

EXECUTION

APPLICABLE TRANSACTION SUPPLEMENT DATED 11 OCTOBER 2021

AB FINCO 1 (RF) LIMITED

(Incorporated with limited liability in South Africa under registration number 2007/033844/06)

ISSUER PROGRAMME AMOUNT: ZAR15,000,000,000

ISSUER PROGRAMME: AB FINCO 1

TRANSACTION 5

Established under the Programme Memorandum for the Multi-Issuer Note Programme

Arranger



Attorneys to the Arranger

WEBBER WENTZEL

in alliance with > Linklaters

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This document constitutes the Applicable Transaction Supplement relating to the Issuer described in the Applicable Transaction Supplement.

By executing the Applicable Transaction Supplement, the Issuer confirms that it has executed an Applicable Issuer Supplement dated 11 December 2019 (the **Applicable Issuer Supplement**), binding itself to the Programme Memorandum dated 11 December 2019, as updated and superseded on 4 June 2021, as amended or supplemented (the **Programme Memorandum**), as approved by the JSE on 11 December 2019 and 4 June 2021, respectively. The Applicable Transaction Supplement must be read in conjunction with the Programme Memorandum and the Applicable Issuer Supplement. To the extent that there is any conflict or inconsistency between the contents of the Applicable Transaction Supplement and the Programme Memorandum or the Applicable Issuer Supplement, the provisions of the Applicable Transaction Supplement shall prevail.

In addition to disclosing information about the Transaction, the Applicable Transaction Supplement may specify other terms and conditions of the Notes (which replace, modify or supplement the Terms and Conditions), in which event such other terms and conditions shall, to the extent so specified in the Applicable Transaction Supplement or to the extent inconsistent with the Terms and Conditions, replace, modify or supplement the Terms and Conditions.

Capitalised terms used in the Applicable Transaction Supplement shall have the meanings ascribed to them in the section of the Applicable Transaction Supplement headed "*Transaction Specific Definitions*". Any capitalised terms not defined in the Applicable Transaction

Supplement shall have the meanings ascribed to them in the section of the Programme Memorandum headed *Glossary of Definitions*, as supplemented, amended or replaced (including in the Applicable Issuer Supplement).

References in the Applicable Transaction Supplement to the Terms and Conditions are to the section of the Programme Memorandum headed "*Terms and Conditions of the Notes*" read together with the Applicable Issuer Supplement and, in relation to each Transaction, with the Applicable Transaction Supplement and, in relation to each Tranche of Notes, with the Applicable Pricing Supplement, as amended, novated and/or replaced from time to time in accordance with their terms. A reference to any Condition in the Applicable Transaction Supplement is to that Condition of the Terms and Conditions.

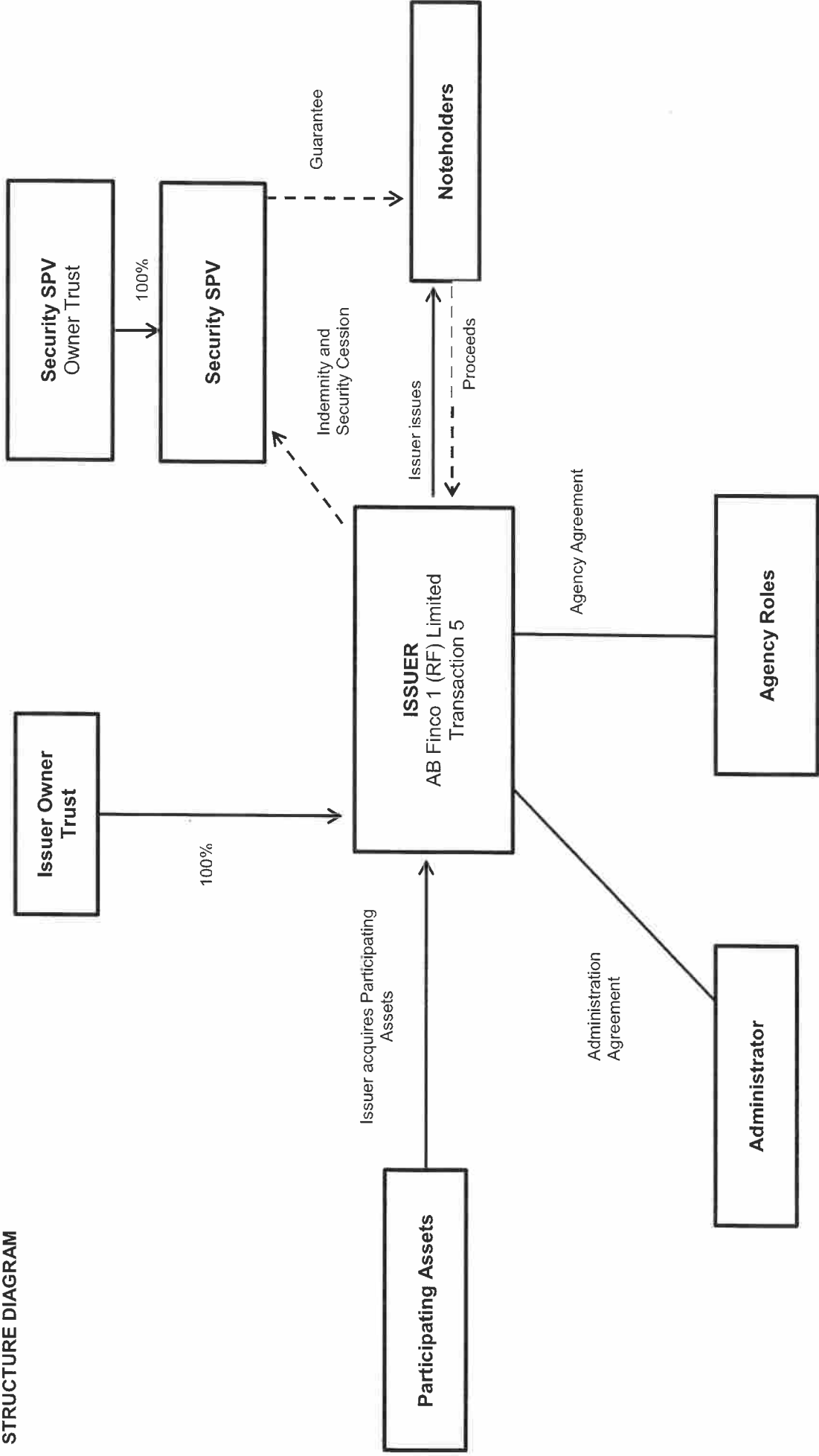
In relation to the Issuer Programme, the Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted from the Placing Document which would make any statement false or misleading and that all reasonable enquires to ascertain such facts have been made and that the Placing Document 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 accuracy of the information contained in the Placing Document, the Applicable Pricing Supplements and the annual financial statements and any amendments to the aforementioned documents, except as otherwise stated therein.

The JSE takes no responsibility for the contents of the Placing Document and the annual financial statements and/or any Applicable Pricing Supplements and/or 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 Placing Document, the annual financial statements and/or any Applicable Pricing Supplements and/or 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 Placing Document 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.

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STRUCTURE DIAGRAM



THE PARTICIPATING ASSETS ACQUISITION AGREEMENT

Acquisition of Participating Assets

In terms of the Participating Assets Acquisition Agreement, Absa Corporate and Investment Bank, as the Seller, will sell the Participating Assets to the Issuer with effect from the Effective Date.

Under the Participating Assets Acquisition Agreement, the Seller warrants that it has the sole and exclusive legal title to the Participating Assets to be sold pursuant to the Participating Assets Acquisition Agreement, enabling the Seller to cede all of its right, title and interest as Lender in and to, and delegate its obligations as Lender under, such Participating Assets to the Issuer. No other warranties are given by the Seller to the Issuer in respect of the Participating Assets.

The Issuer has no right of recourse against the Seller, in its capacity as such, in respect of losses incurred in connection with the Participating Assets after the transfer thereof in terms of the Participating Assets Acquisition Agreement.

In respect of the Transaction, the Issuer will not purchase any other Participating Assets in addition to the Loan under the Loan Agreement. No substitution of Participating Assets is permitted.

THE LOAN AGREEMENT

Originator

The Loan Agreement was originated by Absa Corporate and Investment Bank.

Absa Bank Limited is a public company incorporated in accordance with the laws of South Africa, registration number 1986/004794/06. Absa is registered as a bank in South Africa.

The Borrower

The Borrower is Ethekwini Metropolitan Municipality (**Ethekwini Municipality**).

Key terms of the Loan Agreement

Transaction 5	
Transaction Bank Account Name	AB Finco 1 Transaction 5_ETM_2
Absa Bank Account Number	4097709198
Borrower entity	Ethekwini Metropolitan Municipality
Tranche	N/A
Nature of Facility Profile	Amortising
Inception Date	30/06/2021
Maturity	30/06/2031
WAL	5.25
Outstanding Capital Balances - 30 September 2021	500,000,000.00
Ref Rate	Fixed
Interest reset period	Semi-annual
Reset Date	End (30 th) of Dec & June. If non-business day, next business day, such a day shall be next succeeding Business Day
Note coupon	To be paid one day post receipt of interest on loan
Covenants applicable on underlying loan facilities	<ol style="list-style-type: none">1. Financing costs as a % of operating income <12%2. Debtors Collection rate >85%3. Gross debtors' movement year on year <16%

	<p>4. Total Interest Bearing Debt to total funds, reserves and accumulated surpluses <50%</p> <p>5. Net cash from operating activities/Total Interest Bearing Debt >25%</p>
Borrower Website	http://www.durban.gov.za/Pages/default.aspx
Borrower latest AFS	http://www.durban.gov.za/City_Government/Administration/city_management/performance_management_unit/reports/Annual%20Reports/Forms/AllItems.aspx
Borrower year end	30 June of each year
Governing Law	South Africa

TRANSACTION SPECIFIC DEFINITIONS

1. Terms and expressions set out below will have the meanings set out below in the Terms and Conditions and the other Transaction Documents in respect of the Transaction, unless such term is separately defined in the Applicable Pricing Supplement or the Transaction Documents or the context otherwise requires:
 - 1.1 **Borrower** means the entity specified in the section of the Transaction Supplement headed "*The Loan Agreement*"; and
 - 1.2 **Required Credit Rating** means, in respect of:
 - 1.1.1 the Account Bank, at least A1 on a national scale, local currency credit rating by GCR (or the equivalent rating by another rating agency); and
 - 1.1.2 Permitted Investments, at least A1+ or AA- on a national scale, local currency credit rating by GCR (or the equivalent rating by another rating agency).
2. In the Terms and Conditions and in the Transaction Documents, unless inconsistent with the context:
 - 2.1 one gender includes a reference to the others;
 - 2.2 the singular includes the plural and vice versa;
 - 2.3 natural persons include juristic persons and vice versa;
 - 2.4 any agreement or instrument is a reference to that agreement or instrument as amended, supplemented, varied, novated, restated or replaced from time to time, and **amended** or **amendment** will be construed accordingly;
 - 2.5 a party or any other person includes that person's permitted successor, transferee, assignee, cessionary and/or delegate;
 - 2.6 a provision of law is a reference to that provision as amended or re-enacted, and includes any subordinate legislation;
 - 2.7 **assets** includes present and future properties, revenues and rights of every description;
 - 2.8 an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;
 - 2.9 **disposal** means a sale, transfer, grant, lease or other disposal (whether voluntary or involuntary);
 - 2.10 **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - 2.11 days is a reference to calendar days, unless expressly stated otherwise;
 - 2.12 a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
 - 2.13 a time of day is a reference to Johannesburg time;

- 2.14 if any provision in a definition is a substantive provision conferring rights or imposing obligations on any party, effect must be given to it as if it were a substantive provision in the body of the agreement, notwithstanding that it is contained in the interpretation clause;
- 2.15 headings are inserted for the sake of convenience only and do not in any way affect the interpretation of the Terms and Conditions; and
- 2.16 the use of the word **including** followed by specific examples will not be construed as limiting the meaning of the general wording preceding it, and the eiusdem generis rule must not be applied in the interpretation of such general wording or such specific examples.

GENERAL INFORMATION

Authorisations

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of South Africa have been given for the establishment of the Issuer Programme and the issue of Notes under the Issuer Programme and for the Issuer to undertake and perform its obligations under the Transaction Documents.

If any approval is needed by the Issuer from the financial surveillance department of the South African Reserve Bank for the issue of Notes under the Issuer Programme, this will be set out in the Applicable Pricing Supplement.

Clearing systems

The Notes have been accepted for clearance through the Central Securities Depository which, as the operator of an electronic clearing system, has been appointed by the JSE to match, clear and facilitate the settlement of transactions concluded on the JSE. The Notes may be accepted for clearance through any additional clearing system as may be agreed between the JSE and the Issuer.

Material Change



As at the date of this Applicable Transaction Supplement, following due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the end of the last financial period for which either audited annual consolidated financial statements or unaudited interim consolidated financial results have been published. No auditors have been involved in making such statement.

Litigation

At the date of this Applicable Transaction Supplement, neither the Issuer nor the Security SPV is engaged in any legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the Issuer or Security SPV is aware, that may have or have had in the recent past, being the previous 12 months, a material effect on the Issuer's or the Security SPV's financial position

Tax Advice

Potential Noteholders should seek their own independent tax advice before investing in the Notes.

By: 	Valid Signed by Rishendrie Thanthony 
Name: <u>JONATHAN BURNETT</u>	Name: <u>Rishendrie Thanthony</u>
Director, duly authorised	Director, duly authorised
Date: <u>08/10/2021</u>	Date: <u>08 October 2021</u>