment banking, advisory, consulting and other financial services for the Issuer and its affiliates, for which it may receive customary advisory and transaction fees and expenses reimbursement.

In addition, in the ordinary course of their business activities, the Dealer and its affiliates may make loans or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such loans, investments and securities activities may involve

securities and/or instruments of the Issuer or the Issuer's affiliates (including the Notes). The Dealer or its affiliates may hedge their credit exposure to the Issuer consistent with their customary risk management policies.

Responsibility:

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from this Applicable Pricing Supplement which would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the Programme Memorandum as read together with this Applicable Pricing Supplement contains all information required by law and the Debt and Specialist Securities Listings Requirements of the JSE. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement and all documents incorporated by reference (see the section of the Programme Memorandum headed "*Documents Incorporated by Reference*"), except as otherwise stated therein.

The JSE takes no responsibility for the contents of the Programme Memorandum, the annual reports, which include the financial statements and this Applicable Pricing Supplement of the Issuer and any amendments or supplements to the aforementioned documents. The JSE makes no representation as to the accuracy or completeness of the Programme Memorandum, the annual reports, which include the financial statements and this Applicable Pricing Supplement of the Issuer and any amendments or supplements to the aforementioned documents and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the aforementioned documents. The JSE's approval of the registration of the Programme Memorandum and listing of the Notes is not to be taken in any way as an indication of the merits of the Issuer or of the Notes and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

Programme Amount:

As at the date of this Applicable Pricing Supplement, the Issuer confirms that the authorised Programme Amount of ZAR20,000,000,000 has not been exceeded.

Material Change:

As at the date of this Applicable Pricing Supplement, and after due and careful enquiry, there has been no material change in the financial or trading position of the Issuer and its Subsidiaries since the date of the Issuer's latest consolidated unaudited interim results for the six months ended 31 December 2025.


As at the date of this Applicable Pricing Supplement, there has been no involvement by KPMG Incorporated, in making the aforementioned statement.

Listing:

Application is hereby made to list this issue of Notes on 16 April 2026.

SIGNED at Monroeville on this 13th day of APRIL 2026

For and on behalf of
FORTRESS REAL ESTATE INVESTMENTS LIMITED


Name: Ian Vorster
Capacity: Director
Who warrants his authority hereto


Name: Sipho Majija
Capacity: Director
Who warrants his authority hereto

ADDITIONAL TERMS AND CONDITIONS RELATING TO THE FIFB36 NOTES - REDEMPTION IN THE EVENT OF A BREACH OF LOAN TO VALUE FINANCIAL COVENANT

1. **Redemption in the event of a breach of Loan to Value Financial Covenant**
- 1.1 The Issuer shall, for as long as the FIFB36 Notes remain Outstanding, maintain the Loan to Value Financial Covenant.
- 1.2 The Issuer shall be required to test the Loan to Value Financial Covenant within 90 (ninety) Days of the end of each interim financial period or financial year, as the case may be.
- 1.3 If a breach of Loan to Value Financial Covenant (as defined below) occurs at any time while any FIFB36 Note remains Outstanding, then the Issuer shall within 20 (twenty) Days after the Issuer becoming aware of a breach of Loan to Value Financial Covenant take reasonable steps to remedy such breach of Loan to Value Financial Covenant, failing which, the Issuer shall promptly give notice to the Noteholders in accordance with Condition 19 (*Notices*) specifying the nature of the breach of Loan to Value Financial Covenant and the circumstances giving rise to it and the procedure for exercising the option contained in paragraph 1.4 below (**Breach of Loan to Value Financial Covenant Notification**).
- 1.4 Such option shall be exercisable by the Noteholders by the delivery of a written notice (a **Breach of Loan to Value Financial Covenant Redemption Notice**) to the Issuer at its registered office within 30 (thirty) Days after the receipt by the Noteholders of the Breach of Loan to Value Financial Covenant Notification, unless prior to the delivery by that Noteholder of its Breach of Loan to Value Financial Covenant Redemption Notice the Issuer gives notice to redeem the FIFB36 Notes.
- 1.5 Subject to paragraph 1.4, the Issuer shall redeem all FIFB36 Notes held by the Noteholders at its Early Redemption Amount together with accrued interest (if any) within 15 (fifteen) Days of having received a Breach of Loan to Value Financial Covenant Redemption Notice from the Noteholders to redeem such FIFB36 Notes.
- 1.6 In the event of any dispute in respect of any calculation relating to the Loan to Value Financial Covenant referred to in paragraph 1.7, such dispute shall be determined by the Issuer's independent auditors, acting as experts and not as arbitrators (taking into account the Terms and Conditions), whose determination will, in the absence of manifest error, be final and binding on the Issuer and Noteholders. The cost of such independent auditors in resolving such dispute shall be borne by the Issuer.
- 1.7 For the purposes of this paragraph 1 (*Redemption in the event of a breach of Loan to Value Financial Covenant*):
 - 1.7.1 **Loan to Value Financial Covenant** means the Loan to Value Ratio (as defined below) to be maintained by the Issuer for as long as any FIFB36 Notes remain Outstanding under the Terms and Conditions, whereby such Loan to Value Ratio shall not exceed 50% (fifty percent).
 - 1.7.2 **Loan to Value Ratio** means in respect of the Issuer, whilst any FIFB36 Notes remain Outstanding:
 - 1.7.2.1 the secured and unsecured debt plus any sureties or guarantees secured by the assets less cash and cash equivalents of the Fortress Group, provided by the Fortress Group for any liability or obligation of the Fortress Group after the Programme Date;
 - 1.7.2.2 divided by the sum of the market value of the property portfolio and the listed stock portfolio of the Fortress Group, expressed as a percentage.

ADDITIONAL TERMS AND CONDITIONS OF THE NOTES

The following are additional Terms and Conditions (the **Additional Terms and Conditions**) in respect of the FIFB36 Notes (the **Notes**) which will be incorporated by reference into each Note of this Series.

1. SCREEN RATE DETERMINATION FOR FLOATING RATE NOTES WHICH REFERENCE ZARONIA REFERENCING COMPOUNDED DAILY ZARONIA (LOOKBACK WITHOUT OBSERVATION SHIFT)

- 1.1 The Interest Rate payable from time to time in respect of the Notes for each Interest Period will, subject as provided below, be Compounded Daily ZARONIA (as defined below) for the relevant Interest Period plus the Margin (as specified in this Applicable Pricing Supplement), all as determined by the Calculation Agent in accordance with the provisions below, where:

Compounded Daily ZARONIA means, with respect to an Interest Period, the rate of return of a daily compound interest investment in ZAR (with ZARONIA as the Reference Rate for the calculation of interest) as calculated by the Calculation Agent (or such other party responsible for the calculation of the Interest Rate, as specified in this Applicable Pricing Supplement) on the relevant Interest Determination Date, in accordance with the following formula, and the resulting percentage will be rounded, if necessary, to the Relevant Decimal Place:

$$\left[\prod_{i=1}^{d_0} \left(1 + \frac{\text{Relevant ZARONIA}_{i-5\text{JBD}} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

d is, in relation to any Interest Period, the number of calendar days in such Interest Period;

d₀ is, in relation to any Interest Period, the number of Johannesburg Business Days in such Interest Period;

i is, in relation to any Interest Period, a series of whole numbers from one to **d₀**, each representing the relevant Johannesburg Business Day in chronological order from, and including, the first Johannesburg Business Day in such Interest Period;

Johannesburg Business Day or JBD means a day (other than a Saturday, a Sunday or an official public holiday) on which commercial banks are open for general business in Johannesburg, South Africa;

n_i, for any Johannesburg Business Day “**i**” in the relevant Interest Period, means the number of calendar days from and including such Johannesburg Business Day “**i**” up to but excluding the following Johannesburg Business Day;

Observation Lookback Period means the period specified as such in this Applicable Pricing Supplement;

Publication Time means at or about 10.00 a.m. (Johannesburg time) or any amended publication time for the final intraday refix of ZARONIA specified by the SARB, as the administrator of ZARONIA (or any successor administrator of ZARONIA);

Relevant Decimal Place shall be the number of decimal places specified in this Applicable Pricing Supplement and will be rounded up or down, if necessary (with half of the highest decimal place being rounded upwards) (or, if no such number is specified, it shall be 5 (five));

Relevant ZARONIA_{i-5JBD} means, in respect of any Johannesburg Business Day **i** falling in the relevant Interest Period, the ZARONIA Reference Rate for the Johannesburg Business Day (being a Johannesburg Business Day falling in the relevant ZARONIA Observation Period) falling 5 (five) Johannesburg Business Days prior to the relevant Johannesburg Business Day **i**;

SARB means the South African Reserve Bank;

SARB's Website means the website of the SARB currently at <http://www.resbank.co.za>, or any successor page or website of the SARB (or a successor administrator of ZARONIA) or any successor source;

ZARONIA means the South African Overnight Index Average administered by the SARB (known as ZARONIA);

ZARONIA Observation Period means, in respect of the relevant Interest Period, the period from (and including) the date falling 5 (five) Johannesburg Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on (and include) the Interest Commencement Date) and ending on (but excluding) (a) the date falling 5 (five) Johannesburg Business Days prior to the Interest Payment Date for such Interest Period (and the last Interest Period shall end on (but exclude) the Maturity Date), or (b) the date falling 5 (five) Johannesburg Business Days prior to such earlier date, if any, on which the Notes become due and payable; and

ZARONIA Reference Rate means, in respect of any Johannesburg Business Day, a reference rate equal to the daily ZARONIA rate for such Johannesburg Business Day as provided by the SARB, as the administrator of ZARONIA (or any successor administrator of ZARONIA) to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is not specified or is unavailable at the Publication Time, as otherwise published by such authorised distributors or, if such daily ZARONIA rate cannot be obtained from such authorised distributors, as published on the SARB's Website, on the Johannesburg Business Day immediately following such Johannesburg Business Day.

For the avoidance of doubt, the formula for the calculation of Compounded Daily ZARONIA only compounds the ZARONIA Reference Rate in respect of any Johannesburg Business Day. The ZARONIA Reference Rate applied to a day that is not a Johannesburg Business Day will be taken by applying the ZARONIA Reference Rate for the previous Johannesburg Business Day.

1.2 If, in respect of any Johannesburg Business Day in the relevant ZARONIA Observation Period, the ZARONIA Reference Rate is not available on the Relevant Screen Page, has not otherwise been published by the relevant authorised distributors or is not published on the SARB's Website, such ZARONIA Reference Rate shall be:

1.2.1 the daily ZARONIA rate last published on the SARB's Website the ZARONIA Reference Rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Johannesburg Business Day on which the ZARONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) (the **Historic ZARONIA Reference Rate**); or

1.2.2 if the Historic ZARONIA Reference Rate is not available, the sum of (i) the SARB Policy Rate prevailing at close of business on the relevant Johannesburg Business Day, and ii) the mean of the spread of the ZARONIA Reference Rate to the SARB Policy Rate over the previous 5 (five) Johannesburg Banking Days on which a ZARONIA Reference Rate has been published (after eliminating the highest such spread (or, in the event of equality, one of the highest) and the lowest such spread (or in the event of equality, one of the lowest),

For the purposes of this paragraph **SARB Policy Rate** means, in respect of any relevant day (including any day "i"), the repo rate (or any successor rate) which is the main policy rate of the SARB as determined and set by the monetary policy committee of the SARB and published by the SARB from time to time, in effect on that day.

1.3 In the event that the Interest Rate cannot be determined in accordance with the foregoing provisions of this Appendix 2 (*Screen Rate Determination for Floating Rate Notes Referencing Compounded Daily ZARONIA (Lookback Without Observation Shift)*), the Interest Rate shall be:

1.3.1 that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the

- relevant Interest Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or
- 1.3.2 if there is no such preceding Interest Determination Date, the initial Interest Rate which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).
- 1.4 If the relevant Series of Notes become due and payable in accordance with Condition 11 (*Redemption and Purchase*) or Condition 17 (*Events of Default*), the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in this Applicable Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Interest Rate on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

ADDITIONAL RISK FACTORS RELATING TO ZARONIA**The market continues to develop in relation to ZARONIA as a reference rate for Floating Rate Notes**

Investors should be aware that the market continues to develop in relation to ZARONIA as a reference rate in the capital markets and its adoption as alternatives to SAFEX-JIBAR. In addition, market participants and relevant working groups are exploring alternative reference rates based on ZARONIA, including a term ZARONIA reference rate (which seeks to measure the market's forward expectation of an average ZARONIA rate over a designated term). The development of ZARONIA rates as interest reference rates for the South African bond market, as well as continued development of ZARONIA based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of the Notes.

The use of ZARONIA as a reference rate for bonds in the South African capital markets continues to develop both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing ZARONIA.

The market or a significant part thereof may adopt an application of ZARONIA that differs significantly from that set out in the Terms and Conditions as applicable to the Notes. Furthermore, the Issuer may in future issue Notes referencing ZARONIA that differ materially in terms of interest determination when compared with the Notes. In addition, the manner of adoption or application of ZARONIA reference rates in the South African bond market may differ materially compared with the application and adoption of ZARONIA in other markets, such as the derivatives and loan markets. Noteholders should carefully consider how any mismatch between the adoption of ZARONIA reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing ZARONIA.

ZARONIA differs from SAFEX-JIBAR in a number of material respects and has a limited history

ZARONIA differs from SAFEX-JIBAR in a number of material respects, including that ZARONIA is a backwards-looking, risk-free overnight rate, whereas SAFEX-JIBAR is expressed on the basis of a forward-looking term and includes a risk-element based on inter-bank lending. As such, investors should be aware that ZARONIA may behave materially differently as interest reference rates for the Notes, compared to SAFEX-JIBAR.

The future performance of ZARONIA may be difficult to predict based on the limited historical performance. The level of ZARONIA during the term of the Notes may bear little or no relation to the historical level of ZARONIA. Prior observed patterns, if any, in the behaviour of market variables and their relation to ZARONIA such as correlations, may change in the future.

Furthermore, the Interest Rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for Noteholders to estimate reliably the amount of interest which will be payable on the Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of the Notes.

The administrator of ZARONIA may make changes that could change the value of ZARONIA or discontinue ZARONIA

The South African Reserve Bank (or its successor), as administrator of ZARONIA, may make methodological or other changes that could change the value of ZARONIA, including changes related to the method by which ZARONIA is calculated, eligibility criteria applicable to the transactions used to calculate ZARONIA, or timing related to the publication of ZARONIA. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of ZARONIA (in which case a fallback method of determining the interest rate on the Notes will apply). The relevant administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing ZARONIA.