

**APPLICABLE PRICING SUPPLEMENT**



**Blue Diamond X Investments (RF) Limited**

*(Incorporated on 24 May 2013 with limited liability in South Africa under Registration No. 2013/084885/06)*

**Issue of ZAR400,540,000 Floating Rate Limited Recourse Senior Secured Notes**

**Under its ZAR 10 000 000 000 Secured Note Programme**

**Series Transaction No. 11**

**Secured Note Programme**

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. References in this Applicable Pricing Supplement to the Terms and Conditions are to the section headed "Terms and Conditions of the Notes" in the Programme Memorandum dated 20 May 2014 (the "**Programme Memorandum**") as supplemented and/or amended and/or replaced by the terms and conditions set out in this Applicable Pricing Supplement. Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meaning ascribed to them in the section of the Programme Memorandum headed "Glossary of Terms", unless separately defined in the Programme Memorandum, the Applicable Transaction Supplement or this Applicable Pricing Supplement. References to any Condition in this Applicable Pricing Supplement are to that Condition of the Terms and Conditions.

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that the Applicable Pricing Supplement contains all information required by law and the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the Applicable Pricing Supplement, the Programme Memorandum, the annual financial statements, the annual report and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

**The purchase of Notes involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in the Programme Memorandum (including "Investment Considerations" on pages 9 to 16 of the Programme Memorandum) and this Applicable Pricing Supplement**

**(including the “Additional Risk Factors” attached to this Applicable Pricing Supplement as Annex 2).**

The JSE takes no responsibility for the contents of the Applicable Pricing Supplement, the Programme Memorandum, the annual financial statements, the annual report 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 Applicable Pricing Supplement, Programme Memorandum and the annual financial statements, the annual report 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 debt securities is not to be taken in any way as an indication of the merits of the issuer or of the debt securities and that, to the extent permitted by law, the JSE will not be liable for any claim whatsoever.

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum and the Applicable Transaction Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum and/or the Applicable Transaction Supplement, the provisions of this Applicable Pricing Supplement shall prevail.

#### **PART A: NOTES**

1.	Issuer:	Blue Diamond X Investments (RF) Limited
2.	Status and Class of Notes:	Senior Secured
3.	Note Rating as at the Issue Date:	Not Applicable
4.	Note Rating review date	Not Applicable
5.	Rating Agency:	Not Applicable
6.	Series Transaction	11
7.	Tranche Number:	1
8.	Series Number:	1
9.	Aggregate Principal Amount:	ZAR400,540,000
10.	Issue Date:	16 February 2022

- |     |                                     |   |
|-----|-------------------------------------|---|
| 11. | Specified Denomination:             | ZAR1,000,000 and integral multiples of ZAR1 thereafter  |
| 12. | Issue Price:                        | ZAR375,000,000  |
| 13. | Final Maturity Date:                | 01 February 2030 (the <b>Scheduled Maturity Date</b> ); subject as provided in the “Additional and Replacement Provisions” set out in Annex 1 hereto (the <b>Additional Provisions</b> ). |
| 14. | Redemption Amount:                  | The Notes will, subject to the Additional Provisions, be redeemed on the Final Maturity Date at the Final Redemption Amount as defined in Additional Provisions.                          |
| 15. | Form of Notes:                      | Registered Notes  |
| 16. | Applicable Business Day Convention: | Following Business Day  |
| 17. | Other:                              | Not Applicable  |

#### PROGRAMME AMOUNT

- |     |   |                   |
|-----|---|-------------------|
| 18. | Programme Amount as at the Issue Date:  | ZAR10,000,000,000 |
| 19. | Aggregate Principal Amount Outstanding of all of the Notes issued under the Issuer Programme as at the Issue Date (excluding Notes issued on the Issue Date): | ZAR1,541,368,686  |

#### ADDITIONAL/AMENDED/REPLACEMENT TERMS AND CONDITIONS

- |     |                                  |   |                                |
|-----|----------------------------------|---|--------------------------------|
| 20. | Additional Terms and Conditions: | – | See the Additional Provisions. |
| 21. | Replacement Terms and Conditions | – | See the Additional Provisions. |

**ZERO COUPON NOTES**

- |     |                  |                |
|-----|------------------|----------------|
| 22. | Implied yield:   | Not Applicable |
| 23. | Reference price: | Not Applicable |
| 24. | Other:           | Not Applicable |

**FLOATING RATE NOTES**

- |     |                             |   |
|-----|-----------------------------|---|
| 25. | Interest Commencement Date: | Issue Date  |
| 26. | Interest Payment Date(s):   | 01 February, 01 May, 01 August and 01 November in each year until the Maturity Date, with the first Interest Payment Date being 01 May 2022, or, if such day is not a Business Day, the Business Day on which the interest will be paid, as determined in accordance with the applicable Business Day Convention (as specified in this Applicable Pricing Supplement), unless the Notes are redeemed earlier in accordance with the terms hereof.   |
| 27. | Interest Period(s):         | Each period commencing on (and including) an Interest Payment Date and ending on (but excluding) the following Interest Payment Date, provided that the first Interest Period will commence on (and include) the Interest Commencement Date and end on (but exclude) the following Interest Payment Date and the last Interest Period shall end on (but exclude) the last Interest Payment Date (Final Maturity Date) (each Interest Payment Date as adjusted in accordance with the applicable Business Day Convention), subject as provided in the Additional Provisions. |
| 28. | Interest Rate:              | <p>The greater of (i) the Coupon Rate and (ii) zero</p> <p>For purposes of this 28, "Coupon Rate" means Capital Factor x (14.87% minus 3 month ZAR-JIBAR-SAFEX).</p> <p>Where Capital Factor for the relevant Interest Period is as follows:</p>  |

Interest Period Starting	Capital Factor
Issue Date	0.9362363
01-May-22	0.9362363
01-Aug-22	0.9372555
01-Nov-22	0.9372555
01-Feb-23	0.9400365
01-May-23	0.9400365
01-Aug-23	0.9431841
01-Nov-23	0.9431841
01-Feb-24	0.9464763
01-May-24	0.9464763
01-Aug-24	0.9499196
01-Nov-24	0.9499196
01-Feb-25	0.9535209
01-May-25	0.9535209
01-Aug-25	0.9572875
01-Nov-25	0.9572875
01-Feb-26	0.9617038
01-May-26	0.9617038
01-Aug-26	0.9653473
01-Nov-26	0.9653473
01-Feb-27	0.9698972
01-May-27	0.9698972
01-Aug-27	0.9746393
01-Nov-27	0.9746393
01-Feb-28	0.9788781
01-May-28	0.9788781
01-Aug-28	0.9838086
01-Nov-28	0.9838086
01-Feb-29	0.9889654
01-May-29	0.9889654
01-Aug-29	0.9940004
01-Nov-29	0.9940004

29. Interest Rate Determination Date(s): 01 February, 01 May, 01 August and 01 November in each year, with the first Interest Determination Date being the Issue Date

30. Other The Interest Amount payable in respect of each Note for each Interest Period will be the amount determined in accordance with the following formula:

Aggregate Principal Amount Outstanding of the

Notes x Interest Rate x Days/365 (Fixed) x Specified Denomination / Aggregate Principal Amount Outstanding of the Notes.

The Additional Fallback provisions, as provided in ANNEX 4, shall apply and the Relevant Benchmark shall be ZAR-JIBAR-SAFEX.

#### **FIXED RATE NOTES**

31.	Interest Commencement Date:	Not Applicable
32.	Interest Payment Date(s):	Not Applicable
33.	Interest Period(s):	Not Applicable
34.	Fixed Interest Rate(s):	Not Applicable
35.	Calculation Method:	Not Applicable
36.	Initial Broken Amount:	Not Applicable
37.	Final Broken Amount:	Not Applicable
38.	Interest Rate Determination Date(s):	Not Applicable
39.	Any other terms relating to the particular method of calculating interest:	Not Applicable

#### **INDEX-LINKED NOTES**

40.	Description of index:	Not Applicable
41.	Interest Commencement Date:	Not Applicable
42.	Interest Payment Date(s):	Not Applicable
43.	Base Consumer Price Index:	Not Applicable

- 44. Formula in accordance with which Interest Amount is to be determined: Not Applicable
- 45. Formula in accordance with which redemption amount in respect of principal is to be determined: Not Applicable
- 46. Provisions where calculation by reference to index and/or formula is impossible or impracticable: Not Applicable
- 47. Day Count Fraction: Not Applicable
- 48. Index Calculation Agent: Not Applicable
- 49. Other: Not Applicable

**MIXED RATE NOTES**

Not Applicable

**REDEMPTION IN INSTALMENTS**

- 50. Date of first instalment: Not Applicable
- 51. Amount of first Instalment Amount: Not Applicable
- 52. Date of second instalment: Not Applicable
- 53. Amount of second Instalment Amount: Not Applicable
- 54. Dates and amounts of any additional instalments: Not Applicable

**CALL OPTION**

55. Call: Applicable
56. Non-Call Period: Not applicable
57. Circumstances in which Call may be exercised:
- a. On the relevant Optional Redemption Dates, as contemplated in Condition 9.1 (*Call*);
  - b. upon the occurrence of a Minimum Value Trigger Event; and
  - c. at any time, as contemplated in Condition 9.6 (*Redemption for Tax Reasons*).
58. Optional Redemption Amount(s) or method of calculating such amount(s): The Early Redemption Amount as defined in the Additional Provisions.
59. Optional Redemption Date(s):
- a. In respect of Condition 9.1 (*Call*), the Business Day specified in the Call Notice;
  - b. In respect of the Minimum Value Trigger Event, the Business Day specified in the Call Notice;
  - c. In respect of Condition 9.6 (*Redemption for Tax Reasons*) The Business Day specified in the Call Notice.
60. If redeemable in part: Not applicable
61. Notice period (if different from the Programme Memorandum):
- The notice periods applicable to the circumstances specified in paragraphs 57 (a) and (c) above, will be as prescribed in Condition 9.1 (*Call*).
- The notice period applicable to the circumstances specified in paragraph 57(b) above, will be not less than 5 (five) Business



Days following delivery of the Call Notice

62. Other:
- a. A Call Notice must, in addition to the Series Security Trust and the Series Noteholders, be delivered by the Issuer to the Hedge Counterparty.
  - b. Nothing to contrary in the Programme Memorandum withstanding, the Early Redemption Amount for purposes of Condition 9.3 (Prepayment Option) will be the Early Redemption Amount as defined in the Additional Conditions.
  - c. The Minimum Value for purposes of the Minimum Value Trigger Event is 35% of the aggregate Principal Amount Outstanding of the Notes.

**PUT OPTION**

63. Put: Not Applicable

**PART B: SERIES TRANSACTION**

64. Series Transaction Counterparty SBSA
65. Participating Asset Acquisition Agreement The bond purchase confirmation (“**Bond Confirmation**”) between SBSA and the Issuer, in terms of which the Issuer agrees to purchase the Participating Assets from SBSA pursuant to a bond transaction executed on the JSE Limited. A copy of the Bond Confirmation is available for inspection at the office of the Issuer as set out in the Programme Memorandum and available on request from the Administrator.
66. Participating Assets: All right, title and interest in and to:  
  
ZAR400,540,000 nominal amount of the

bond with issue details as follows:

Issuer: Republic of South Africa

Maturity: 31 January 2030

Coupon: 8.00%

CUSIP/ISIN: ZAG000106998

67. Further disclosure requirement in terms of the JSE Debt Listing Requirements in respect of the Participating Assets:

Maturity date: 31 January 2030

Payment periods: 31 July and 31 January in each year up to and including 31 January 2030

Amortising: No

Nominal value: ZAR400,540,000

Financial year-end of the issuing entity:  
31 March

If the asset is guaranteed, details of the guarantor: Not applicable

The financial information of the issuer of the Participating Asset will be available on <http://www.treasury.gov.za/publications/annual%20reports/Consolidated%20financial%20statements/default.aspx>. As of the Issue Date the aforementioned information can be obtained from the aforementioned website. The Issuer shall not however be responsible for: (i) such information (a) remaining on such website, (b) being removed from such website, (c) being moved to another location or (d) for notifying any party (including the Noteholder) of the occurrence of any of the events stated in (i)(b) and (i)(c) and/or (ii) the correctness and/or completeness of such information.

68. Obligor(s):

The "Issuer" as specified in paragraph 66 above.

69.	Rights of Recourse	Direct, unsubordinated
70.	Jurisdiction (including of any related security):	South Africa
71.	Additional Series Transaction Documents:	The Hedging Agreement (as defined in the Additional Provisions).
72.	Series Priority of Payments:	See the section in the Programme Memorandum entitled " <i>Series Priority of Payments</i> "
73.	Series Security Trust/Guarantor:	The Blue Diamond X No. 11 Security Trust (IT 001376/2020 (G))
	73.1 signed copy of Series Guarantee sent to the JSE	Yes
	73.2 signed copy of Series Security Trust resolution sent to the JSE	Yes
74.	Non-Performing Asset Trigger Event:	As set out in the Additional Provisions
75.	Non-Performing Asset Clean-Up Option:	Not Applicable
76.	Eligibility Criteria	Not Applicable
77.	Liquidity Facility	Not Applicable
78.	Credit Enhancement	Not Applicable
	78.1 signed copy of relevant agreement (where applicable) sent to the JSE	Not Applicable
79.	Credit Rating	Not Applicable
80.	Hedge Counterparty	SBSA

81. Description of Hedging Agreement

Please refer to Annex 3 - "Description of Hedging Agreement", which contains a summary of certain provisions of the Hedging Agreement (as defined in the Additional Provisions). A copy of (i) the Master Agreement and (ii) the Confirmations in respect of the Hedging Transaction(s) setting out the full terms of the relevant Hedging Transaction(s), is available for inspection at the office of the Issuer as set out in the Programme Memorandum and available on request from the Administrator.

The Issuer has entered into the following Hedging Transactions:

Interest rate swaps

82. Related security (if any) Not Applicable

83. Additional Provisions/Definitions: As set out in the Additional Provisions

**PART C: GENERAL**

84. Additional investment considerations: As set out in Annex 2 – "Additional Risk Factors"

85. Credit Rating: Not Applicable

86. Additional selling restrictions: Not Applicable

87. Issuer Undertakings: Condition 7 of the Terms and Conditions

88. Issuer Programme Events of Default: Condition 13.1 of the Terms and Conditions

89. Dealer: SBSA

90. International Securities Numbering (ISIN): ZAG000183716

91. Stock Code: BDX39

92.	Financial Exchange:	Interest Rate Market of the JSE
93.	Settlement and clearing procedures (if not through Strate):	Not Applicable
94.	Last Day to Register, which shall mean that the "books closed period" (during which the Register will be closed) will be from each Last Day to Register to the applicable Payment Day until the date of redemption:	17h00 on 20 January, 19 April, 20 July and 20 October of each year commencing on 19 April 2022, until the Scheduled Maturity Date.  If any such day is not a Business Day, the Business Day before each books closed period
95.	Books closed period	The "books closed period" (during which the Register will be closed) will be from 21 January, 20 April, 21 July and 21 October, until the applicable Interest Payment Date
96.	Transfer Agent:	SBSA
97.	Settlement Agent:	SBSA
98.	Specified Office of the Transfer Agent:	Investor Services, 3rd Floor, 25 Pixely Ka Isaka Seme Street, Johannesburg, 2001
99.	Stabilisation Manager (if any):	Not Applicable
100.	Capital raising process:	Private Placement
101.	Use of Proceeds:	Acquisition of Participating Assets
102.	Exchange Control:	Not Applicable
103.	Listing and Admission to Trading	Application has been/will be made for the Notes to be listed and admitted to trading on the JSE with effect from, the earliest, the Issue Date. No assurances can be given that such application for listing and admission to trading will be granted (or, if granted, will be granted by the Issue Date).

The Issuer has no duty to maintain the listing (if any) of the Notes on the relevant stock exchange(s) over their entire lifetime. Notes may be suspended from trading and/or de-listed at any time in accordance with applicable rules and regulations of the relevant stock exchange(s).

104. Other provisions:

The Administration Agreement Addendum (as defined in the Additional Provisions) will apply to the Series Transaction.

## ANNEX 1

### ADDITIONAL AND REPLACEMENT PROVISIONS

*The sections of the Programme Memorandum headed “Terms and Conditions” and “Glossary of Terms” are amended and supplemented by the additional and replacement terms set out in this Annex 1. To the extent that there is any conflict or inconsistency between the contents of this Annex 1 and the Programme Memorandum the provisions of this Annex 1 shall prevail.*

*The additional definitions and terms and conditions set out in this Annex 1 will only apply to the Notes referred to in this Applicable Pricing Supplement and not to any other Notes issued under the Programme.*

#### 1. Additional definitions

- 1.1 Terms defined in the Hedging Agreement (as defined below) shall bear the same meaning when used in the Applicable Pricing Supplement.
- 1.2 In this Applicable Pricing Supplement, unless inconsistent with the context, the following expressions shall have the following meanings:
- (a) **Administration Agreement** means the Administration Agreement as defined in the Glossary of Terms, as amended and supplemented by the Administration Agreement Addendum.
  - (b) **Administration Agreement Addendum** means the addendum to the Administration Agreement dated on or about the Issue Date which contains certain additional or replacement provisions in respect of the Notes referred to in this Applicable Pricing Supplement, setting out the terms on which the Administrator acts as agent on behalf of the Issuer in certain respects and provides administration functions in respect of the realisation of the Participating Assets as contemplated in this Annex 1.
  - (c) **Early Redemption Amount** means the Note Realisation Amount in respect of a Note, as determined by the Notes Calculation Agent.
  - (d) **Final Redemption Amount** means, the Note Realisation Amount in respect of a Note, as determined by the Notes Calculation Agent.
  - (e) **Hedge Counterparty** means SBSA or any person (provided it has the Highest Short Term Credit Rating, if applicable) with whom the Issuer concludes a Hedging Agreement.
  - (f) **Hedging Agreement** means the confirmation/s evidencing the Hedging Transaction(s) (the **Confirmations**) entered into between the Issuer and the Hedge Counterparty on or about the Issue Date, and subject to the Master Agreement described therein.
  - (g) **Hedging Agreement Termination Redemption Event** means that an Early Termination Date has been designated under the Hedging Agreement, for any reason

whatsoever in accordance with the terms thereof, prior to the Final Maturity Date.

- (h) **Master Agreement** means the 2002 ISDA Master Agreement entered into between the Issuer and the Hedge Counterparty on or about the Issue Date, as amended by and subject to the terms of Schedule thereto and the Confirmations.
- (i) **Minimum Value Trigger Event** means that the Notes Calculation Agent has, at any time, determined that the Unwind Value would be less than the Minimum Value specified in the Applicable Pricing Supplement.
- (j) **Non-Performing Asset Trigger Event** means, in relation to a Participating Asset, (i) such Participating Asset is in arrears (without regard for any applicable remedy period); or (ii) any other event of default or potential event of default under such Participating Asset has occurred (in other words, other than as contemplated in (i)); and provided that in either event, the Notes Calculation Agent has determined that such event constitutes a Non-Performing Asset Trigger Event.
- (k) **Non-Performing Asset Trigger Notice** the written notice from the Notes Calculation Agent to the Issuer, the Administrator, the Series Security Trust, the Hedge Counterparty and the Series Noteholders of the occurrence of a Non-Performing Asset Trigger Event.
- (l) **Note Realisation Amount** has the meaning ascribed in paragraph 6.5 below.
- (m) **Notes Calculation Agent** means SBSA.
- (n) **Realisation Amount** means, the equivalent in the Specified Currency of the net proceeds of the realisation or, as the case may be, redemption of the Series Assets (or, as the case may be, part thereof) and/or, if applicable, the net proceeds due (if any) as a result of the termination (in whole or in part as the case may be) of any Hedging Agreement received by or on behalf of the Issuer (or, in the case of enforcement, by or on behalf of the Trustee), having taken into account any costs and expenses which may be incurred by or on behalf of the Issuer or, as the case may be, the Trustee, including taxes and other charges in connection with the delivery or sale of any Series Assets, to the extent the net proceeds are received in respect thereof.
- (o) **Realisation Proceeds** means the net proceeds of the realisation of the Participating Assets pursuant to paragraph 8.
- (p) **Relevant Dealer** means a dealer or market participant in obligations of a type similar to the Participating Assets as selected by the Administrator and which may include the Administrator, any Affiliate of the Administrator and the Series Noteholders at the time.
- (q) **Trigger Unwind Costs** means an amount determined by the Notes Calculation Agent equal to the sum of (without duplication) all costs, expenses (including loss of funding), tax and duties which are or would be incurred by the Issuer or gains, including funding benefits, actually realised by the Issuer, in which case expressed as a negative number, in connection with the redemption of the Notes and the related unwind, termination, settlement, amendment or re-establishment of any Hedging Transactions



and/or the realisation, sale or early unwind of any Series Assets, provided that on any day on which the Unwind Value is required to be determined where the Notes are not being redeemed on such day, the Trigger Unwind Costs will be determined based on the Notes Calculation Agent's estimate of what such costs, expenses, losses, taxes, duties or gains would be if the Notes were to be redeemed on such day and assuming that the relevant hedges or related trading positions would be unwound, terminated, settled, amended or re-established, as the case may be.

- (r) **Unwind Value** means on any day, in respect of all Notes, an amount equal to the sum of the value of each of the Hedging Transactions and the Series Assets on such day, determined by the Notes Calculation Agent in its sole discretion, acting in a commercially reasonable manner, which may be either positive or negative, minus any Trigger Unwind Costs.

## 2. **Early Redemption and disposal of Participating Assets following the occurrence of a Non-Performing Asset Trigger Event**

- 2.1 The provisions of Condition 12 will not apply to the Notes and shall be replaced by the provisions of this paragraph 2.
- 2.2 Upon the occurrence of a Non-Performing Asset Trigger Event, the Notes Calculation Agent shall deliver a Non-Performing Asset Trigger Notice within 5 Business Days after the occurrence of the Non-Performing Asset Trigger Event, and the Issuer shall redeem the Notes (or part thereof) as provided below.
- 2.3 The Non-Performing Asset Trigger Notice will be deemed to be an instruction to Issuer, with the assistance of the Administrator, to arrange for, and administer the sale of the Non-Performing Assets in accordance with paragraph 8 below, subject to the provisions of the Trust Deed and the Administration Agreement.
- 2.4 In the event of any such redemption under this paragraph 2 becoming due to be made by the Issuer, the Hedging Transaction(s) (or a proportionate part thereof) will be terminated in accordance with their terms.
- 2.5 Upon the sale of those Non-Performing Assets (as applicable), receipt of the Realisation Amount and calculation of the Early Redemption Amount, the Issuer will give notice to the Series Noteholders in accordance with Condition 18 (Notices), the Hedge Counterparty and the Series Security Trust (the **Redemption Notice**) (x) that the Notes (or part thereof) are to be redeemed pursuant to this paragraph 2 at the Early Redemption Amount, and (y) of the date upon which the Notes (or part thereof) are to be redeemed (which date shall be not more than ten nor less than five Business Days following receipt of the Realisation Proceeds).
- 2.6 Any delay in the delivery of a Non-Performing Asset Trigger Notice or failure by the Issuer to deliver a Redemption Notice will not affect the validity of a Non-Performing Asset Trigger Event.
- 2.7 In the event that only some of the Participating Assets are Non-Performing Assets, each Note will be partially redeemed on a *pro rata* basis in a principal amount equal to the proportion of the then outstanding principal amount of such Note that the principal amount of the Non-Performing Assets bears to the then aggregate principal amount of all of the Participating Assets (**Partial Redemption Amount**).

**3. Early Redemption and disposal of Participating Assets following the occurrence of a Minimum Value Trigger Event**

- 3.1 Upon the occurrence of a Minimum Value Trigger Event, the Notes Calculation Agent shall notify the Issuer in writing and the Issuer may elect to redeem the Notes as provided below.
- 3.2 Issuer may elect, but shall not be obliged, to redeem the Notes early, in whole but not in part, in accordance with the provisions of Condition 9.1, by delivering a Call Notice, regardless of whether or not the Unwind Value is still below the Minimum Value at the relevant time or on the Optional Redemption Date.
- 3.3 Following delivery of the Call Notice the Issuer, with the assistance of the Administrator, will arrange for, and administer the sale of the Participating Assets in accordance with paragraph 8 below, subject to the provisions of the Trust Deed and the Administration Agreement.
- 3.4 In the event that the Issuer delivers a Call Notice, the Hedging Transaction(s) will be terminated in accordance with their terms.

**4. Early Redemption and disposal of Participating Assets following the occurrence of a Hedging Agreement Termination Redemption Event**

- 4.1 Upon the occurrence of a Hedging Agreement Termination Redemption Event, the Administrator shall deliver a notice (a **Hedging Agreement Termination Redemption Event Notice**) to the Issuer, the Series Security Trust and the Series Noteholders within 3 (three) Business Days after the occurrence of the Hedging Agreement Termination Redemption Event, and the Issuer shall redeem the Notes, in whole but not in part, as provided below.
- 4.2 The Hedging Agreement Termination Redemption Event Notice will be deemed to be an instruction to Issuer, with the assistance of the Administrator, to arrange for, and administer the sale of the Participating Assets in accordance with paragraph 8 below, subject to the provisions of the Trust Deed and the Administration Agreement.
- 4.3 Upon receipt of the Realisation Amount and calculation of the Early Redemption Amount, the Issuer will give notice to the Series Noteholders in accordance with Condition 18 (Notices) and the Series Security Trust (the **Redemption Notice**) (x) that the Notes are to be redeemed pursuant to this paragraph 3 at the Early Redemption Amount, and (y) of the date upon which the Notes (or part thereof) are to be redeemed (which date shall be not more than ten nor less than five Business Days following receipt of the Realisation Proceeds).
- 4.4 Any delay in the delivery of a Hedging Agreement Termination Redemption Event Notice or failure by the Issuer to deliver a Redemption Notice will not affect the validity of a Hedging Agreement Termination Redemption Event.

**5. Realisation of Participating Assets for purposes of redemption of the Notes or payment of Instalment Amounts**

- 5.1 The Issuer may realise the Participating Assets in order to redeem the Notes on the Final Maturity Date at the relevant Final Redemption Amount, on written notice by the Notes Calculation Agent to the Administrator, the Series Security Trust and the Series Noteholders,

advising that all the Participating Assets are to be realised. Upon receipt of such notice, the Administrator will arrange for, and administer the sale of the relevant Participating Assets in accordance with paragraph 8 below, subject to the provisions of the Trust Deed and the Administration Agreement.

- 5.2 The Issuer may realise a portion of the Participating Assets in order to pay any Instalment Amount on an Instalment Date, on written notice by the Notes Calculation Agent to the Administrator, the Series Security Trust, the Series Noteholders and the Hedge Counterparty setting out the details of the Participating Assets to be realised, which Participating Assets will have an aggregate outstanding nominal amount equal to the relevant Instalment Amount, less any Series Transaction Monies and Permitted Investments available to pay the Instalment Amount, and rounded up to the nearest specified denomination of such Participating Assets (**Relevant Participating Assets**). Upon receipt of such notice, the Administrator will arrange for, and administer the sale of the Relevant Participating Assets in accordance with paragraph 8 below, subject to the provisions of the Trust Deed and the Administration Agreement.
- 5.3 The amount payable to Noteholders in respect of the relevant Instalment Amount will be limited to the their *pro rata* share of the net proceeds of the realisation of the Relevant Participating Assets, plus any Series Transaction Monies and Permitted Investments, less any costs and expenses which may be incurred by or on behalf of the Issuer or, as the case may be, the Trustee, including taxes and other charges in connection with the delivery or sale of the Relevant Participating Assets after all payments (including any amounts due to the Hedge Counterparty) have been made in accordance with the applicable Series Priority of Payments (**Note Instalment Proceeds**).

## **6. Realisation of Participating Assets and Limited Recourse**

- 6.1 The provisions of Condition 5, as supplemented by the provisions of this paragraph 6, will apply to the Series Transaction.
- 6.2 In the event that the Participating Assets are realised in accordance with paragraph 8 below, recourse in respect of the Series Transaction will be limited to the relevant Realisation Amount.
- 6.3 If the Realisation Amount is not sufficient to make all relevant payments due in connection with the Series Transaction after application thereof in accordance with the applicable Series Priority of Payments, the obligations of the Issuer in respect of such payments will be limited to such Realisation Amount. Other assets of the Issuer will not be available to satisfy any claims for such payments. Any shortfall between the relevant Realisation Amount and the aggregate of payments then due by the Issuer in connection with the Series Transaction shall be borne by each of the Secured Series Creditors in accordance with the Series Priority of Payments.
- 6.4 The amount due (if any) to the Hedging Counterparty as a result of the termination (in whole or in part as the case may be) of the Hedging Transaction(s) will be payable by the Issuer to the Hedge Counterparty in accordance with the terms of the Hedging Transaction(s) and as set out in the Series Priority of Payments.
- 6.5 The Series Noteholders agree that their rights under the Notes on redemption of the Notes shall be limited to their *pro rata* share of any applicable Realisation Amount which is payable to holders of the Notes, after all payments (including any amounts due to the Hedge Counterparty)

have been made in accordance with the applicable Series Priority of Payments (the **Note Realisation Amount**).

- 6.6 If the Notes become redeemable in full in accordance with paragraphs 2, 3 or 4, upon payment of the Early Redemption Amount, the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Early Redemption Amount, may be less than the Principal Amount Outstanding in respect of a Note, and any Principal Amount Outstanding remaining after the payment of the Early Redemption Amount, shall be reduced to zero and the Notes shall be cancelled as fully redeemed in accordance with Condition 9.7. Any shortfall will be borne by the Series Noteholders and no liability will attach to the Issuer.
- 6.7 If the Notes become redeemable in part in accordance with paragraph 2, upon payment of the Early Redemption Amount, the Issuer shall have discharged its obligations in respect of the Partial Redemption Amount and shall have no other liability or obligation whatsoever in respect thereof. The Early Redemption Amount may be less than the principal amount in respect of the Partial Redemption Amount. Any shortfall will be borne by the Series Noteholders and no liability will attach to the Issuer.
- 6.8 If the Participating Assets are realised pursuant to paragraph 5 above, upon payment of:
- (a) the Final Redemption Amount, the Issuer shall have discharged its obligations in respect of such Note and shall have no other liability or obligation whatsoever in respect thereof. The Final Redemption Amount may be less than the Principal Amount Outstanding and accrued interest (if any) in respect of a Note and any Principal Amount Outstanding remaining after the payment of the Final Redemption Amount shall be reduced to zero and the Notes shall be cancelled as fully redeemed in accordance with Condition 9.7. Any shortfall will be borne by the Series Noteholders and no liability will attach to the Issuer; or
  - (b) the Note Instalment Proceeds, the Issuer shall have discharged its obligations in respect of the relevant Instalment Amount and shall have no other liability or obligation whatsoever in respect thereof. The Note Instalment Proceeds may be less than the Instalment Amount. Any shortfall will be borne by the Series Noteholders and no liability will attach to the Issuer.

## 7. Issuer Programme Events of Default

Condition 13.1.1 is amended by the inclusion of the words "*or a Hedging Agreement Termination Redemption Event or a Minimum Value Trigger Event*" after the words "*Non-Performing Asset Trigger Event*" in the second line thereof.

## 8. Realisation of Participating Assets

- 8.1 Upon (i) receipt by the Issuer of a Non-Performing Asset Trigger Notice, a Hedging Agreement Termination Redemption Event Notice, a notice as contemplated in paragraphs 5.1 or 5.2 or (ii) the issue of a Call Notice by the Issuer (in each case, the **Notice Date**) the Issuer, with the assistance of the Administrator, will be required to realise some or all of the Participating

Assets, and such Participating Assets will be deemed to be released from the operation of the Series Security.

- 8.2 In arranging for the sale of Participating Assets, the Administrator, in consultation with the Notes Calculation Agent, shall seek firm bid quotations from three (3) Relevant Dealers, as soon as reasonably practicable following the Notice Date, for the sale of an amount of Participating Assets (or part thereof, as the case may be) with a principal amount equal to the aggregate principal amount of the Participating Assets being sold by the Issuer, such sale to be settled for value on the date falling no later than 10 (ten) Business Days after the Notice Date (the **Value Date**) (each an **Eligible Quotation**). Subject to the provisions of paragraphs 8.3 and 8.4, if the Administrator receives one or more full quotations for the purchase of the relevant Participating Assets, the Administrator shall effect the sale of the Participating Assets to the Relevant Dealer who has provided the highest Eligible Quotation. If the Administrator does not receive any Eligible Quotations, the Notes Calculation Agent may instruct the Administrator to sell the Participating Assets as one single tranche or in smaller tranches as the Notes Calculation Agent considers appropriate in its sole discretion in order to attempt reasonably to maximise the proceeds from such sale, subject to paragraph 8.3 below.
- 8.3 If any amount remains due in accordance with the Series Priority of Payments to the Hedging Counterparty as a result of the termination (in whole or in part as the case may be) of the Hedging Transaction (**Outstanding Hedge Termination Amount**) and the Notes Calculation Agent determines that the Realisation Proceeds would, after taking into account any costs and expenses which may be incurred by or on behalf of the Issuer or, as the case may be, the Trustee, including taxes and other charges in connection with the sale of the Participating Asset, and after application of the Realisation Proceeds in accordance with the Series Priority of Payments, be insufficient to settle the Outstanding Hedge Termination Amount in full, then the Participating Assets will not be sold, and the provisions of paragraph 8.5(a) will apply.
- 8.4 The Series Noteholder(s) shall be entitled, but not obliged, by written notice to the Administrator no later than 17h00 on the Business Day immediately following the Notice Date, to request the Administrator to provide the Series Noteholder(s) with information relating to the status of the realisation of the Participating Assets, including, but not limited to the highest bid quotation received (if any), and whether or not the provisions of paragraph 8.5 are likely to apply. If written notice is delivered to the Administrator by the Series Noteholder(s) in accordance with this paragraph 8.4:
- (a) the Administrator will provide the required information by no later than 17h00 on the date falling 2 (two) Business Days after the Notice Date; and
  - (b) the relevant Series Noteholder(s) will be given the opportunity to submit a firm bid quotation for the Participating Assets.

If no firm bid that constitutes an Eligible Quotation is received from the relevant Series Noteholder(s) by 16h00 on the date falling 3 (three) Business Days after the Notice Date, or if such firm bid would nonetheless result in paragraph 8.5(a) being applicable pursuant to paragraph 8.3, the Administrator will forthwith give effect to the sale of the Participating Assets pursuant to paragraph 8.2 or the delivery of the Participating Assets to the Hedge Counterparty pursuant to paragraph 8.5(a), as the case may be.

8.5 If the Administrator is unable to sell some or all of the Participating Assets (**Affected Participating Assets**) on or before the Value Date in accordance with paragraph 8.2 above, or if the provisions of paragraph 8.3 apply, the Issuer, assisted by Administrator, shall, within 3 (three) Business Days of the Value Date, take all reasonable steps as may be necessary to procure that the Affected Participating Assets are transferred and delivered to:

- (a) the Hedge Counterparty, or its appointed nominee, in the event that any amount remains due in accordance with the Series Priority of Payments to the Hedging Counterparty as a result of the termination (in whole or in part as the case may be) of the Hedging Transaction(s); or
- (b) to the Series Noteholders, or its/their appointed nominee, in the event that no amount remains due in accordance with the Series Priority of Payments to the Hedging Counterparty as a result of the termination (in whole or in part as the case may be) of the Hedging Transaction(s).

8.6 Upon delivery to the:

- (a) Hedge Counterparty as contemplated in paragraph 8.5(a) above, the Hedge Counterparty's claims under the Series Transaction will be deemed to have been settled in full, the Principal Amount Outstanding of the Notes shall be reduced to zero and the Notes shall be cancelled as fully redeemed in accordance with Condition 9.7; or
- (b) Series Noteholders as contemplated in paragraph 8.5(b) above, the Series Noteholders claims under the Notes shall be deemed to have been settled in full and the Notes shall be cancelled as fully redeemed in accordance with Condition 9.7.

## 9. Interest

No interest shall be payable (and accordingly will be deemed not to have accrued) in respect of any Interest Period in respect of which the relevant Interest Payment Date has not occurred on or prior to receipt by the Issuer of a Non-Performing Asset Trigger Notice or a Hedging Agreement Termination Redemption Event Notice, (the **Relevant Notice Date**), and if the Relevant Notice Date falls prior to the first Interest Payment Date, no interest shall accrue on the Notes. Interest on the Notes will cease to accrue from the Scheduled Maturity Date, notwithstanding the date on which the Notes are actually redeemed.

## 10. Notes Calculation Agent

10.1 Whenever the Notes Calculation Agent is required to act or to exercise judgment, it will do so in good faith and in a commercially reasonable manner.

10.2 The Notes Calculation Agent shall be responsible for making all relevant determinations as set out in this Applicable Pricing Supplement. The determination by the Notes Calculation Agent of any amount or of any state of affairs, circumstance, event or other matter, or the formation of any opinion or the exercise of any discretion required or permitted to be determined, formed or exercised by the Notes Calculation Agent pursuant to this Applicable Pricing Supplement shall

(in the absence of manifest error) be final and binding on the Issuer, the Administrator, the Series Security Trust and the Series Noteholders.

- 10.3 Neither the Notes Calculation Agent nor the Issuer shall have any responsibility to the Series Noteholders or any other Series Secured Creditor for good faith errors or omissions in the Notes Calculation Agent's calculations and determinations as provided in this Applicable Pricing Supplement, as the case may be, whether caused by negligence or otherwise.
- 10.4 Any delay, deferral or forbearance by the Notes Calculation Agent in the performance or exercise of any of its obligations or discretions including, without limitation, the giving of any notice to any person, shall not affect the validity or binding nature of or any later performance or exercise of such obligation or discretion, and neither the Notes Calculation Agent nor the Issuer shall, in the absence of wilful misconduct or gross negligence, bear any liability in respect of, or consequent upon, any such delay, deferral or forbearance.

## ANNEX 2

### ADDITIONAL RISK FACTORS

#### *Investor suitability*

Prospective investors who consider purchasing the Notes should reach an investment decision only after carefully considering the suitability of the Notes in light of their particular circumstances. Investment in the Notes may only be suitable for investors who:

- have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Notes and the rights attaching to the Notes;
- are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time;
- recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all.

#### *Independent review and advice*

Each prospective investor in the Notes must determine, based on its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer, the Hedge Counterparty and any relevant obligor in respect of the Participating Assets and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, to assess the economic, social and political condition of the jurisdiction in which each relevant obligor is located and determine whether an investment in the Notes is appropriate in its particular circumstances.

#### *Credit risk*

The ability of the Issuer to meet its obligations under the Notes will be dependent, where applicable, upon:

- the payment of principal and interest (if applicable) due on the Participating Assets;
- the payment of all sums due to or from the relevant Hedge Counterparty under the Hedging Agreement;
- all parties to the Series Transaction Documents (other than the Issuer) performing their respective obligations thereunder.

Moreover, the security for the Notes will be limited to the proceeds of realisation of the Participating Assets, subject to the order of priority under the terms of the Notes. The Issuer is also exposed to the credit risk of the Hedge Counterparty. If the Hedge Counterparty fails to perform its obligations under the Hedging Agreement, the Issuer may be unable to meet its obligations under the Notes, including any payments on the Notes.



Accordingly, Series Noteholders are exposed, inter alia, to the creditworthiness of the issuer(s) in respect of the Participating Assets, the Hedge Counterparty and the Administrator. Consequently, the Issuer may be unable to fully recover the necessary funds in a timely fashion to fulfil its payment obligations under the Notes. If such funds are insufficient to meet the Issuer's payment obligations, such insufficiency will be borne by the Series Noteholders.

#### *Minimum Value Trigger Event*

The Minimum Value Trigger Event entitles the Issuer to redeem the Notes early if the sum of the value of the Participating Assets and the Hedging Transactions, which may, in certain market conditions, be volatile, falls below a certain Minimum Value specified in the Applicable Pricing Supplement. It may therefore occur that at the time that the Minimum Value Trigger Event is exercised market conditions have changed, or market conditions change shortly thereafter, such that the value of the Participating Asset would no longer have been below the Minimum Value.

The Minimum Value Trigger Event has been inserted for the benefit of the Issuer and accordingly is not intended to be an implied guarantee or assurance of a minimum return on the Notes, nor is the Issuer under any obligation to exercise its right to redeem the Notes early in the event that the Minimum Value Trigger Event occurs. Accordingly, any Early Redemption Amount payable in respect of the Notes may be less than the stipulated Minimum Value. The determination of whether or not the Minimum Value has been breached is based on the Notes Calculation Agent's estimates of the sum of the value of the Participating Assets and the Hedging Transactions, and accordingly the Early Redemption Amount payable to Noteholders following delivery of the Call Notice may differ from such estimates. In addition, due to the volatility of the Participating Assets, the value of the Participating Assets may fluctuate between the time at which the Minimum Value is first breached and the date on which the Notes are to be redeemed, which may result in an Early Redemption Amount lower than the Minimum Value.

#### *Determinations as Hedge Counterparty, Calculation Agent and Notes Calculation Agent*

SBSA acts as Notes Calculation Agent for the Notes. SBSA may also act as Hedge Counterparty for the Notes, in which case, SBSA will act as Calculation Agent for the Hedging Transaction(s). In any such capacity, SBSA will calculate amounts payable and make other determinations that may be material to investors in the Notes. The manner in which SBSA makes such determinations or otherwise exercises its discretion may adversely affect investors in the Notes and, conversely, may positively affect the Issuer or other participants in the transaction.

#### *Secondary market*

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

*The value of the Participating Assets upon redemption may negatively impact the possible return on the Notes*

To the extent that a default occurs with respect to any Participating Asset securing the Notes, or the Participating Assets are realised pursuant to an early redemption of the Notes or due to a mismatch in payment date under the Notes and the date on which the Issuer is due to receive payment under the Participating Assets and/or Hedging Transaction(s), and the Administrator sells or otherwise disposes of such Participating Asset, this will negatively impact the possible return on the Notes. Even in the absence of a default or sale with respect to any of the Participating Assets securing the Notes, due to potential market volatility, the market value of such Participating Assets at any time will vary, and may vary substantially, from the price at which such Participating Assets were initially purchased and from the principal amount of such Participating Assets. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Participating Assets securing any Notes, or that the proceeds of any such sale or disposition would provide the expected or any return on the Notes. In the event of an insolvency of an issuer of the Participating Assets, various insolvency and related laws applicable to such issuer may limit the amount the Administrator may recover.

*Notes Calculation Agent and Calculation Agent Determinations*

The terms of the Notes confer on the Notes Calculation Agent certain discretions in making determinations and calculations in relation to, *inter alia*, Participating Assets, and the occurrence of various events. The Notes Calculation Agent will act in good faith and in a commercially reasonable manner, and there can be no assurance that the exercise of any such discretion will not affect the value of the Notes or the occurrence of an early redemption or the amount payable or deliverable in connection therewith.

The terms of the Hedging Transaction(s) confer on the Calculation Agent certain discretions in making determinations and calculations in relation to, the Hedging Transactions and the occurrence of various events. The Calculation Agent will act in good faith and in a commercially reasonable manner, and there can be no assurance that the exercise of any such discretion will not affect the value of the Notes or the occurrence of an early redemption or the amount payable or deliverable in connection therewith.

*No obligations owing by the Notes Calculation Agent or Calculation Agent*

Neither the Notes Calculation Agent nor the Calculation Agent shall have any obligations to the Series Noteholders, and shall only have the obligations expressed to be binding on it specified in the Applicable Pricing Supplement or Hedging Agreement. All designations and calculations made by the Notes Calculation Agent in respect of any Notes shall be conclusive and binding on the Series Noteholders. All designations and calculations made by the Calculation Agent in respect of any Hedging Transaction shall be conclusive and binding on the Issuer.

*Limited recourse and shortfall on enforcement and realisation of Secured Property*

The right of Series Noteholders to participate in the assets of the Issuer is limited to the Series Assets.

If such Series Assets and the proceeds of enforcement and/or realisation thereof, as applicable, are not sufficient to make all payments and deliveries, as applicable, due in respect of the Notes, then the obligations of the Issuer in respect of the Notes will be limited to the Series Assets. The Issuer will not be obliged to make any further payment or delivery, as applicable, for any Notes in excess thereof.

Following application of the relevant Series Assets and the proceeds of enforcement and/or realisation thereof, as applicable, in accordance with the Conditions, the claims of the relevant Series Noteholders and the relevant Hedge Counterparty and any other Secured Party of the relevant Notes for any shortfall shall be extinguished and may not take any further action to recover such shortfall. Such parties may not petition for the winding-up, the liquidation or the bankruptcy of the relevant Issuer or any other similar insolvency related proceedings. Failure to make any payment or delivery, as applicable, in respect of any such shortfall shall in no circumstances constitute an event of default under the Conditions.

### *The Hedging Agreement*

The ability of the Issuer to make payments on the Notes will depend on the performance by the Hedge Counterparty of its obligations under the Hedging Agreement. Performance by the Hedge Counterparty is in turn dependent on performance by the Issuer of its obligations under the Hedging Agreement. The Issuer's ability to perform its obligations under the Hedging Agreement and the Notes depends on receipt of the scheduled payments under the Participating Assets and the timely realisation of such Participating Assets where required.

In the event that the Hedging Agreement is terminated early (for whatever reason), the Notes will be redeemed early and the Early Redemption Amount received by the Series Noteholders may be less than the amount initially invested and could be zero. In that event, Series Noteholders will not have any further rights or claims against or to the assets of the Issuer beyond their pro rata entitlement to amounts received by such Issuer as a result of enforcement of the security. Any Early Redemption Amount received by Series Noteholders will be paid in accordance with the applicable order of priority and the limited recourse provisions. Claims of Noteholders in respect of the Notes will rank behind the claims of the Hedge Counterparty under the Hedging Agreement.

### *Early redemption of the Notes*

The Notes may be redeemed early in accordance with their terms in a number of different circumstances (for example, following certain events affecting the Participating Assets, termination of the Hedging Agreement, the occurrence of certain regulatory or tax events, or if the Issuer exercises its option to redeem the Notes). No Interest will be paid or deemed to accrue in respect of Interest Periods, to the extent that the relevant Interest Payment Date in respect of such Interest Periods has not occurred on or before the date on which notice is provided of the occurrence of certain specified events.

If the Notes are redeemed early an investor may not be able to reinvest their redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, where the Notes are redeemed early, the relevant Issuer may owe the Hedge Counterparty certain amounts on the related termination of the Hedging Agreement and these amounts may be deducted from the amounts or assets, as applicable, otherwise due to investors on such early redemption.

### *The Participating Assets*

The Participating Assets may comprise (i) debt securities of any sovereign, or (ii) debt securities of any corporate entity which are listed on a regulated market.

Series Noteholders will assume the full credit risk of any obligor of the Participating Assets and the value of, or payments made by the relevant obligor under, any Participating Assets may have a direct impact on the amounts payable to Series Noteholders in respect of the Notes. Prospective investors are advised to carefully review the offering documents for the Participating Assets before deciding whether an investment in the Notes is suitable for them.

#### *Realisation risk*

Market volatility may lead the market value of Participating Assets at any time to vary, and the market value may vary substantially, from the price at which such Participating Assets were initially purchased and the principal amount of such Participating Assets. To the extent that the Administrator sells or otherwise disposes of Participating Assets it is likely that the proceeds of such sale or disposition will be less than the outstanding obligations in respect of the relevant Notes. In addition, the Participating Assets may be illiquid and not readily realisable. Accordingly, no assurance can be given that the amount of the proceeds of any such sale or disposition, or the amount received or recovered upon maturity or early redemption of, the Participating Assets in respect of the Notes would be sufficient to repay principal and/or interest on the Notes. In the event of an insolvency of an issuer of the Participating Assets, various insolvency and related laws applicable to such issuer may limit the amount the Administrator may recover.

The market price of the Participation Assets will generally fluctuate. The Issuer may have to fund payments due in connection with the Notes and the Hedging Agreement by selling Participating Assets at their market value.

#### *Negative Interest*

To the extent that the Interest Rate is less than zero (i.e. negative), the terms of the Hedging Agreement will provide that the Issuer will be obliged to pay the Hedge Counterparty an amount equal to the sum of the negative interest applicable to each Interest Period in which the Interest Rate is determined to be negative plus the Hedge Counterparty's cost of funding of each such negative interest amount. Claims of Noteholders in respect of the Notes will rank behind the claims of the Hedge Counterparty under the Hedging Agreement. The amount, if any, payable to the Series Noteholders on redemption of the Notes will be paid in accordance with the applicable order of priority and the limited recourse provisions, and will accordingly be reduced by any such amount due to the Hedge Counterparty.

#### *Reform in relation to JIBAR*

The reform of interest rate benchmarks may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such "benchmark".

It is not possible to predict with certainty whether, and to what extent, ZAR-JIBAR-SAFEX or any other benchmark will continue to be supported going forward. This may cause ZAR-JIBAR-SAFEX or any other such benchmark to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The potential elimination of ZAR-JIBAR-SAFEX or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the Terms and Conditions of the Notes, or result in other consequences, in respect of any Notes referencing such benchmark.

Noteholders should consult their own independent advisers and make their own assessment about the potential risks imposed by any benchmark reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark. A full copy of the Consultation Paper, the Benchmark Reform Feedback Report and the TSP are available at <https://www.resbank.co.za/Markets/Pages/default.aspx>.

## ANNEX 3

### DESCRIPTION OF THE HEDGING AGREEMENT

The Issuer and the Hedge Counterparty will enter or have entered into interest rate swap transactions which are evidenced by confirmations dated on or about the Issue Date of the Notes (**Confirmations**). The Confirmations supplement, forms a part of, and are subject to the ISDA Master Agreement published by the International Swaps and Derivatives Association, Inc. (**ISDA**) and Schedule thereto entered into between the Issuer, and the Hedge Counterparty (**ISDA Master Agreement**) effective as of the Issue Date, (the ISDA Master Agreement, and together with the Confirmations, the **Hedging Agreement**). Copies of the Master Agreement and the Confirmations are available for inspection at the office of the Issuer as set out in the Programme Memorandum and available on request from the Administrator. ISDA documentation can also be obtained from ISDA via the following address: [www.isda.org](http://www.isda.org).

An overview of the relevant amendments to the ISDA Master Agreement are set out below.

Party A	The Standard Bank of South Africa Limited
Party B	Blue Diamond X Investments (RF) Limited
Governing Law	South Africa
Termination Currency	ZAR
Calculation Agent	Party A
Events of Default	Events of Default are disapplied with the exception of the following:
	(i) Failure to Pay: Applicable to Party A and Party B
	(ii) Bankruptcy: Applicable to Party A and Party B, with certain amendments in respect of Party B.

Additional Termination Events	<ul style="list-style-type: none"> <li>(i) The occurrence of an Issuer Programme Event of Default. All Transactions will be Affected Transactions and Party B will be the sole Affected Party.</li> <li>(ii) If any of the representations made by either Party A or Party B with respect to sanctions is untrue or incorrect, it will constitute an Additional Termination Event with the relevant party that made the misrepresentation as the sole Affected Party and the relevant Transaction(s) as the Affected Transaction(s).</li> <li>(iii) The Notes become subject to early redemption in whole in accordance with Condition 9 of the Terms and Conditions or paragraph 2 or 3 of the Additional Conditions. All Transactions will be Affected Transactions and Party B will be the sole Affected Party.</li> <li>(iv) The Notes become subject to early redemption in part in accordance with Condition 9 of the Terms and Conditions or paragraph 2 of the Additional Conditions, in which event, the Additional Termination Event shall be deemed to occur in respect of only such portions of the Notional Amount of the Transactions which in each case are determined by the Calculation Agent to exceed the respective amounts under the Notes at that time and such portion of the Transactions shall be deemed to be the sole Affected Transactions and Party B shall be the sole Affected Party. Following the occurrence of the Early Termination Date in relation to the portions of the Transactions deemed to be the Affected Transactions, the portion of the Transactions which is not deemed to be the Affected Transactions shall continue in accordance with the provisions of the Transactions and the ISDA Master Agreement and the Notional Amount will be reduced to reflect such partial termination.</li> </ul>
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Notwithstanding Section 6(b)(iv) of the ISDA Master Agreement, the Early Termination Date will be deemed to be:

- (i) in respect of paragraph (i) in respect of the Additional Termination Events above, the first Business Day immediately following delivery of an Enforcement Notice to the Issuer pursuant to Condition 13 of the Terms and Conditions; and
- (ii) in respect of paragraphs (ii) and (iii) in respect of the Additional Termination Events above, the first Business Day immediately following delivery of an (i) Non-Performing Asset Trigger Notice, (ii) a notice as contemplated in paragraphs 5.1 or 5.2 of the Additional Conditions or (iii) the issue of a Call Notice by the Issuer, as the case may be,

and the Early Termination Amount due in respect of any such Early Termination Date will, together with any interest payable pursuant to Section 9(h)(ii)(2) of the ISDA Master Agreement, be payable on the applicable Early Redemption Date.

Security Interest

Party A hereby agrees and consents to the cession and assignment by way of security by Party B of its interests under the ISDA Master Agreement (without prejudice to and after giving effect to any contractual netting provision contained in the ISDA Master Agreement) to the Series Security Trustee (or any successor thereto) pursuant to and in accordance with the Series Security Cession and acknowledges notice of such cession and assignment.

An overview of the terms of the Hedging Transaction as set out in the Confirmations is as set out below:

Capitalised terms used herein but not otherwise defined shall have the same meanings as provided in the relevant Confirmations.

The Issuer will be obliged to pay an amount equal to the scheduled interest payments under the Participating Assets to the Hedge Counterparty semi-annually on the dates specified in the relevant Confirmation. The Hedge Counterparty will be obliged to pay Floating Amounts determined with reference to a Capital Factor to the Issuer quarterly on the dates specified in the relevant Confirmation. In addition, the Hedge Counterparty will be obliged to pay to the Issuer Fixed Amounts determined with reference to a Capital Factor on a quarterly basis and the Issuer will be obliged to pay to the Hedge Counterparty Floating Amounts determined with reference to a Capital Factor on a quarterly basis as specified in the relevant Confirmations.

Should, on any Payment Date other than any Early Termination Date or any Fixed Rate Payer Payment Dates as specified in the relevant Confirmation in respect of the transaction specified in the relevant Confirmation, the Issuer be required to pay to the Hedge Counterparty the absolute value of a negative amount in respect of the net settlement of amounts due across all interest rate swaps, (“**Negative Interest Amount**”), then any such Negative Interest Amount (together with any costs of funding as such may be calculated by the Hedge Counterparty) will be paid by the Issuer to the Hedge Counterparty on the Termination Date.

## ANNEX 4

### ADDITIONAL FALLBACK PROVISIONS

The terms and conditions applicable to Notes for which the relevant Applicable Pricing Supplement specifies that the Additional Fallback Provisions shall apply are set out below and, if applicable, shall apply notwithstanding any other provision of the Terms and Conditions.

#### 1) *Additional Fallbacks*

##### **Substitute or Successor Benchmark**

If the Calculation Agent determines that an Index Cessation/Benchmark Event has occurred or is existing on any day, the Calculation Agent shall (or, in the case of a Non-Representativeness Event or a Methodology Change Event, may), in its sole and absolute discretion, select a substitute or successor benchmark that the Calculation Agent determines is comparable to the Relevant Benchmark to replace such Relevant Benchmark, and shall replace such Relevant Benchmark by such substitute or successor benchmark, as the case may be, with effect from such date as determined by the Calculation Agent, and such substitute or successor benchmark, as the case may be will be deemed to be such Relevant Benchmark with effect from such date. The Calculation Agent may make such adjustment(s) that it determines to be appropriate, if any, to any one or more of the terms of the Notes including without limitation, any variable or term relevant to the settlement or payment under the Notes, as the Calculation Agent determines appropriate to account for such replacement. If, in respect of a Relevant Benchmark, the Calculation Agent determines that it is unable to identify any substitute or successor benchmark that is comparable to the Relevant Benchmark, the Calculation Agent may determine that the Notes shall be redeemed, in which case the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount in redemption of the Notes.

##### **Inability to determine the relevant rate following application of all applicable fallbacks**

In the event that, following the application of each of the fallbacks set out in the definitions of any Relevant Benchmark, and, if applicable, subject to the application of the Substitute or Successor Benchmark provisions above, the Calculation Agent is unable to determine the Relevant Benchmark, then the Calculation Agent may determine that the Notes shall be redeemed, in which case the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount in redemption of the Notes.

##### **Non-compliant Fallbacks**

Notwithstanding anything else in the Terms and Conditions of the Notes, if, in respect of the Notes, it (a) is or would be unlawful at any time under any applicable law or regulation or (b) would contravene any applicable licensing requirements, in each case, for the Calculation Agent to determine a Relevant Benchmark or make any other determination in respect of the Notes which it would otherwise be obliged to do so under the Terms and Conditions of the Notes (or it would be unlawful or would contravene those licensing requirements were a determination to be made at such time), then (where no other applicable provision in the Terms and Conditions of the Notes results in such determination being made) the Calculation Agent may determine that the Notes shall be redeemed, in which event the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount.



## 2) *Administrator/Benchmark Event*

If the Calculation Agent determines that an Administrator/Benchmark Event has occurred or is existing on any day in respect of the Notes and a Relevant Benchmark, the Calculation Agent may determine that the Notes shall be redeemed, in which event the Issuer will cause to be paid to each Noteholder in respect of each Note held by it an amount equal to the Early Redemption Amount.

## 3) *Additional Definitions*

**"Administrator/Benchmark Event"** means, in respect of any Notes and a Relevant Benchmark, the occurrence or existence, as determined by the Calculation Agent, of any of the following events in respect of such Relevant Benchmark:

- (a) a **"Non-Approval Event"**, being any of the following:
- (i) any authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not obtained;
  - (ii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not included in an official register; or
  - (iii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark does not fulfil any legal or regulatory requirement applicable to the Securities or the Relevant Benchmark,

in each case, as required under any applicable law or regulation in order for the Issuer or the Calculation Agent to perform its or their respective obligations in respect of the Notes. For the avoidance of doubt, a Non-Approval Event shall not occur if the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is not included in an official register because its authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended if, at the time of such suspension, the continued provision and use of the Relevant Benchmark is permitted in respect of the Notes under the applicable law or regulation during the period of such suspension;

- (b) a **"Rejection Event"**, being the relevant competent authority or other relevant official body rejects or refuses any application for authorisation, registration, recognition, endorsement, an equivalence decision, approval or inclusion in any official register which, in each case, is required in relation to the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark under any applicable law or regulation for the Issuer or the Calculation Agent to perform its or their respective obligations in respect of the Notes; or
- (c) a **"Suspension/Withdrawal Event"**, being any of the following:
- (i) the relevant competent authority or other relevant official body suspends or withdraws any authorisation, registration, recognition, endorsement, equivalence decision or approval in relation to the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark which is required under any applicable law or regulation in order for the Issuer or the Calculation Agent to perform its or their respective obligations in respect of the Notes; or
  - (ii) the Relevant Benchmark or the administrator or sponsor of the Relevant Benchmark is removed from any official register where inclusion in such register is required under any applicable law or regulation in order for the Issuer or the Calculation Agent to perform its or their respective obligations in respect of the Notes.

For the avoidance of doubt, a Suspension/Withdrawal Event shall not occur if such authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or where inclusion in any official register is withdrawn if, at the time of such suspension or withdrawal, the continued provision and use of the Relevant Benchmark is permitted in respect of the Notes under the applicable law or regulation during the period of such suspension or withdrawal.

(d) "**Index Cessation/Benchmark Event**" means, in respect of any Notes and a Relevant Benchmark, the occurrence or existence, as determined by the Calculation Agent, of one or more of the following events:

(i) a public statement or publication of information by or on behalf of the administrator of the Relevant Benchmark announcing that it has ceased or will cease to provide the Relevant Benchmark permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Relevant Benchmark;

(ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Relevant Benchmark, the central bank for the currency of the Relevant Benchmark, an insolvency official with jurisdiction over the administrator for the Relevant Benchmark, a resolution authority with jurisdiction over the administrator for the Relevant Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Relevant Benchmark, which states that the administrator of the Relevant Benchmark has ceased or will cease to provide the Relevant Benchmark permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Relevant Benchmark;

(iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Relevant Benchmark announcing that the Relevant Benchmark is no longer representative of the market or economic reality that it is intended to measure and representativeness will not be restored (a "**Non-Representativeness Event**"); or

(iv) a change to the methodology or formula for the Relevant Benchmark or any other means of calculating the Relevant Benchmark which is material in the context of the Notes, as determined by the Calculation Agent (a "**Methodology Change Event**").

"**Relevant Benchmark**" means, in respect of any Notes, any benchmark, rate, level, value or other figure utilised in order to determine any amount payable or asset deliverable under the Notes, as specified in the Applicable Pricing Supplement.

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

### **Paragraph 3(5)(a)**

The ultimate borrower is the Issuer.

### **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.

### **Paragraph 3(5)(c)**

The auditor of the Issuer is KPMG Inc.

### **Paragraph 3(5)(d)**

As at the date of this issue:

- (a) the Issuer has issued ZAR1,541,368,686 of commercial paper; and
- (b) the Issuer estimates that it may issue ZAR1,000,000,000 of commercial paper (inclusive of this Notes issuance) during the current financial year, ending 31 December 2022.

### **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, the Applicable Pricing Supplement and the Applicable Transaction Supplement.

### **Paragraph 3(5)(f)**

There has been no material change in the financial or trading position of the Issuer since the Issuer's date of incorporation up to the date of this Programme Memorandum.

### **Paragraph 3(5)(g)**

The Notes issued will be listed as stated in this Applicable Pricing Supplement.

### **Paragraph 3(5)(h)**

The funds to be raised through the issue of the Notes are to be used by the Issuer for the acquisition of the Participating Assets as described above.

**Paragraph 3(5)(i)**

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

**Paragraph 3(5)(j)**

KPMG Inc., the statutory auditors of the Issuer, have confirmed that this issue of Notes issued under the Issuer Programme complies in all respects with the relevant provisions of the Commercial Paper Regulations (contained in Government Notice 2172, Government Gazette 16167 of 14 December 1994 issued by the Deputy Registrar of Banks).


As at the date of this Applicable Pricing Supplement, the Issuer confirms that the Programme Amount of ZAR10,000,000,000 has not been exceeded.

Application is hereby made to list this issue of Notes on 16 February 2022. The Programme was registered with the JSE on 20 May 2014.

Signed at SANDTON on this 14th day of FEBRUARY 2022.

For and on behalf of

**BLUE DIAMOND X INVESTMENTS (RF) LIMITED**

Signature: 

Name: David Towers

Capacity: Director:

Who warrants his/her authority hereto

Signed at Midrand on this 14th day of February 2022.

For and on behalf of

**BLUE DIAMOND X INVESTMENTS (RF) LIMITED**

Signature: 

Name: Rishendrie Thanthony

Capacity: Director:

Who warrants his/her authority hereto