
APPLICABLE PRICING SUPPLEMENT



CITY OF CAPE TOWN
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CITY OF CAPE TOWN

Issue of ZAR1,000,000,000 Tranche 1 Senior Unsecured Notes due 17 July 2027 (CCT04) Under its ZAR7,000,000,000 Domestic Medium Term Note Programme

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein.

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum issued by City of Cape Town dated 11 July 2017. 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.

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

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Programme Memorandum or this Applicable Pricing Supplement which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the Programme Memorandum, read with this Applicable Pricing Supplement, contains all information required by applicable law and, in relation to any Tranche of Notes listed on the Interest Rate Market of the JSE, the JSE Debt Listings Requirements. The Issuer accepts full responsibility for the information contained in the Programme Memorandum, this Applicable Pricing Supplement and its annual financial statements and any amendments to its annual financial statements or any supplements thereto from time to time, except as otherwise stated herein.

The JSE assumes no responsibility or liability of whatever nature for the contents of the Programme Memorandum or this Applicable Pricing Supplement or the annual financial statements or any information incorporated by reference into the Programme Memorandum, and the JSE makes no representation as to the accuracy or completeness of the Programme Memorandum or this Applicable Pricing Supplement, the annual financial statements or any other information incorporated by reference into the Programme Memorandum. The JSE expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the Programme Memorandum or this Applicable Pricing Supplement or the annual financial statements or any other information incorporated by reference into the Programme Memorandum.

The Issuer confirms that the issue of Notes described in this Applicable Pricing Supplement will not exceed the Programme Limit.

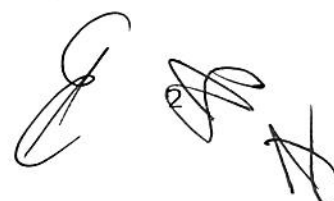
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DESCRIPTION OF THE NOTES

1	Issuer	City of Cape Town
2	Status of the Notes	Senior Unsecured
3	Issue Number	4
4	Series number	1
5	Tranche number	1
6	Aggregate Principal Amount of this Tranche	ZAR1,000,000,000
7	Interest/Payment Basis	Fixed Rate
8	Aggregate Interest payable in respect of Tranche until Maturity, as calculated at Issue Date	ZAR533,925,000
9	Form of Notes	Uncertificated
10	Automatic/Optional Conversion from one Interest/ Payment Basis to another	Not Applicable
11	Issue Date	17 July 2017
12	Business Centre	7 th Floor, Tower Block, Civic Centre, 12 Hertzog Boulevard, Cape Town, 8001
13	Additional Business Centre	Not Applicable
14	Specified Denomination	ZAR1,000,000
15	Issue Price	100 percent
16	Applicable Business Day Convention, if different to that specified in the Terms and Conditions	Following Business Day
17	Interest Commencement Date	17 July 2017
18	Final Redemption Date	17 July 2027
19	Repayment of Principal	On an amortising basis as set out in the schedule attached as Appendix "A"
20	Specified Currency	Rand
21	Set out the relevant description of any additional / other Terms and Conditions relating to the Notes	See Appendix "B"

FIXED RATE NOTES

22	Fixed Interest Rate	10.17% per annum
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| 23 | Interest Payment Dates | 17 July and 17 January of each calendar year, or if such day is not a Business Day, the next succeeding Business Day |
| 24 | Interest Periods | From (and including) the applicable Interest Payment Date to (but excluding) the following Interest Payment Date, the first interest period commencing on 17 July 2017 |
| 25 | Initial Broken Amount | Not Applicable |
| 26 | Final Broken Amount | Not Applicable |
| 27 | Any other items relating to the particular method of calculating interest | Not Applicable |

PROVISIONS REGARDING REDEMPTION/MATURITY

- | | | |
|-----|--|---|
| 28 | Redemption at the option of the Issuer - if yes - | No |
| (a) | Optional Redemption Date(s) | Not Applicable |
| (b) | Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) | Not Applicable |
| (c) | Minimum period of notice (if different to Condition 10.3) | Not Applicable |
| (d) | If redeemable in part - | |
| | Minimum Redemption Amount(s) | Not Applicable |
| | Higher Redemption Amount(s) | Not Applicable |
| (e) | Other terms applicable on Redemption | Not Applicable |
| 29 | Redemption at the option of the Noteholders - if yes | In the event that the Issuer fails (through its own actions or omissions or as a result of circumstances within its control) to maintain the Climate Bond Standard Certification in respect of the Notes or an alternative certification acceptable to the Noteholders (to be resolved by Extraordinary Resolution), each Noteholder shall have the option to request the Issuer to redeem all but not some only of such Noteholder's Notes, by notifying the Issuer in accordance with the provisions of Condition 10.4 (<i>Redemption at the option of Noteholders of Senior Notes</i>) |

For purposes of this paragraph 29, "**Climate**



Bond Standard Certification" means a certification from the Climate Bond Standards Board confirming that the issuance complies with the requirements of the Climate Bonds Standards

- (a) Optional Redemption Dates 60 days after receipt by the Issuer of written notice that the Notes no longer have the benefit of the Green Bond Standard Certification
 - (b) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s) Not Applicable
 - (c) Minimum period of notice (if different to Condition 10.4) Not Applicable
 - (d) If redeemable in part - Not Applicable
 - Minimum Redemption Amount(s) Not Applicable
 - Higher Redemption Amount(s) Not Applicable
 - (e) Other terms applicable on Redemption Not Applicable
 - (f) Attach *pro forma* put notice(s) Not Applicable
- 30 Early Redemption Amounts payable on redemption for Taxation reasons pursuant to Condition 10.2 (if required) - In the event of a redemption of the Notes in accordance with Condition 10.2 (*Redemption for Tax Reasons*) the Notes will be redeemed on the date specified by the Issuer for redemption of the Notes pursuant to Condition 10.2 (the "**Early Redemption Date**") at the Early Redemption Amount derived by the sum of the following -
- (a) each outstanding Interest Amount for each future Interest Payment Date discounted by the Discount Rate for the period between the Early Redemption Date and each respective Interest Payment Date, both days inclusive; and
 - (b) the Outstanding Principal Amount discounted by the Discount Rate for the period between the Early Redemption Date and the Final Redemption Date, both days inclusive.



For purposes of this paragraph 30, "**Discount Rate**" means the rate calculated as the sum of the yield of the Republic of South Africa Internal Registered Bond R186 (issued on 19 March 1998 and redeemable on 21 December 2026) at the Early Redemption Date plus 133 basis points

GENERAL

31	Additional selling restrictions	N/A
32	International Securities Numbering (ISIN)	ZAG000145376
33	Stock Code	CCT04
34	Financial Exchange	Interest Rate Market of the JSE Limited
35	Dealer	FirstRand Bank Limited, acting through its Rand Merchant Bank division
36	Method of distribution	Dutch auction
37	Credit rating assigned to this Tranche of Notes, the Issuer or the Programme as at the Issue Date (if any)	Aaa.za, assigned to the Issuer and the Programme
38	Rating Agency	Moody's Investors Service South Africa Proprietary Limited
39	Date that the credit rating was assigned	14 June 2017
40	Date of next review of the credit rating	In or around February 2018
41	Governing Law	South Africa
42	Last Day to Register	By 17h00 on 6 July and 6 January in each year ending with the last such date being 6 July 2027
43	Books Closed Period	The Register will be closed from 7 July to 17 July and from 7 January to 17 January (all dates inclusive) in each year with the last such period being from 7 July to 17 July 2027 (all dates inclusive)
44	Calculation Agent	Absa Bank Limited, acting through its Corporate and Investment Banking division
45	Specified Office of the Calculation Agent	15 Alice Lane, Sandton, 2196
46	Transfer Agent	Absa Bank Limited, acting through its Corporate and Investment Banking division

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47	Specified Office of the Transfer Agent	15 Alice Lane, Sandton, 2196
48	Paying Agent	Absa Bank Limited, acting through its Corporate and Investment Banking division
49	Specified Office of the Paying Agent	15 Alice Lane, Sandton, 2196
50	Stabilisation Manager, if any	Not Applicable
51	Programme Limit	ZAR7,000,000,000
52	Aggregate Outstanding Principal Amount of Notes in issue on the Issue Date of this Tranche	ZAR4,200,000,000, excluding this Tranche of Notes
53	Green certification	The Notes have been certified by the Climate Bonds Standard Board (19 June 2017)

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

At the date of this Applicable Pricing Supplement -

54 Paragraph 3(5)(a)

The ultimate borrower is the Issuer.

55 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.

56 Paragraph 3(5)(c)

The auditor of the Issuer is the Auditor-General.

57 Paragraph 3(5)(d)


As at the date of issue -

(a) the Issuer currently has ZAR4,200,000,000 Notes in issue (excluding Notes issued under this Applicable Pricing Supplement); and

(b) to the best of the Issuer's knowledge and belief, it is anticipated that the Issuer will issue ZAR1,000,000,000 Notes during its current financial year (including Notes issued under this Applicable Pricing Supplement).

58 Paragraph 3(5)(c)

Prospective investors in the Notes are to consider this Applicable Pricing Supplement, the Programme Memorandum and the documentation incorporated therein by reference in order to ascertain the nature of the financial and commercial risks of an investment in the Notes. In addition, prospective investors in the Notes are to consider the latest audited financial statements of the Issuer which are incorporated into the Programme Memorandum by reference and which may be requested from the Issuer.



59 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.

60 Paragraph 3(5)(g)

The Notes issued will be listed on the Interest Rate Market of the JSE.

61 Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for financing of the projects set out in Appendix B.

62 Paragraph 3(5)(i)

The Notes are unsecured.

63 Paragraph 3(5)(j)

The Auditor-General, the auditor of the Issuer, has confirmed that nothing has come to its attention to indicate that this issue of Notes issued under the Programme will not comply in all material respects with the relevant provisions of the Commercial Paper Regulations.

Application is hereby made to list this Tranche of the Notes on the Interest Rate Market of the JSE, as from 17 July 2017, pursuant to the City of Cape Town Domestic Medium Term Note Programme.

SIGNED at Cape Town this 14th day of July 2017.

For and on behalf of

CITY OF CAPE TOWN



Name: MR ACHMAT EBRAHIM
Capacity: CITY MANAGER
who warrants his/her authority hereto



Name: MR KEVIN JACOBY
Capacity: CHIEF FINANCIAL OFFICER
who warrants his/her authority hereto



APPENDIX "A" – AMORTISATION SCHEDULE

Payment Date	Principal Payment
17-Jan-18	R 50 000 000.00
17-Jul-18	R 50 000 000.00
17-Jan-19	R 50 000 000.00
17-Jul-19	R 50 000 000.00
17-Jan-20	R 50 000 000.00
17-Jul-20	R 50 000 000.00
17-Jan-21	R 50 000 000.00
17-Jul-21	R 50 000 000.00
17-Jan-22	R 50 000 000.00
17-Jul-22	R 50 000 000.00
17-Jan-23	R 50 000 000.00
17-Jul-23	R 50 000 000.00
17-Jan-24	R 50 000 000.00
17-Jul-24	R 50 000 000.00
17-Jan-25	R 50 000 000.00
17-Jul-25	R 50 000 000.00
17-Jan-26	R 50 000 000.00
17-Jul-26	R 50 000 000.00
17-Jan-27	R 50 000 000.00
17-Jul-27	R 50 000 000.00



APPENDIX "B" –PROJECTS TO BE FUNDED WITH THE PROCEEDS

The Issuer has established the "City of Cape Town Green Bond Framework V2.3" which sets out the criteria and process for the identification and assessment of the eligibility of projects to be financed through the proceeds of green bonds. Using this framework the Issuer has identified the follow projects as eligible projects to be funded with the proceeds of CCT04:

Project 1:

Taxonomy and investment area: Water - Water capture and storage infrastructure

Project alignment: Adaptation

Criteria: The Water Criteria of the Climate Bonds Standard (V2.1), Phase 1

Basic description: Water reservoir integrity maintenance by replacement of reservoir containment infrastructure for: Project 1.1 Neptune reservoir (replacement of ineffective floating roof) and Project 1.2 Brakkloof reservoir (concrete roof replacement and structural repairs)

Project Lifespan: >20yrs

Location: City of Cape Town, South Africa

Budget and period: R 8 934 906.49, allocated for spend FY2014 - 2016; USD 690 524 equivalent #

Phase:

Project.1.1 - Construction commencement stage with all service providers procured
Project 1.2 - Procurement of good and services

Project 2:

Taxonomy and investment area: Water - Water distribution infrastructure

Project alignment: Adaptation

Criteria: The Water Criteria of the Climate Bonds Standard (V1), Phase 1

Basic description: Water Demand Management and Water Conservation program focusing on pressure management, zone metering and valves in order to improve water management and reduce water losses through enhanced leak detection and intervention

Project Lifespan: <20yrs (evidenced)

Location: City of Cape Town, South Africa

Budget and period: R 50 549 726.61, allocated for spend FY2015 -2018; USD 3 906 681 equivalent #

Phase: In execution

Project 3:

Taxonomy and investment area: Water - Water capture and storage infrastructure, and water treatment plants

Project alignment: Adaptation

Criteria: The Water Criteria of the Climate Bonds Standard (V2.1), Phase 1 (Evidence Provided)

Basic description: Alternative water treatment and supply infrastructure, specifically the establishment of piping infrastructure to deliver non-potable quality water from existing waste water treatment works to users accommodating non-potable water.

Project Lifespan: >20yrs

Location: City of Cape Town, South Africa

Budget and period: R 85 155 113.32, allocated for spend FY2015 - 2018; USD 5 767 727 equivalent #

Phase: In execution

Project 4:

Taxonomy and investment area: Water - Water distribution infrastructure

Project alignment: Adaptation

Criteria: The Water Criteria of the Climate Bonds Standard (V2.1), Phase 1 (evidence provided)
Basic description: Water meter replacement with water management devices programme and leak repair program for indigent households, in order to enhance water management, influence behaviour to reduce water wastage and reduce water losses through leakage

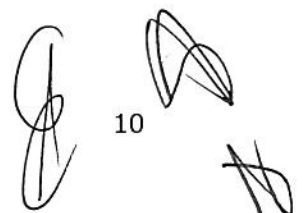
Project Lifespan: <20yrs (evidenced)

Location: City of Cape Town, South Africa

Budget and period: R 1 018 658 243.85, allocated for spend FY2015 - FY2019; USD 77 429 926 equivalent #

Phase: In execution

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Project 5:

Taxonomy and investment area: Water - Water treatment plants

Project alignment: Adaptation and Mitigation (emissions impact expected - quantified using CDM methodology)

Criteria: The Water Criteria of the Climate Bonds Standard (V2.1), Phase 1 (Evidence Provided)

Basic description: Sewer pump station upgrade with more efficient equipment, civil construction; diminishing likelihood of malfunction and surrounding water body contamination.

Project Lifespan: <20yrs (evidenced)

Location: City of Cape Town, South Africa

Budget and period: R 4 014 517.00, allocated for spend FY2016/2017; USD 310 257 equivalent #

Phase: In construction

Project 6:

Taxonomy and investment area: Water - Flood defences

Project alignment: Adaptation

Criteria: The Water Criteria of the Climate Bonds Standard (V2.1), Phase 2 (Draft)

Basic description: Sir Lowry's Pass River pass upgrades to protect surrounding areas against future flooding and infrastructure damage projected due to more intense rainfall events, and restoring River pass to natural state in sections to enable the resumption of ecosystem services

Project Lifespan: >20yrs

Location: City of Cape Town, South Africa

Budget and period: R 169 702 219.00, allocated for spend FY2015 - FY2019; USD 13 115 254 equivalent #

Phase: Environmental study phase ahead of construction

Disclaimer: Funding to be allocated to project 6 under the assumption that it will align with yet to be finalised Phase 2 water criteria – to be assessed in post issuance assurance process. If it is found to be in-eligible when the criteria are issued the City will re-allocate funds to another project aligned to the CBI [sic: Climate Bonds] Standards.

Project 7:

Taxonomy and investment area: Water - Flood defences

Project alignment: Adaptation

Criteria: The Water Criteria of the Climate Bonds Standard (V2.1), Phase 2 (Draft)
(Evidence Provided)

Basic description: Upgrading of sea wall adjacent to Beach Road in Strand and upgrading of Sea Point promenade and sea wall, aimed at prevention of flooding of adjacent businesses and residential properties and road infrastructure as a result of storm surges.

Project Lifespan: >20yrs

Location: City of Cape Town, South Africa

Budget and period: R 19 001 781.64, allocated spend for FY2015/2016; USD 1 468 532 equivalent #

Phase: In construction

Project 8:

Taxonomy and investment area: Water - Water distribution infrastructure, and water treatment plants

Project alignment: Adaptation

Criteria: The Water Criteria of the Climate Bonds Standard (V2.1), Phase 2 (Draft)
(Evidence Provided)

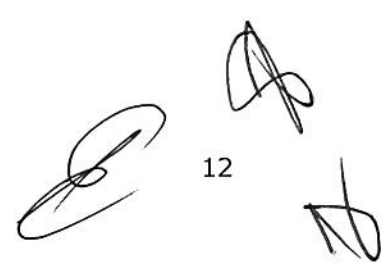
Basic description: Replacement and upgrading of aging sewerage and water supply network system, in order to reduce water losses due to leakage, enhance resilience of water reticulation system to system shocks and avoidance of associated environmental and infrastructure impacts

Project Lifespan: >20yrs

Location: City of Cape Town, South Africa

Budget and period: R 32 924 278.70, allocated spend for FY2013-2016; USD 2 544 517 equivalent #

Phase: In construction



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