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## APPLICABLE PRICING SUPPLEMENT

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### ETHEKWINI METROPOLITAN MUNICIPALITY

*(a category A municipality as envisaged in terms of section 155(1) of the Constitution of the Republic of South Africa, 1996 and a municipality as described in section 2 of the Local Government Municipal Systems Act, 2000, established in terms of provincial notice 343 of 2000, promulgated in the Provincial Gazette 5562 of 19 September 2000 in terms of section 12 read with sections 14, 81(4) and 91 of the Local Government: Municipal Structures Act, 1998, as amended in terms of provincial notice 142 of 2016, promulgated in the Provincial Gazette 1709 of 29 July 2016 in terms of section 12 of the Local Government: Municipal Structures Act, 1998, as amended)*

#### **Issue of ZAR500,000,000 Instalment Notes Due 3 June 2032**

#### **Under its ZAR10,000,000,000 Domestic Medium Term Note Programme**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 25 September 2020, prepared by the eThekweni Metropolitan Municipality in connection with the eThekweni Metropolitan Municipality ZAR10,000,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the **Programme Memorandum**).

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

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

#### **DESCRIPTION OF THE NOTES**

1. Issuer	eThekweni Metropolitan Municipality
2. Dealer	Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division)
3. Manager(s)	N/A
4. Debt Sponsor	Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division)
5. Paying Agent	Nedbank Limited (acting through its Nedbank Investor Services division)
Specified Office	16 Constantia Boulevard Constantia Kloof South Africa
6. Calculation Agent	Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division)
Specified Office	135 Rivonia Road Nedbank 135 Rivonia Campus Fourth Floor, Block F

		Sandton, 2196 South Africa
7.	Issuer Agent	Nedbank Limited (acting through its Nedbank Corporate and Investment Banking division)
	Specified Office	135 Rivonia Road Nedbank 135 Rivonia Campus Fourth Floor, Block F Sandton, 2196 South Africa
8.	Settlement Agent	Nedbank Limited (acting through its Nedbank Investor Services division)
	Specified Office	16 Constantia Boulevard Constantia Kloof South Africa
9.	Status of Notes	Senior Unsecured
10.	Form of Notes	The Notes in this Tranche are listed Registered Notes issued in uncertificated form
11.	Series Number	1
12.	Tranche Number	1
13.	Aggregate Nominal Amount:	
	(a) Series	ZAR500,000,000
	(b) Tranche	ZAR500,000,000
14.	Interest	Interest-bearing
15.	Interest Payment Basis	Fixed Rate
16.	Automatic/Optional Conversion from one Interest/Payment Basis to another	N/A
17.	Issue Date	3 June 2022
18.	Nominal Amount per Note	ZAR1,000,000
19.	Specified Denomination	ZAR1,000,000
20.	Specified Currency	ZAR
21.	Issue Price	100%
22.	Interest Commencement Date	3 June 2022
23.	Maturity Date	3 June 2032
24.	Applicable Business Day Convention	Following Business Day
25.	Final Redemption Amount	As per the " <i>Instalment Schedule</i> " attached hereto as Annexure "A."
26.	Last Day to Register	By 17h00 on 23 May, 22 November or if such day is not a Business Day, the Business Day before each Books Closed Period, in each year until the Maturity Date.
27.	Books Closed Period(s)	The Register will be closed from 24 May to 2 June and 23 November to 2 December (all dates inclusive) in each year until the Maturity Date, or if any early redemption occurs, 10 days prior to the actual Redemption Date.
28.	Interest Payment Date(s)	3 December and 3 June of each year until the Maturity Date or, if such day is not a Business Day, the Business

	Day on which interest will be paid, as determined in accordance with the Applicable Business Day Convention with the first Interest Payment Date being 3 December 2022, or, if such day is not a Business Day, the Business Day on which interest will be paid, as determined in accordance with the Applicable Business Day Convention. For further information, see the " <i>Instalment Schedule</i> " attached hereto as Annexure "A".
29. Interest Period(s)	From and including the applicable 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 next Interest Payment Date (each Interest Payment Date as adjusted in accordance with the Applicable Business Day Convention). For further information, see the " <i>Instalment Schedule</i> " attached hereto as Annexure "A".
30. Default Rate	2% to be added to Fixed Rate of Interest
<b>FIXED RATE NOTES</b>	N/A
<b>FLOATING RATE NOTES</b>	N/A
<b>ZERO COUPON NOTES</b>	N/A
<b>INSTALMENT NOTES</b>	
31. (a) Fixed Interest Rate(s)	10.91% per annum payable semi-annually in arrear,
(b) Initial Broken Amount	N/A
(c) Final Broken Amount	N/A
(d) Day Count Fraction	Actual/365
(e) Any other terms relating to the particular method of calculating interest	N/A
32. Instalment Dates	As per the " <i>Instalment Schedule</i> " attached hereto as Annexure "A"
33. Instalment Amounts (expressed as a percentage of the aggregate Nominal Amounts of the Notes)	As per the " <i>Instalment Schedule</i> " attached hereto as Annexure "A"
<b>MIXED RATE NOTES</b>	N/A
<b>INDEXED NOTES</b>	N/A
<b>DUAL CURRENCY NOTES</b>	N/A
<b>EXCHANGEABLE NOTES</b>	N/A
<b>OTHER NOTES</b>	N/A
<b>PROVISIONS REGARDING REDEMPTION/ MATURITY</b>	
34. Redemption at the Option of the Issuer	No
35. Redemption at the Option of the Issuer	No
36. Redemption in the event of a failure to maintain JSE Listing and/or Rating at the election of Noteholders pursuant to Condition 10.7 (Redemption in the event of a failure to maintain JSE Listing and/or Rating)	Yes
37. Early Redemption Amount(s), if different from that set out in the	N/A

Condition 10.8 (*Early Redemption Amount(s)*), payable on redemption for taxation reasons in terms of Condition 10.2 (*Redemption for Tax Reasons*), at the option of the Issuer in terms of Condition 10.3 (*Redemption at the Option of the Issuer*), at the option of the Noteholders in terms of Condition 10.4 (*Redemption at the Option of the Senior Noteholders*), in terms of Condition 10.5 (*Redemption Pursuant to Stopping of the Transfer of Funds in terms of Sections 38 to 40 of the MFMA*), in terms of Condition 10.6 (*Redemption pursuant to provincial and/or national government intervention in terms of Sections 135 to 150 of the MFMA*), in terms of Condition 10.7 (*Redemption in the event of a failure to maintain JSE Listing and/or Rating*) or on an Event of Default in terms of Condition 17 (*Events of Default*).

#### GENERAL

38. Financial Exchange	Interest Rate Market of the JSE Limited
39. Additional selling restrictions	N/A
40. ISIN No.	ZAG000186420
41. Stock Code	ETK001
42. Stabilising manager	N/A
43. Provisions relating to stabilisation	N/A
44. Method of distribution	Auction
45. Credit Rating assigned to the Issuer	AA+(ZA) (Long Term); A1+(ZA) (Short Term), as at 17 May 2022
46. Applicable Rating Agency	GCR Ratings
47. Governing law (if the laws of South Africa are not applicable)	N/A
48. Total nominal value of Notes in issue as at the Issue Date	Nil
49. Other provisions	N/A

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

At the date of this Applicable Pricing Supplement:

50. Paragraph 3(5)(a)

The “*ultimate borrower*” is the Issuer.

51. 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.

52. Paragraph 3(5)(c)

The auditor of the Issuer is the Auditor-General of South Africa.

53. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has not issued Commercial Paper (as defined in the Commercial Paper Regulations) (exclusive of this issue of Notes and ETK002 Notes); and
- (ii) the Issuer estimates that it will not issue any further Commercial Paper during the current financial year, ending 30 June 2022.

54. Paragraph 3(5)(e)

All information that may reasonably be necessary to enable the investor to ascertain the nature of the financial and commercial risk of its investment in the Notes is contained in the Programme Memorandum and the Applicable Pricing Supplement.

55. Paragraph 3(5)(f)

There was no material adverse change in the Issuer's financial position since the date of its last audited financial statements.

56. Paragraph 3(5)(g)

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

57. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for the purposes specified in section 46(1)(a) of the MFMA.

58. Paragraph 3(5)(i)

The payment obligations of the Issuer in respect of the Notes are unsecured.

59. Paragraph 3(5)(j)

Auditor-General of South Africa, the statutory auditor of the Issuer, have confirmed that their review did not reveal anything which indicates that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

**Responsibility:**

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, that all reasonable enquiries to ascertain such facts have been made and that the Programme Memorandum together with this Applicable Pricing Supplement contain all information required by law and the Debt Listings Requirements. The Issuer accepts full responsibility for the accuracy of the information contained in the Programme Memorandum, this Applicable Pricing Supplement and the annual financial statements and annual integrated report and any amendments or supplements to the aforementioned documents, except as otherwise stated therein.

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

**Additional Disclosure:**

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

In addition, in the ordinary course of their business activities, the Dealer and its affiliates may make loans or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such loans, investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates (including the Notes). The Dealer or its affiliates may hedge their credit exposure to the Issuer consistent with their customary risk management policies.

**Programme Amount:**

The Issuer confirms that the authorised Programme Amount of ZAR10,000,000,000 has not been exceeded.

**Material Change:**


As at the date of the Applicable Pricing Supplement, and after due and careful enquiry, there has been no material change in the financial or trading position of the Issuer since the date of publication of the Issuer's latest audited financial statements. As at the date of this Applicable Pricing Supplement, there has been no involvement by the Auditor General of South Africa in making the aforementioned statement.

**Listing:**

Application is hereby made to list this issue of Notes on 3 June 2022.

SIGNED at DURBAN this 01 day of JUNE 2022.

For and on behalf of  
**ETHEKWINI METROPOLITAN MUNICIPALITY**

  
Name: T. B. MBHELE  
Capacity: Acting City Manager  
who warrants his/her authority hereto

  
Name: S. MNGUNI  
Capacity: Chief Financial Officer  
who warrants his/her authority hereto

## INSTALMENT SCHEDULE

No.	Instalment Date/Interest Payment Date	Interest Payment Amount	Instalment Amount	Total Payment	Capital Balance
	03 June 2022				R 500,000,000
1.	03 December 2022	R 27,648,630.14	R 25,000,000	R 52,648,630.14	R 475,000,000
2.	03 June 2023	R 25,840,260.27	R 25,000,000	R 50,840,260.27	R 450,000,000
3.	03 December 2023	R 24,480,246.58	R 25,000,000	R 49,480,246.58	R 425,000,000
4.	03 June 2024	R 23,120,232.88	R 25,000,000	R 48,120,232.88	R 400,000,000
5.	03 December 2024	R 21,879,780.82	R 25,000,000	R 46,879,780.82	R 375,000,000
6.	03 June 2025	R 20,400,205.48	R 25,000,000	R 45,400,205.48	R 350,000,000
7.	03 December 2025	R 19,144,808.22	R 25,000,000	R 44,144,808.22	R 325,000,000
8.	03 June 2026	R 17,680,178.08	R 25,000,000	R 42,680,178.08	R 300,000,000
9.	03 December 2026	R 16,409,835.62	R 25,000,000	R 41,409,835.62	R 275,000,000
10.	03 June 2027	R 14,960,150.68	R 25,000,000	R 39,960,150.68	R 250,000,000
11.	03 December 2027	R 13,674,863.01	R 25,000,000	R 38,674,863.01	R 225,000,000
12.	03 June 2028	R 12,441,883.56	R 25,000,000	R 37,441,883.56	R 200,000,000
13.	03 December 2028	R 10,880,109.59	R 25,000,000	R 35,880,109.59	R 175,000,000
14.	03 June 2029	R 9,520,095.89	R 25,000,000	R 34,520,095.89	R 150,000,000
15.	03 December 2029	R 8,160,082.19	R 25,000,000	R 33,160,082.19	R 125,000,000
16.	03 June 2030	R 6,800,068.49	R 25,000,000	R 31,800,068.49	R 100,000,000
17.	03 December 2030	R 5,469,945.21	R 25,000,000	R 30,469,945.21	R 75,000,000
18.	03 June 2031	R 4,080,041.10	R 25,000,000	R 29,080,041.10	R 50,000,000
19.	03 December 2031	R 2,734,972.60	R 25,000,000	R 27,734,972.60	R 25,000,000
20.	03 June 2032	R 1,367,486.30	R 25,000,000	R 26,367,486.30	-
	<b>Total</b>	<b>R 286,693,876.71</b>	<b>R500,000,000</b>	<b>R 786,693,876.71</b>	