

PRICING SUPPLEMENT



CITY OF CAPE TOWN

Issue of R 1 000 000 000 Unsecured Senior Fixed Rate Notes Due 23 June 2023

Under its R7 000 000 000 Domestic Medium Term Note Programme

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

This Pricing Supplement must be read in conjunction with the Programme Memorandum issued by City of Cape Town dated 30 May 2008, as amended. To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Programme Memorandum, the provisions of this Pricing Supplement shall prevail.

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

DESCRIPTION OF THE NOTES

1.	Issuer	City of Cape Town
2.	Status of the Notes	Unsecured
		Senior
		Listed
3.	Issue number	1
4.	Series number	1
5.	Tranche number	1
6.	Aggregate Principal Amount of this Tranche	R1 000 000 000
7.	Interest/Payment Basis	Fixed Rate
8.	Aggregate Interest payable in respect of Tranche until Maturity, as calculated at Issue Date	12.57% pa

9.	Form of Notes	Registered Notes
10.	Automatic/Optional Conversion from one Interest/Payment Basis to another	Not applicable
11.	Issue Date(s)	23 June 2008
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	R1 000 000
15.	Issue Price(s)	100 per cent
16.	Applicable Business Day Convention, if different to that specified in the Terms and Conditions	Following Business Day
17.	Interest Payment Dates	23 June and 23 December each year
18.	Interest Commencement Date(s)	23 June 2008
19.	Final Redemption Date	23 June 2023
20.	Specified Currency	Rand
21.	Set out the relevant description of any additional/other Terms and Conditions relating to the Notes	Not applicable

FIXED RATE NOTES

22.	Fixed Interest Rate	12.57 % per annum
23.	Interest Payment Date(s)	The 23 rd day of June and the 23 rd day of December of each calendar year, or if such day is not a Business Day, the next succeeding Business Day.
24.	Interest Period(s)	From and including 23 June to but excluding 23 December From and including 23 December to but excluding 23 June The first Interest Period will start on and include 23 June 2008 and end on but exclude 23 December 2008 The last Interest Period will start on and include 23 December 2022 and end on but



exclude 23 June 2023

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| 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 |

OTHER NOTES

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| 28. If the Notes are not Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, Indexed Notes, Mixed Rate Notes, Instalment Notes, Partly Paid Notes, Exchangeable Notes, Extendable Notes, Senior Notes or Subordinated Notes, or if the Notes are a combination of the above and some other Note, set out the relevant description of any additional Terms and Conditions relating to such Notes | Not applicable |
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PROVISIONS REGARDING REDEMPTION/ MATURITY

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| 29. 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 | The notes will be redeemed by way of bullet repayment on the Final Redemption Date |
| 30. Redemption at the option of the Noteholders: if yes | No |
| (a) Optional Redemption Date(s) | Not applicable |
| (b) Optional Redemption Amount(s) and method, if any, | Not applicable |



of calculation of such amount(s)

(c) Minimum period of notice (if different to Condition 10.4) 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

(f) attach *pro forma* put notice(s) Not applicable

31. Early Redemption Amount(s) payable on redemption for Taxation reasons or on Event of Default : if yes No

Amount payable Not applicable

GENERAL

32. Additional selling restrictions Not applicable

33. International Securities Numbering (ISIN) ZAG000054982

34. Stock Code CCT01

35. Financial Exchange The Bond Exchange of South Africa Limited

36. Dealer(s) Absa Capital, a division of Absa Bank Limited

37. Method of distribution Bookbuild without feedback

38. Rating assigned to this Tranche of Notes, the Issuer or the Programme as at the Issue Date (if any) Aa2.za, assigned to the Issuer and the Programme

39. Rating Agency Moody's Investors Service South Africa (Proprietary) Limited

40. Governing Law South Africa

41. Last Day to Register By 17h00 on the Business Day preceding the Books Closed Period

42. Books Closed Period The period from and including the 13th day of June to but excluding the next Interest Payment Date and the period from and including the 13th day of December to but excluding the next Interest Payment Date, of each calendar year, each being 10 (ten)

	days prior to each Interest Payment Date and Redemption Date
43. Calculation Agent	Absa Capital, a division of Absa Bank Limited
44. Specified Office of the Calculation Agent	As per Programme Memorandum
45. Transfer Agent	Absa Capital, a division of Absa Bank Limited
46. Specified Office of the Transfer Agent	As per Programme Memorandum
47. Paying Agent	Absa Capital, a division of Absa Bank Limited
48. Specified Office of the Paying Agent	As per Programme Memorandum
49. Stabilisation Manager, if any	Not applicable
50. Programme Limit	R7 000 000 000
51. Aggregate Outstanding Principal Amount of Notes in issue on the Issue Date of this Tranche	Nil

DISCLOSURE REQUIREMENTS IN TERMS OF THE MUNICIPAL REGULATIONS ON DEBT DISCLOSURES

52. <u>Regulation 9(1)(e)</u> Details of any borrowing restrictions under outstanding debt of the Issuer	See Schedule 1 to this Pricing Supplement
53. <u>Regulation 11(1)(a)</u> Full names, relevant qualifications and experience of key officials	See Schedule 2 to this Pricing Supplement
54. <u>Regulation 12(1)(b)</u> Aggregate amount of any short term debt outstanding at the close of the three months preceding the Issue Date	Not applicable
55. <u>Regulation 12(1)(d)</u> Details of any default by the Issuer during the preceding three years	Not applicable
56. <u>Regulation 12(1)(k)</u> Details of the nature and amounts of letters of credit, guarantees, insurance policies and other credit	Not applicable



enhancements which relate to debt

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| 57. <u>Regulation 13(a)</u> | See Schedule 3 to this Pricing Supplement |
| Details of the 10 employers employing the greatest number of persons within the area of the municipality | |
| 58. <u>Regulation 13(b)</u> | See Schedule 4 to this Pricing Supplement |
| Details of the 10 major contributors to the municipal rate base | |
| 59. Other provisions | Not applicable |

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

At the date of this Applicable Pricing Supplement:

60. Paragraph 3(5)(a)

The ultimate borrower is the Issuer.

61. 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.

62. Paragraph 3(5)(c)

The auditor of the Issuer is the Auditor-General.

63. Paragraph 3(5)(d)

As at the date of this issue:

- (a) the Issuer has not issued any Notes; and
- (b) it is not anticipated that the Issuer will issue additional Notes during the remainder of its current financial year.

64. Paragraph 3(5)(e)

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.

65. 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.

66. Paragraph 3(5)(g)

The Notes issued will be listed.

67. Paragraph 3(5)(h)

The funds to be raised through the issue of the Notes are to be used by the Issuer for financing the Issuer's approved External Finance Fund (EFF) funded capital expenditure.

68. Paragraph 3(5)(i)

The Notes are unsecured.

69. 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 respects with the relevant provisions of the Commercial Paper Regulations.

Responsibility:

The Issuer accepts responsibility for the information contained in this Applicable Pricing Supplement.

Application is hereby made to list this Tranche of the Notes, as from 23 June 2008, pursuant to the City of Cape Town Domestic Medium Term Note Programme.

SIGNED at CAPE TOWN this 19th day of JUNE 2008.

For and on behalf of
CITY OF CAPE TOWN


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


Name: M. RICHARDSON
Capacity: CHIEF FINANCIAL OFFICER
who warrants his/her authority hereto

Schedule 1

Details of borrowing restrictions under outstanding debt of the Issuer

(Regulation 9(1)(e))

A. FirstRand Bank: Loan no. 830009531

Loan agreement between FirstRand Bank Ltd. and City of Cape Town

8. Financial Covenants

Clause 8.2

"The Borrower's cash available from operations before external interest paid (being cash generated from operations, plus investment income, plus changes in working capital) over any two consecutive financial years are to cover external interest paid due in the same period by not less than two times. The measurement is to be applied against the Borrower's annual audited financial statements."

B. ABSA Bank: Loan no. 830007011

Loan agreement between ABSA Bank Ltd. and City of Cape Town

5. Other conditions

Therefore, the Parties agree that if,

Clause 5.4

" the Borrower's Financing Cost Ratio exceeds 20%; or"

Clause 5.5

"the Borrower's Cash Flow Interest Cover Ratio is less than 2 times;"

"then, on the occurrence of any of these events, either Party shall be entitled to call upon the other Party, on 7 days written notice to such other Party, to jointly discuss and negotiate any impact that any of such events may have on either Party's rights and obligations in terms of this Agreement."

C. ABSA Bank: Loan no. 830000440

Loan agreement between ABSA Bank Ltd. and South Peninsula Municipality

6. Undertakings and Covenants by the Borrower

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Clause 6.1.7

"if it wishes to raise any new debt or increase any outstanding indebtedness in an amount in excess of R50 million per year or encumber any of its assets in excess of R50 million per year in respect of any of its existing or future indebtedness, it shall give the lender not less than 21 days notice in writing of their intention to do so."



Schedule 2

Full names, relevant qualifications and experience of key officials

(Regulation 11(1)(a))

(i) Accounting Officer

Name: Achmat Ebrahim

Relevant qualifications: National Certificate in Housing Management

National Diploma in Municipal Administration

Advanced Diploma in Public Administration

Relevant experience: 28 years local government experience, including 10 years at Executive Management level at City of Cape Town.

8 years part time lecturing experience Municipal Administration and Public Administration.

(ii) Chief Financial Officer

Name: Michael John Richardson

Relevant qualifications: Member of CIPFA

Member of IMFO

Relevant experience: 25 years RSA local government finance experience, including 10 years at Executive Management level at City of Cape Town.

15 years UK local government finance experience.

(iii) Director: Treasury

Name: Stefanus Lodewikus Venter

Relevant qualifications: B.Com degree

Qualified member of IMFO

Relevant experience: 32 years local government experience, of which 12 years as CFO of East London, and 10 years at senior finance management level with City of Cape Town.



Schedule 3

**The 10 employers employing the greatest number of persons
within the area of the municipality
(Regulation 13(a))**

1. City of Cape Town
2. Western Cape Provincial Government
3. National Government
4. Old Mutual
5. Transnet
6. Pick n' Pay
7. Golden Arrow Bus Service
8. Metropolitan Life
9. Sans Fibres
10. Eskom

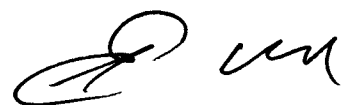
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Schedule 4

The 10 major contributors to the municipal rate base

(Regulation 13(b))

1. Public Works Department
2. Lexshell 44 General Trading (Proprietary) Ltd.
3. Hyprop Investments Ltd. & Ellerin Bros. (Proprietary) Ltd.
4. University of Cape Town
5. Transnet
6. Old Mutual Property
7. Pareto Metropolitan Life C/O Tyger Valley Centre
8. Airport Company
9. Eskom Koeberg
10. Western Cape Provincial Government

A handwritten signature in black ink, consisting of a stylized 'E' followed by a series of loops and a final 'm'.