BOTSWANA HOUSING CORPORATION
(established under the Botswana Housing Corporation Act CAP 74:03 Laws of Botswana)
(“BHC” or the “Issuer”)
Strictly private and confidential

SUPPLEMENTARY PROGRAMME MEMORANDUM

Botswana Housing Corporation (the “Issuer” or “BHC”) established a BWP 2 000 000 000 Note Programme (“Programme”) under which it may from time to time issue Tranches of notes (“Notes”) denominated in Botswana Pula (“BWP”), up to a value of BWP 2 000 000 000 in terms of a Programme Memorandum dated 15 November 2010 (“Programme Memorandum”). The issues of the Notes were subject to the terms and conditions in the Programme Memorandum (the “Terms and Conditions”). Each Tranche of Notes would have such interest and period of maturity(ies) and other terms and conditions as may be agreed between the Issuer and the Placing Agent, set out in an Applicable Pricing Supplement issued in respect of each Tranche of Notes, and the Notes may be listed as approved by the Botswana Stock Exchange Limited (the “BSEL”), or its successor, and/or such other exchange or exchanges as may be agreed between the Issuer and the Placing Agent. Notes may be listed or unlisted provided that the maximum aggregate nominal amount of all Notes issued under this Programme will not exceed BWP 2 000 000 000.

This Supplementary Programme Memorandum is being issued to supplement and update the information on the Issuer that was provided in the Programme Memorandum dated 15 November 2010 as well as to update, supersede and the Terms and Conditions in relation to any further Notes to be issued out under the Programme, following the date of this Supplementary Programme Memorandum. This Supplementary Programme Memorandum does not apply to Notes issued before the date of this Supplementary Programme Memorandum. This update is required as a result of changes in the regulatory and operating environment of the BSEL since the date the Programme was established.

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

Capitalised terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the aforementioned Programme Memorandum.

Notes issued under the Programme will be denominated in Botswana Pula (“BWP”). The maximum aggregate principal amount of all Notes from time to time outstanding under the Programme will not exceed BWP 2 000 000 000.

The Issuer may increase the amount of BWP 2 000 000 000 with, to the extent necessary, with the consent of the Bank of Botswana, the Ministry of Infrastructure and Housing Development, the Ministry of Finance and Economic Development and the Botswana Stock Exchange Limited (“BSEL”), by means of a Supplementary Programme Memorandum to the Programme.
The final offer price, aggregate principal amount, interest, if any, payable in respect of Notes, and any other terms and conditions not contained herein which are applicable to each Series and each Tranche (as defined under the "Terms and Conditions of the Notes") of Notes to be issued under the Programme will be determined by the Issuer, the Arranger, or relevant Dealer (if not the Arranger) and the relevant Placing Agent at the time of issue in accordance with prevailing market conditions and will be set out in a pricing supplement which pertains to the Notes of such Series or Tranche (the "Applicable Pricing Supplement").

Notes issued under this Programme may be listed on the BSEL or on any other recognised Stock Exchange. With respect to Notes to be listed on the BSEL or any other recognised Stock Exchange and admitted to trading on the BSEL or such other recognised Stock Exchange, the Applicable Pricing Supplement will be delivered for approval to the BSEL or such other recognised Stock Exchange prior to the date of issue of the Notes. With regard to an application for listing of Notes issued under the Programme to be listed on the BSEL or any other recognised Stock Exchange, the Issuer cannot give any assurance that such listing will be obtained.

Notes issued under this Programme may be issued on an unlisted basis or admitted to trading on regulated markets and/or quotation systems other than the BSEL or recognised Stock Exchanges.

The Applicable Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the BSEL or any other recognised Stock Exchange or issued on an unlisted basis or admitted to trading and/or quotation by other regulated markets or quotation systems. In accordance with the directive from the Non-Bank Financial Institutions Regulatory Authority, all Notes to be listed on the BSEL will be issued in Uncertificated form (electronic) to be held on the CSDB.

Notes issued under this Programme may be sold through private placement. In such event, this Supplementary Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Supplementary Programme Memorandum and the Applicable Pricing Supplement is delivered on behalf of the Issuer (the "Recipient") and shall not be capable of distribution and should not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other party.

Notes issued under this Programme may be sold by way of offer to the public within the Republic of Botswana.

This Supplementary Programme Memorandum has been approved by the BSEL in its capacity as competent authority to grant approval to a Supplementary Programme under which Notes which may be listed on the BSEL may be issued. In the event that unlisted Notes are issued or any Notes are issued on any Stock Exchange other than the BSEL, the Issuer shall, no later than the last day of the month of issue, inform the BSEL in writing of the aggregate principal amount and scheduled maturity dates in respect of such Notes. The BSEL’s approval of the Supplementary Programme Memorandum or the listing of Notes thereunder should not be taken in any way as an indication of the merits of either the Issuer or the Notes. The BSEL has not verified the accuracy or truth of the contents of the documentation submitted to it and, to the extent permitted by law, the BSEL will not be liable for any claim of whatever kind.

The Issuer will, in connection with the listing of the Notes on the BSEL or any other recognised Stock Exchange, so long as any Note remains outstanding and listed on such exchange, in the event of any occurrence of a significant factor which is not reflected in this Supplementary Programme Memorandum, or in the event of a material mistake or inaccuracy relating to the information included in this Supplementary Programme Memorandum, prepare a further supplement to the Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of Notes to be listed on the BSEL or any other recognised Stock Exchange.
All payments in respect of the Notes will be subject to any deduction for or on account of the Republic of Botswana taxes, as described in Condition 10 of the Terms and Conditions of the Notes.

Supplementary Programme Memorandum dated 27 November 2018.

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GENERAL

The Programme, and this Supplementary Programme Memorandum has been approved by the BSEL. Notes may be listed on the BSEL or on such other or further exchange or exchanges as may be agreed between the Issuer and the Placing Agent. Details of the aggregate Nominal Amount of Notes, interest (if any) payable in respect of the Notes, the issue price of the Notes and any other terms and conditions not contained in the Terms and Conditions which are applicable to any Notes will be set forth in a pricing supplement (the "Applicable Pricing Supplement," as further defined in the Terms and Conditions). With respect to Notes to be listed on the BSEL, the Applicable Pricing Supplement will be delivered to the BSEL, not later than the time specified for such delivery by the BSEL. The Issuer and the Placing Agent may agree that a particular Tranche (as defined in the Terms and Conditions) of Notes will not be listed on the BSEL or on any other exchange.

The Notes may be issued on a continuing basis and may be placed by the Placing Agent appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis.

The BSEL’s approval of the listing of any Tranches of Notes should not be taken in any way as an indication of the merits of either the Issuer or any Notes. The BSEL has not verified the accuracy or truth of the contents of the documentation submitted to it and, to the extent permitted by law, the BSEL will not be liable for any claim of whatever kind.

The Programme has, as at the date of this Supplementary Programme Memorandum, not been rated by any rating agency. However, the Issuer may at its discretion at any time obtain a rating from a rating agency for the Programme or any issue of Notes pursuant to the Programme. The Issuer may agree with the Placing Agent that Notes may be issued in a form not contemplated by the Terms and Conditions, in which case a further supplementary Programme Memorandum, if appropriate, will be made available that will describe the effect of the agreement reached in relation to such Notes.

The Issuer accepts responsibility for the information contained in this Supplementary Programme Memorandum. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplementary Programme Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Supplementary Programme Memorandum contains or incorporates all information which is material in the context of the issue and the offering of Notes, that the information contained or incorporated in this Supplementary Programme Memorandum is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in this Programme Memorandum are honestly held and that there are no other facts the omission of which would make this Supplementary Programme Memorandum or any of such information or expression of any such opinions or intentions misleading in any material respect.

This Supplementary Programme Memorandum is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see the section entitled "Documents Incorporated by Reference" below). This Supplementary Programme Memorandum shall be read and construed on the basis that such documents are incorporated into and form part of this Supplementary Programme Memorandum.

The Issue Manager and Placing Agent, the BSEL and other professional advisers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Issue Manager and Placing Agent, the BSEL or other professional advisers as to the accuracy or completeness of the information contained in this Supplementary Programme Memorandum or any other information provided by the Issuer. The Issue Manager and Placing Agent and other
professional advisers do not accept any liability in relation to the information contained in this Supplementary Programme Memorandum or any other information provided by the Issuer in connection with the Programme.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Supplementary Programme Memorandum or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Issue Manager and Placing Agent, the BSEL, and/or other professional advisers.

Neither this Supplementary Programme Memorandum nor any other information supplied in connection with the Programme is intended to provide a basis for any credit or other evaluation, nor should it be considered as a recommendation by the Issuer or the Joint Placing Agents that any recipient of this Supplementary Programme Memorandum (or any other information supplied in connection with this Programme) should subscribe for or purchase any Notes.

Each investor contemplating the subscription or purchase of any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Supplementary Programme Memorandum nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer or the Joint Placing Agents to any person to subscribe for or purchase any Notes.

The delivery of this Supplementary Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other financial statements or other information supplied in connection with the Programme is correct as at any time subsequent to the date indicated in the document containing the same. The Placing Agent expressly does not undertake to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, inter alia, the most recent financial statements of the Issuer when deciding whether or not to subscribe for or purchase any Notes.

All references in this document to “Pula,” “BWP” and “Botswana Pula” refer to the legal currency of the Republic of Botswana.

Where any term is defined within the context of any particular clause or section in this Supplementary Programme Memorandum, the term so defined, unless it is clear from the clause or section in question that the term so defined has limited application to the relevant clause or section, shall bear the meaning ascribed to it for all purposes in this Supplementary Programme Memorandum, unless qualified by the terms and conditions of any particular Tranche of Notes as set out in the Applicable Pricing Supplement or unless the context otherwise requires. Expressions defined in this Supplementary Programme Memorandum shall bear the same meaning in any further supplements to this Supplementary Programme Memorandum, which do not themselves contain their own definitions.
1. GENERAL DESCRIPTION OF THE PROGRAMME

Words used in this section entitled "General Description of the Programme" shall bear the same meanings as used in the Terms and Conditions, except to the extent that they are separately defined in this section or clearly inappropriate from the context.

Under this Programme, the Issuer may from time to time issue Notes denominated in Pula and have such period of maturity (ies) as may be agreed between the Issuer and the Placing Agent and approved by the BSEL and/or such other exchanges on which the Notes may be listed. A summary of the Programme and the Terms and Conditions appear below.

The applicable terms of any Tranche of Notes (as defined in the Terms and Conditions) will be agreed between the Issuer and the Placing Agent prior to the issue of the Notes and will be set out in the Terms and Conditions incorporated by reference into the Notes, as modified and supplemented by the Applicable Pricing Supplement and (as defined in the Terms and Conditions) attached to the Certificates representing such Notes. This Supplementary Programme Memorandum, and any further supplementary Programme Memorandum, will only be valid for Notes issued under the Programme in an aggregate Nominal Amount which, when added to the aggregate Nominal Amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed BWP 2 000 000 000. For the purpose of calculating the aggregate Nominal Amount of Notes issued under the Programme from time to time, reference shall be made to the original Nominal Amount of such Notes and other Notes issued at a discount or premium shall be calculated by reference to the net proceeds received by the Issuer for the relevant issue.

2. SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and is qualified by, the remainder of this Supplementary Programme Memorandum and, in relation to the terms and conditions of any particular Tranche of Notes and the Applicable Pricing Supplement.

Unless the context otherwise requires, defined terms and expressions used herein shall bear the same meaning ascribed to them in the Terms and Conditions or elsewhere in this Programme Memorandum.

<table>
<thead>
<tr>
<th>Issuer</th>
<th>Botswana Housing Corporation, a statutory corporation established by and under the Botswana Housing Corporation Act, CAP 74:03 of the Laws of Botswana.</th>
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<td>Description of Programme</td>
<td>Botswana Housing Corporation BWP 2 000 000 000 Domestic Note Programme.</td>
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<td>Up to BWP 2 000 000 000 outstanding at any time.</td>
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<tr>
<td>Issue Managers and Placing Agent</td>
<td>Stanbic Bank Botswana Limited, further specification as to which is set out in the definitions contained in the Terms and Conditions.</td>
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**Calculation and Paying Agent**

DPS Consulting Services (Proprietary) Limited Gaborone, Botswana, or such other person as may be specified in the Applicable Pricing Supplement as the Calculation and Paying Agent.

**Clearing and Settlement**

Listed Notes will be cleared and settled in accordance with the rules of the BSEL and the CSDB. Listed Notes will have been accepted for clearance through the CSDB, which forms part of the BSEL clearing system that is managed by the CSDB.

**CSDB**

the Central Securities Depository of Botswana Limited, the central securities depository of the Botswana Stock Exchange Limited, which will act as transfer secretary in respect of all Uncertificated Notes.

**CSDB Participant**

a registered stockbroker, custodian bank or other CSDB approved entity that can open CSDB accounts on behalf of individuals, corporations and other legal entities.

**Currency**

Botswana Pula.

**Cross Default**

The terms of the Notes will contain a cross-default provision relating to the indebtedness for money borrowed, or any guarantee of or indemnity in respect of any such indebtedness as further described in Condition 12.3.

**Denomination of Notes**

Notes will be issued in minimum denominations as specified in the Applicable Pricing Supplement, as may be agreed between the Issuer and the Placing Agent, provided that the denominations shall not exceed BWP 1000 (One Thousand Botswana Pula).

**Distribution**

Notes may be distributed by way of private placement or public offering, as permitted by Botswana law and in each case on a syndicated or non-syndicated basis as determined by the Issuer and the Placing Agent and as reflected in the Applicable Pricing Supplement.

**Form of Notes**

The Notes will be issued in Certificated or Uncertificated registered form.
Uncertificated registered Notes will be held by the Central Securities Depository of Botswana ("CSDB"), the securities depository of the Botswana Stock Exchange Limited. Only unlisted Notes, which are to be issued off-exchange will be issued and held in Certificated form.

The Notes will be governed by, and construed in accordance with, the laws of the Republic of Botswana in force from time to time.

Such period(s) or date(s) as the Issuer and the Placing Agent may agree and as indicated in the Applicable Pricing Supplement.

Notes may be issued at their Nominal Amount or at a discount or premium to their Nominal Amount, as indicated in the Applicable Pricing Supplement.

The Programme has been approved by the BSEL. Notes issued under the Programme may be listed on the BSEL (or on a successor exchange to the BSEL) and may then be traded on the BSEL (or on a successor exchange to the BSEL). Notes may be issued in Uncertificated registered form and held and traded on the CSDB of the BSEL. This Supplementary Programme Memorandum and any further supplementary Programme Memorandum, will be valid for listing Notes on the BSEL (or on a successor exchange to the BSEL), or for Notes issued off-exchange in respect of unlisted Notes in an aggregate Nominal Amount (as defined in the Terms and Conditions) which, when added to the aggregate Nominal Amount then outstanding of Notes previously or simultaneously issued under the Programme, does not exceed BWP 2 000 000 000.

Such period of maturity(ies) as may be agreed between the Issuer and the Placing Agent, as specified in the Applicable Pricing Supplement, and approved by the BSEL or its successor and/or any other exchange or exchanges on which the Notes may be listed, as indicated in the Applicable Pricing Supplement.

The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the
Issuer and will rank pari passu among themselves and (save for certain debts required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer from time to time outstanding, unless otherwise indicated in the Applicable Pricing Supplement.

The tenure of the debt instruments that may be issued out from under this Programme ranges from short term commercial paper, medium term notes to longer term bonds.

**Fixed Rate Notes**

Fixed Rate interest will be payable in arrears on such date or dates as indicated in the Applicable Pricing Supplement and on redemption, and will be calculated on the basis of such Day Count Fraction as specified in the Applicable Pricing Supplement.

**Floating Rate Notes**

Floating Rate Notes will bear interest calculated at the rate determined (i) on the basis of a reference rate appearing on the agreed screen page of a commercial quoting service; or (ii) on such other basis as may be specified in the Applicable Pricing Supplement.

The Margin (if any) relating to such floating rate will be specified for each issue of Floating Rate Notes as indicated in the Applicable Pricing Supplement.
Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

The Interest Period for Floating Rate Notes May be one, two, three, six or twelve months, or such other period as indicated in the Applicable Pricing Supplement;

Zero Coupon Notes Zero Coupon Notes will be offered or sold at a discount to their Nominal Amount or at par and will not bear interest (except in the case of late payment as specified);

Index-Linked Notes Payments (whether in respect of interest on Indexed Interest Notes or in respect of principal on Indexed Redemption Amount Notes and whether at maturity or otherwise) will be calculated by reference to such index and/or formula as indicated in the Applicable Pricing Supplement;

Mixed Rate Notes Mixed Rate Notes will bear interest over respective periods at the rates applicable for any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Index Linked Notes as specified in the...
Instalment Notes

The Applicable Pricing Supplement will set out dates on which, and the amounts in which, Instalment Notes may be redeemed;

Partly Paid Notes

The Issue Price will be payable in two or more instalments as set out in the Applicable Pricing Supplement;

Exchangeable Notes

Exchangeable Notes may be redeemed by the Issuer in cash or by the delivery of securities as specified in the Applicable Pricing Supplement;

Other Notes

Terms applicable to any other type of Notes that are approved by the BSEL, or such other or further exchange or exchanges as may be selected by the Issuer in relation to an issue of listed Notes, or as agreed by the Issuer and the Issue Managers in respect of unlisted Notes, will be set out in the Applicable Pricing Supplement.

The holders of listed or unlisted registered Notes (as recorded in the Register).

As at the date of this Programme Memorandum, this Programme has not been rated by any rating agency. However, the Issuer may, at its discretion at any time, obtain a rating by a rating agency for
Redemption

this Programme or any Tranche of Notes issued pursuant to this Programme.

The Applicable Pricing Supplement relating to each Tranche of Notes will indicate whether or not the Notes can be redeemed prior to their stated maturity, (other than in specified instalments, if applicable), for taxation reasons as contemplated in Condition 9.2 or at the option of the Issuer as contemplated in Condition 9.4 or on such other notice period (if any) as is indicated in the Applicable Pricing Supplement, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as are indicated in the Applicable Pricing Supplement. Notes shall become due and payable prior to stated maturity upon the happening of an Event of Default as contemplated in Condition 12 of these Terms and Conditions.

Payment at redemption date

Payment of redemption monies due on a Note will be on the stated redemption date in respect of Uncertificated registered Notes.

Payment of redemption monies due on a Note will be against presentation of the note to the Transfer Secretaries in the case of unlisted Certificated Notes.

Selling and Transfer Restrictions

There are selling restrictions in relation to the United States of America, the United Kingdom and the Republic of South Africa and such other restrictions as may be required in relation to an offering or sale of a particular Tranche of Notes which may be included in the Applicable Pricing Supplement.

Sponsoring Broker

Stockbrokers Botswana Limited, further specification as to which is set out in the definitions contained in the Terms and Conditions.

Transfer Secretaries/Registrars

DPS Consulting Services (Proprietary) Limited further specification as to which is set out in the definitions contained in the Terms and Conditions, or such other person specified in the Applicable Pricing Supplement. The Transfer Secretaries will maintain the Register.
A Trustee has been appointed and a Trust established with the aim, inter alia, of providing for the enforcement of the rights and entitlements of Noteholders. The Trustee, John Yendall Stevens was the appointed Trustee on establishment of the Programme and remains the Trustee in respect of the one outstanding Note, due in 2020. From the date of this Supplementary Programme Memorandum, the Issuer has appointed Sipho Alec Ziga Partner, of Armstrongs Attorney of Gaborone as the Trustee in respect of all further Notes to be issued out from under the Programme., Further specification as to Sipho Alec Ziga is set out in the definitions contained in the Terms and Conditions.

The Issuer is a Botswana resident for tax purposes. All payments of principal and interest in respect of the Notes will be made in compliance with the income tax laws of Botswana. Currently, the Issuer, in terms of Section 58 as read with the Seventh Schedule to the Income Tax Act CAP 52:01 of the laws of Botswana, as amended, is obliged to withhold 15% on all interest payments to non-resident Noteholders. The percentage of tax to be withheld from interest payments to non-resident Noteholders maybe be varied pursuant to the terms of a double taxation avoidance agreement that may exist between Botswana and the country of jurisdiction of the non-resident Noteholder. It will be for a non-resident Noteholder, to prove relief in respect of withholding tax, and the existence of a double taxation avoidance agreement that provides the same. Currently the Issuer, pursuant to Section 58 as read with the Seventh Schedule to the Income Tax Act CAP 52:01 of the laws of Botswana, as amended, is obliged to withhold 10% on all interest payments to resident Noteholders. Certain resident Noteholders are exempted from the application of the obligation to withhold tax on interest payable to such Noteholders. It would be for the Noteholder averring relief and exemption, to prove the exemption.

The Issuer will use the proceeds of the Notes issued and subscribed for, to fund the ongoing normal operations of the Issuer, which is the
acquisition of land and the development of land with residential accommodation, for sale and lease to third parties, particularly citizens of Botswana, in pursuit of the objects of the Issuer.
3. DOCUMENTS INCORPORATED BY REFERENCE

Unless the context otherwise requires, defined terms and expressions used herein shall bear the same meaning ascribed to them in the Terms and Conditions or elsewhere in this Supplementary Programme Memorandum.

The following documents shall be deemed to be incorporated in, and to form part of, this Supplementary Programme Memorandum:

(a) the Programme Memorandum dated 15 November 2010 and each and any further supplementary Programme Memorandum issued by the Issuer from time to time;

(b) in respect of any issue of Notes, the audited annual financial statements and notes thereto, of the Issuer, for the five financial years prior to such issue (copies of which shall be available upon request, free of charge, at the registered office or principal place of business of the Issuer);

(c) the Applicable Pricing Supplement relating to the particular Tranche or Series of Notes that is being subscribed for;

(d) the Trust Deed which establishes the Trust and appoints the Trustee for the Noteholders, entered into by the Issuer and the Trustee on the date of this Supplementary Programme Memorandum (the terms “Trust Deed”, “Trust” and “Trustee” being defined in the Terms and Conditions);

(e) the new Trust Deed appointing Sipho Alec Ziga as Trustee for Noteholders on all Notes to be issued out from under the programme as from the date of this Supplementary Programme Memorandum; and

(e) where applicable, any Supplementary Trust Deed executed between the Trustee and the Issuer in respect of a particular Tranche or Series of Notes that is being subscribed for;

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Supplementary Programme Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The Issuer will, in connection with the listing of any of the Notes on the BSEI, or on such other or further exchange or exchanges as may be agreed between the Issuer and the Placing Agent, so long as any Note remains outstanding and listed on such exchange, in the event of a material adverse change in the condition (financial or otherwise) of the Issuer which is not reflected in this Supplementary Programme Memorandum, prepare a further supplementary Programme Memorandum or publish a new Programme Memorandum for use in connection with such Notes. If the Terms and Conditions of the Programme are modified or amended in a manner which would make this Supplementary Programme Memorandum, as supplemented, inaccurate or misleading, a new Programme Memorandum will be prepared. If the material change relates to Notes outstanding thus the Supplementary Programme Memorandum or new Programme Memorandum will only relate to Notes outstanding.

The Issuer will provide, free of charge, to each person to whom a copy of the Supplementary Programme Memorandum has been delivered, upon request of such person, a copy of any of the documents deemed to be incorporated herein by reference, and which relate to a Tranche of Notes being subscribed for by such person, unless such documents have been modified or superseded. Request for such documents should be directed to the Issuer at its registered office as set out herein.
4. RISK FACTORS

ECONOMIC, LEGAL AND POLITICAL FACTORS FACING THE ISSUER AND ITS BUSINESS

POLITICAL AND REGIONAL CONSIDERATIONS

The ruling Botswana Democratic Party (BDP) faces an intense election in 2019, but appears set to pull through, and overall risks to political stability are low. The President, His Excellency Dr Mokgweetsi Keabetswe Eric Masisi, who came to power after a handover in April 2018, has staked his reputation on job creation and economic diversification. Expansionary fiscal policy will offer this agenda some support ahead of the election, but once the poll concludes—and spending tightens—underlying and structural weaknesses in the economy will be unmasked. Unemployment at 18% will be hard to bring down materially in any short timeframe (labour-intensive sectors such as manufacturing are small and so would need to expand radically), while deepening poverty in the east of the country following the closure of BCL Limited (BCL), a large state-owned mine, in late 2016 will be a particular source of localised tension. Some sweeping measures have been unveiled to save the local economy, including generous tax breaks in affected areas, but it will take time for these to reverse the impact of BCL’s shutdown.

Botswana maintains good international relations with its traditional trading partners in Europe and North America, who consider the country a good example of a stable African democracy. Relations with Zimbabwe have improved since the ousting of its long-serving leader, Robert Mugabe, and the Botswana government has promised the restoration of economic and diplomatic ties. South Africa has been pressing for an adjustment to the Southern African Customs Union (SACU) revenue-sharing formula to make it more proportionate to how much each country brings in, which would mean Botswana losing out. The issue is contentious but is back in the spotlight, with South Africa exhibiting renewed determination to revise the formula. (Source: Economic Intelligence Unit)

ECONOMIC CONSIDERATIONS

Debswana Diamond Company (Proprietary) Limited, Botswana’s largest mining company, has said that it will align diamond production with demand after an 11% jump in output in 2017. And although there will be some output increase in 2018, sales so far do not warrant a considerable jump. Activity is nonetheless set to increase at the Karowe mine, owned by Canada’s Lucara Diamond (which has been producing rare diamond types in high demand). Mining sector performance will also be boosted by BCL’s closure dropping out of the national accounts fully in 2018 as well as by the recently recommissioned Mowana copper mine ramping up production. With capacity upgrades, output from the Mowana mine is set to reach 23,000 tonnes/year (t/y). In addition, government capital investment on housing, roads, electricity infrastructure and schools under the ESP should support decent nonmining activity. The only sector that will seriously struggle is agriculture, which has been suffering drought. Taking all this together, we expect economic growth to average 4.3% a year in 2018-19. (Source: Economic Intelligence Unit)

EXCHANGE RATE

The pula’s value is determined by a basket of currencies through a crawling-peg mechanism that makes small adjustments based on expected inflation differentials with trading partners. The South African rand has a 45% weighting in the currency basket and the currencies in the IMF’s special drawing rights (SDR) basket have a 55% weighting. Jittery sentiment towards emerging markets has been bearing down on the value of the rand against the US dollar in recent months, and the pula in tandem, but a strong performance of the Botswanan currency earlier in the year will still yield some annual average appreciation, at P10.11:US$1. (Source: Economic Intelligence Unit)
FISCAL POLICY

Until late 2019 there will be intense election-related spending pressures, after which policy will switch to concentrate on eliminating the budget deficit. On the revenue side, low SACU receipts (a reflection of sluggish regional economic growth), a free-trade agreement with the EU (which will lower import tariffs on a range of goods) and tax breaks given to companies in parts of eastern Botswana are set to be a persistent drag on income. The government expects a spike in mineral royalties to compensate for this, but the outlook for the diamond sector does not support a notable increase in revenue. As a proportion of GDP, revenue is set to be relatively flat, with some increase from fiscal year 2020/21 (April-March) onwards following the privatisation of some state-owned enterprises and new tax measures. (Source: Economic Intelligence Unit)

MONETARY POLICY

Although the inflation target has no formal legislative standing, the Bank of Botswana (BoB, the central bank) is committed to maintaining inflation within a target range of 3-6% over the medium term. Abnormally low inflation has allowed the BoB to reduce its policy rate to 5%—its lowest level on record—although the impact of this stance will be modest, with banks unwilling to lend at low rates owing to weak asset quality and households wary of borrowing. Still, the BoB will have little room for further cuts as inflation creeps up in 2018-22. More likely would be a slight upward adjustment to the base rate, although overall we expect a broadly stable, loose stance to be maintained over 2018-20. Faster price growth and narrowing output gaps as economic growth quickens should then prompt some gentle tightening in 2021-22. (Source: Economic Intelligence Unit)

INFLATION

Despite (what is for Botswana) extremely loose monetary policy, inflation has been curbed by sluggish real wage growth, low global commodity prices and high unemployment in recent years. Still, after rising to 3.3% in 2017, average annual inflation is forecast to rise to 3.7% in 2018 on the back of an increase in oil prices, a 10% hike in electricity tariffs and lower local food production. Currency depreciation will be an inflationary factor in 2019-20, as will higher public spending (2019) and expected subsidy cuts (2020), but as oil prices fall during these years the headline rate will average only 4.3%. In 2021-22 higher oil prices will push up inflation to an average of 4.5%, which is still comfortably below the BoB’s upper limit of 6% and well below historical averages—reflecting an era of subdued domestic demand. (Source: Economic Intelligence Unit)

RISK MANAGEMENT

The Botswana Housing Corporation recognizes that taking on risk is part of doing business and risk management is, therefore, part of day-to-day business management. The Corporation has formalized the risk management process by having a dedicated Risk Department, which ensures a uniform approach is adopted towards the management of risk within the Corporation. The Department coordinates the risk management process by ensuring that a particular risk management framework is adopted for the entire Corporation. The Corporation has adopted the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, which is an American standard. The Department also ensures that there is uniform risk identification and analysis processes and that risk responses are both adequate and cost-effective. The Risk Department reports quarterly to the Board on how the key risks are being managed.

CASHFLOW RISK

The Corporation is aware of the increased pressures that will be placed on its cash flows when it sources increased funding. The interest payments are going to be high and their sustainability will depend on the Corporation’s ability to generate cash in-flows at a faster rate than it is doing currently. To address this risk the
Corporation has resolved to sell at least 80% of all new developments. Furthermore, the Corporation is looking at the possibility of pre-selling its developments such that it gets paid on a stage-by-stage basis, as development progresses on the ground. The Corporation is discussing the possibility of pre-selling with commercial banks, to try and find a way around the constraint of not being able to register a mortgage bond until after a given plot has been developed. The inability to register a mortgage bond stems from the fact that state land comes with a covenant which prevents transfer of the land until after it has been developed.

CAPACITY TO MANAGE INCREASED PRODUCTION

This risk refers to the planned increase in housing construction activity which the Corporation will be undertaking over the next six years. There is some concern that delivery of the set target of delivering 20,000 housing units in six years may put strain on the internal resources of the Corporation. The Corporation's mitigation strategy in this regard is to outsource some of the professional services such as structural engineering, design of plans, quantity surveying, electrical and mechanical engineering as well as the supervision of some projects. In some cases, the entire project will be outsourced.

CREDIT RISK

The risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and other financial institutions, only subsidiaries of multi-national banks are accepted. The parents of these subsidiaries are independently rated and have a minimum rating of 'A'. The Corporation minimizes the risk through the following:

1) Rental customers are required to pay deposits equivalent to one-month’s rental, before they are allowed to occupy the Corporation’s property.
2) Rental, Tenant Purchase Scheme and Step Ownership Scheme payments are done directly from the customer's salary and remitted to the Corporation.
3) Where there is no arrangement for salary deduction, the Corporation receives the money through direct debits and only on exceptional cases does the Corporation allow cash payments.
4) For Tenant Purchase Scheme and Step Ownership Scheme the Corporation retains title to the property until the whole of the purchase price has been paid.

CASHFLOW AND FAIR VALUE INTEREST RATE RISK

The Corporation’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Corporation to cash flow interest rate risk. Borrowings issued at fixed rates expose the Corporation to fair value interest rate risk. The Corporation maintains its borrowings at fixed interest rates agreed with the lenders. The Corporation's borrowings at fixed rate were denominated in the functional currency. The increase in 1% interest rate in long term borrowings would increase the Corporation's interest charged.

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash, and the availability of funding through an adequate amount of committed credit facilities. Management monitors rolling forecasts of the Corporation’s liquidity reserves on the basis of expected cash flow.

CONCLUSION

The Corporation's key success factor remains the ability to build units for sale and to entice sitting tenants to buy existing units. The house to house campaign on sitting tenants seems to be bearing some fruits and it would be intensified in the coming years. Strategies to sell houses at design stage and discussions with financial institutions to finance houses before acquisition of title are also at an advanced stage.
5. FORM OF THE NOTES

The Notes shall be in registered form. This may be by way of unlisted individual Certificates or in Uncertificated form and held on the CSDB. Certificates will not be issued in bearer form. Individual Certificates will be registered in the register in the name of the Noteholders. Noteholders holding any Uncertificated Notes issued, will be registered in the electronic register as maintained by the CSDB. The physical register of Certificated Notes will be held and updated by the Transfer Secretaries. The Transfer Secretaries will also maintain a mirror register to any electronic register maintained by the CSDB, which mirror register will be reconciled with the CSDB register on a quarterly basis and ahead of any interest payment date and/or redemption date.

Certificated Notes will only be issued if a particular Tranche of Notes is to be unlisted. Where Certificated Notes are issued, certificates will be printed and provided to Noteholders. The issuance will be recorded in the Register with the name of Registered Holder, Tranche Name and Certificate Number corresponding to that reflected on the Certificate. If the Notes are traded subsequent to issue, rights of ownership will be transferred via entries in the Register and the corresponding existing certificate cancelled and a new certificate issued.

Listed Notes will only be issued in Uncertificated form. Where Uncertificated Notes are issued, the issuance will be recorded in the Register as maintained by the CSDB and in the mirror register as maintained by the Transfer Secretary with the name of the Registered Holder, Tranche name and ISIN number reflected on the entry in the Register.

Further particulars as to the form of the Notes are set out in Condition 3 of the Terms and Conditions.
6. TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes to be issued by the Issuer which, will be incorporated by reference into each Note. Capitalised expressions used in these Terms and Conditions and not here defined shall bear the meaning assigned to them in the Applicable Pricing Supplement. The Applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Tranche of Notes. The Applicable Pricing Supplement will be attached to each Note.

1. CONDITION 1 - INTERPRETATION

In these Terms and Conditions and the Applicable Pricing Supplement, unless inconsistent with the context or separately defined in the Applicable Pricing Supplement, the following expressions shall have the meaning ascribed to them hereunder:

- **Act**
  - the Companies Act, CAP 42:01 of the Laws of Botswana, as amended;

- **Agency Agreement**
  - the revised and updated agreement for the appointment of a transfer secretary, calculation and paying agent, executed between the Issuer and the Transfer Secretary, Calculation and Paying Agent dated 27 November 2018;

- **Applicable Procedures**
  - the rules and operating procedures for the time being of the BSEL and the CSDB, as the case may be;

- **Applicant**
  - a person to whom this Supplementary Programme Memorandum has been sent by the Issuer or Issue Manager on behalf of the Issuer;

- **BSEL**
  - the Botswana Stock Exchange Limited, a stock exchange established in terms of the Botswana Stock Exchange Act CAP 56:08, and a company limited by shares registered in terms of the Companies Act, CAP 42:01 of the Laws of Botswana or any exchange which operates as a successor exchange to the BSEL;

- **Bond Market of the BSEL**
  - The separate platform or sub-market of the BSEL designated as the “Bond Market”, on which notes (and other debt securities) may be listed;

- **Books Closed Period**
  - 10 days prior to each Interest Payment Date each year until the Redemption Date, or such other period(s) as the Issuer may determine in the Applicable Pricing Supplement;
Business Day: a day (other than a Saturday or Sunday or public holiday in Botswana), which is a day on which commercial banks in Botswana are open for business, if the Applicable Pricing Supplement so provides, "Business Day" shall include a Saturday;

BWP or Pula: the lawful currency of the Republic of Botswana, being Botswana Pula;

Calculation Agent: DPS Consulting Services (Proprietary) Limited or any successor or such other calculation agent as may be specified in the Applicable Pricing Supplement;

Certificate and Certificated Note: a registered Note issued by the Issuer in accordance with these Terms and Conditions and issued by way of physical securities certificate;

Concurrent Claims: all unsubordinated, unsecured claims of creditors of the Issuer;

CSDB: the Central Securities Depository of Botswana Limited, the central securities depository of the Botswana Stock Exchange Limited, which will act as transfer secretary in respect of all Uncertificated Notes.

CSDB Participant: a registered stockbroker, custodian bank or other CSDB approved entity that can open CSDB accounts on behalf of individuals, corporations and other legal entities;

Default Rate: the rate at which interest will continue to accrue in the event that upon due presentation of a Note on the Redemption Date, the payment of principal is improperly held or refused. Such rate, if applicable, will be specified in the Applicable Pricing Supplement;

Determination Period: The period from (and including) a Determination Date to (but excluding) the next Determination Date (Including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Redemption Amount</td>
<td>the amount at which the Notes will be redeemed by the Issuer pursuant to the provisions of Condition 9.2 and Condition 9.4 and/or Condition 12 as set out in Condition 9.9;</td>
</tr>
<tr>
<td>Event of Default</td>
<td>an event of default by the Issuer as set out in Condition 12;</td>
</tr>
<tr>
<td>Extraordinary Resolution</td>
<td>a resolution having the meaning set out in Condition 19.4;</td>
</tr>
<tr>
<td>Exchange</td>
<td>as specified in an Applicable Pricing Supplement, means the BSEL or its successor, or any further financial exchange or financial exchanges on which any Notes may be listed, and references in this Supplementary Programme Memorandum to the relevant Exchange(s) shall, in relation to any Notes, be references to the financial exchange(s) or stock exchange(s) on which such Notes are from time to time, or are intended to be, listed;</td>
</tr>
<tr>
<td>Exchange Period</td>
<td>In respect of Exchangeable Notes to which the Noteholders' Exchange Right applies (as indicated in the Applicable Pricing Supplement), the period indicated in the Applicable Pricing Supplement during which such right may be exercised;</td>
</tr>
<tr>
<td>Exchange Price</td>
<td>The amount determined in accordance with the manner described in the Applicable Pricing Supplement, according to which the number of Exchange Securities which may be delivered in redemption of an Exchangeable Note will be determined;</td>
</tr>
<tr>
<td>Exchange Securities</td>
<td>The securities indicated in the Applicable Pricing Supplement which may be delivered by the Issuer in redemption of Exchangeable Notes to the value of the Exchange Price;</td>
</tr>
<tr>
<td>Exchangeable Notes</td>
<td>Notes which may be redeemed by the Issuer in the manner indicated in the Applicable Pricing Supplement by delivery to the Noteholders of cash or of so many of the Exchange Securities as is determined in accordance with the Applicable Pricing Supplement;</td>
</tr>
</tbody>
</table>
| Extraordinary Resolution    | A resolution passed at a duly convened meeting of Noteholders or, as the case may be, by a majority consisting of not less than 75% (seventy-five per}
cent) of the persons voting at such meeting upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% (seventy-five per cent) of the votes given on such poll;

**Final Redemption Amount**

the amount of principal payable in respect of each Note, upon final redemption thereof, as specified in, or determined in the manner specified in, the Applicable Pricing Supplement upon the Maturity Date;

**Fixed Rate Notes**

Notes which bear interest at a fixed rate of interest as specified in the Applicable Pricing Supplement as more fully described in Condition 6;

**Fixed Interest Payment Date**

the fixed interest payment date(s) specified in the Applicable Pricing Supplement or if no express interest payment date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Fixed Interest Period, or, in the case of the first Fixed Interest Payment Date, commencing on the Interest Commencement Date;

**Fixed Rate Interest Period**

the interest period relating to Fixed Rate Notes as more fully described in Condition 6;

**Floating Rate Notes**

Notes which bear interest at a floating rate of interest as specified in the Applicable Pricing Supplement as more fully described in Condition 7

**Implied Yield**

The yield accruing on the Issue Price of Zero Coupon Notes, as specified in the Applicable Pricing Supplement;

**Indexed Interest Notes**

Notes in respect of which the Interest Amount is calculated by reference to an index and/or formula as indicated in the Applicable Pricing Supplement;

**Indexed Redemption Amount Notes**

Notes in respect of which the Final Redemption Amount is calculated by reference to an index and/or formula as may be indicated in the Applicable Pricing Supplement;

**Index-Linked Notes**

An Indexed Interest Note and/or an Indexed Redemption Amount Note, as applicable;
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Certificate</td>
<td>A Note in the definitive registered form of a single Certificate and being a Certificate exchanged for uncertificated Notes in accordance with Condition 13 and any further Certificate issued in consequence of a transfer thereof;</td>
</tr>
<tr>
<td>Instalment Amount</td>
<td>The amount expressed as a percentage of the Nominal Amount of an Instalment Note, being an instalment of principal (other than the final instalment) on an Instalment Note;</td>
</tr>
<tr>
<td>Interest Commencement Date(s)</td>
<td>the date on which interest on the Notes, other than Zero Coupon Notes, will accrue, as specified in the Applicable Pricing Supplement;</td>
</tr>
<tr>
<td>Interest Payment Date(s)</td>
<td>the interest payment date(s) specified in the Applicable Pricing Supplement or if no express interest payment date(s) is/are specified in the Applicable Pricing Supplement, the last day of the Interest Period commencing on the preceding Interest Payment Date, or, in the case of the first Interest Payment Date, commencing on the Interest Commencement Date;</td>
</tr>
<tr>
<td>Interest Period</td>
<td>each period specified in the Applicable Pricing Supplement commencing on and including the day of any Interest Payment Date and ending on and excluding the following Interest Payment Date;</td>
</tr>
<tr>
<td>Interest Rate or Rate of Interest</td>
<td>The rate or rates of interest applicable to Notes other than Zero Coupon Notes as indicated in the Applicable Pricing Supplement;</td>
</tr>
<tr>
<td>Interest Rate Determination Date</td>
<td>as specified in an Applicable Pricing Supplement, the day falling on the first day of each Interest Period or, if such a day is not a Business Day, the first following day that is a Business Day, being the day upon which the Rate of Interest in respect of such Interest Period shall be determined by the Calculation Agent;</td>
</tr>
<tr>
<td>Issue Date</td>
<td>the date of issuance of a Note, as specified in the Applicable Pricing Supplement;</td>
</tr>
<tr>
<td>Issue Price</td>
<td>the price at which a Note is issued, either at its Nominal Amount or at a discount or premium to its Nominal Amount, as specified in the applicable Pricing Supplement;</td>
</tr>
</tbody>
</table>
Issue Manager

Stanbic Bank Botswana Limited, [Company Registration Number: 91/1343], acting as arranger, having its principal place of business at Plot 50672 Stanbic House, Fairgrounds, Gaborone, Botswana;

Issuer

Botswana Housing Corporation, a statutory corporation established by and under the Botswana Housing Corporation Act, CAP 74:03 of the Laws of Botswana;

Last Day to Register

the date or dates immediately preceding a Relevant Date in respect of Notes on which the Register is closed for further transfer or entries until the payment date. Noteholders reflected in the Register on the relevant Last Day to Register shall be entitled to payments of interest and principal. The Last Day to Register shall always be a Friday, or the next Business Day, where the Friday is a public holiday in the Republic of Botswana;

Mixed Rate Notes

Notes which will bear interest over respective periods at differing Interest Rates applicable to any combination of Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes or Indexed Notes, each as indicated in the Applicable Pricing Supplement and as more fully described in Condition 7.10;

Nominal Amount

in relation to any Note, the total amount, excluding interest and any adjustment on account of any formula, owing by the Issuer under the Note;

Notes

the Notes issued or to be issued by the Issuer under the Programme and represented by a Certificate, or issued in Uncertificated Form;

Noteholders

the holders of the Notes as recorded in the Register in terms of these Terms and Conditions;

Optional Redemption Amount

the amount payable on early Redemption of a Note pursuant to Condition 9.4, and specified in the Applicable Pricing Supplement;

Optional Redemption Date

the date for redemption of Notes by the Issuer exercising its option to redeem the relevant Notes;
as provided for by Condition 9.4, and as specified in the Applicable Pricing Supplement;

Partly Paid Notes

Notes which are issued with the Issue Price partly paid and which Issue Price is paid up fully by the Noteholder in instalments (as indicated in the Applicable Pricing Supplement);

Placing Agent

the Placing Agent set forth in the Applicable Pricing Supplement;

Programme

the BWP 2 000 000 000 Domestic Note Programme established in terms of this Programme Memorandum, as amended from time to time, under which the Issuer may from time to time issue Notes denominated in and having such maturity as may be agreed between the Issuer and the Placing Agent as specified in the Applicable Pricing Supplement and, if listed, as approved by the BSEL or its successor and/or any other exchange or exchanges on which the Notes are to be listed;

Programme Amount

The maximum aggregate outstanding Nominal Amount of all of the Notes that may be issued under the programme at any one point in time, being BWP 2 000 000 000;

Rate of Interest or Interest Rate

the rate of interest applicable to Notes, as set out in the Applicable Pricing Supplement;

Redemption Date

the date upon which Notes are redeemed by the Issuer in terms of Condition 9;

Reference Banks

for the purpose of any “BWP-BOBC”, “BWP-PRIME”, or “BWP-DEPOSIT” Interest Rate, three major banks in the Gaborone interbank market;

Register

the register maintained by the Transfer Secretaries: this includes both a register of Certificated Notes, the electronic register maintained by the CSDB, and a mirror register of the electronic register maintained by the CSDB in respect of any Uncertificated Notes issued, which register shall be reconciled and updated on a quarterly basis;
In respect of any payment relating to the Notes, the date on which such payment first becomes due;

a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing or non-listing) from the date on which such consolidation is expressed to take effect, except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices;

Such minimum denominations as specified in the Applicable Pricing Supplement, as may be agreed between the Issuer and the Placing Agent;

Stockbrokers Botswana Limited, a Member of the BSEL;

With respect to any currency, the lowest amount of such currency that is available as legal tender in the country of such currency;

This Supplementary Programme Memorandum that is issued by the Issuer as a supplement to the Programme Memorandum dated 15 November 2010 in order to update the information provided to Noteholders in respect of issues of Notes under the Programme and to update and replace the Terms and Conditions in relation to Notes issued out from under the Programme;

any Supplementary Trust Deed entered into between the Trustee and the Issuer in respect of an issue of a different Tranche or Series of Notes. Any Supplementary Trust Deed will be a supplement to the Trust Deed dated on or about 27 November 2018 that restates and supersedes Trust Deed dated 15th November 2010, which Trust Deed established the Trust for Noteholders under the Programme, and will incorporate the terms of the restated Trust Deed;

the terms and conditions incorporated in this section headed “Terms and Conditions of the Notes” and in accordance with which the Notes will be issued;
all Notes which are identical in all respects (including as to listing, interest payment dates, interest rates and dates of redemption);

As the context requires, the CSDB in relation to listed Uncertificated Notes and DPS Consulting Services (Proprietary) Limited as the nominated transfer secretary, which will maintain the mirror register of Uncertificated Notes and the register of any unlisted Certificated Notes, or such other person specified in the Applicable Pricing Supplement as the Transfer Secretaries who will act as the transfer secretaries and will maintain the Register;

the Trust established by the Trust Deed, appointing the Trustee, with the aim of providing for the protection and enforcement of the rights and entitlements of Noteholders;

The Trustee, John Yendall Stevens was the appointed Trustee on establishment of the Programme and remains the Trustee in respect of the one outstanding Note, due in 2020. From the date of this Supplementary Programme Memorandum, the Issuer has appointed Sipho Alec Ziga Partner, of Armstrongs Attorneys of Gaborone as the Trustee in respect of all further Notes to be issued out from under the Programme;

The restated Trust Deed entered into between the Issuer and the Trustee dated 27 November 2018;

a registered Note issued by the Issuer in accordance with these Terms and Conditions and issued in the form of a dematerialised security held on the CSDB, and listed on the Botswana Stock Exchange Limited;

Notes which will be offered and sold at a discount to their Nominal Value or at par and will not bear interest other than in the case of late payment.

2. **CONDITION 2 – ISSUE OF NOTES**

2.1 The Issuer may, at any time and from time to time (without the consent of any Noteholder), issue one or more Tranche(s) of Notes pursuant to the Programme, provided that the aggregate
outstanding Nominal Amount of all of the Notes issued under the Programme from time to time
does not exceed the Programme Amount.

2.2 Notes are issued by the Issuer in Series and each Series may comprise one or more Tranches. Each
Tranche will be the subject of an Applicable Pricing Supplement.

2.3 The Noteholders are deemed to have knowledge of, and are entitled to the benefit of, and are
subject to, all the provisions of the Applicable Pricing Supplement.

2.4 The Applicable Pricing Supplement for each Tranche of Notes is (to the extent relevant)
incorporated herein for the purposes of those Notes and supplements these Terms and Conditions.
The Applicable Pricing Supplement may specify other terms and conditions, which shall, to the
extent so specified or to the extent inconsistent with these Terms and Conditions, replace or
modify these Terms and Conditions for the purposes of those Notes.

2.5 Copies of the Applicable Pricing Supplement are available for inspection at the registered office of
the Issuer.

2.6 A tranche of Notes may be issued in the form of listed or unlisted registered Notes, as specified in
the Applicable Pricing Supplement.

3. CONDITION 3 - FORM AND DENOMINATION

3.1 Each Note, may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Note,
a Mixed Rate Note or such combination of any of the foregoing or such other type of Note as may
be determined by the Issuer and specified in the Applicable Pricing Supplement.

3.2 All payments in relation to the Notes will be made in the currency of the particular Series/Tranche
as specified in the Applicable Pricing Supplement.

3.3 A Tranche of Notes may be listed on the Bond Market of the BSEL or on such other further financial
exchange(s) as may be determined by the Issuer, subject to any applicable laws. Unlisted Notes
may also be issued under the Programme.

3.4 The Notes shall be issued in registered form only. All registered Notes shall be serially numbered
with an identifying number that will be recorded in the Register and issued without interest
coupons attached.

3.5 Certificated Notes will be signed by two representatives of the Issuer and the Transfer Secretary,
by such mechanical means as are approved by the auditors of the Issuer. The Certificate(s) that
represent the Notes shall be serially numbered.

3.6 In the case of Uncertificated Notes, the interest of a holder in the Note will be evidenced by entry
on the electronic register as maintained by the CSDB.

3.7 Notes will be issued in such Specified Denominations as may be agreed between the Issuer and the
Placing Agent and as indicated in the Applicable Pricing Supplement.
4. CONDITION 4 - TITLE

4.1 Subject as set out below, title to Certificated Notes shall pass by registration in the register of Certificated Notes in accordance with these Terms and Conditions, which register the Issuer shall procure to be kept by the Transfer Secretary in accordance with the provisions of the Agency Agreement, unless any applicable law provides otherwise or provides for additional formalities for the transfer of title.

4.2 Title to Uncertificated Notes shall pass by registration in the electronic register maintained by the CSDB in accordance with these Terms and Conditions. (The Issuer shall procure that a mirror register be kept by the Transfer Secretary in accordance with the provisions of the Agency Agreement, unless any applicable law provides otherwise or provides for additional formalities for the transfer of title).

4.3 The Issuer may deem and treat the person reflected in the Register as the registered holder of any Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes and shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Note may be subject.

5. CONDITION 5 - STATUS OF NOTES

5.1 The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank pari passu among themselves, and, save for certain debts preferred by law, equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding, unless otherwise indicated in the Applicable Pricing Supplement. The Notes may be issued on a short, medium- or long-term basis as indicated in the Applicable Pricing Supplement.

6. CONDITION 6 - INTEREST ON FIXED RATE NOTES

6.1 Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement at the rate(s) per annum equal to the Fixed Rate of Interest so specified, payable in arrears on the Fixed Interest Payment Dates in each year, up to and including, the Maturity Date.

6.2 The first payment of interest will be made on the Fixed Interest Payment Date next following the Interest Commencement Date.

6.3 Except as provided in the Applicable Pricing Supplement, the amount of interest payable per Note on each Fixed Interest Payment Date in respect of the Fixed Rate Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount (as specified in the Applicable Pricing Supplement), provided that:

6.3.1 in an Initial Broken Amount is specified in the Applicable Pricing Supplement, then the first Interest Amount shall equal the Initial Broken Amount specified in the Applicable Pricing Supplement; and

6.3.2 if a Final Broken Amount is specified in the Applicable Pricing Supplement, then the final Interest Amount shall equal the Final Broken Amount.
6.4 If interest is required to be calculated for a period other than a Fixed Rate Interest Period, such interest shall be calculated by applying the Fixed Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, as specified in the Applicable Pricing Supplement, and rounding the resultant figure to the nearest Sub-unit of the relevant specified currency, half such Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

6.5 "Day Count Fraction" means, in respect of the calculation of an amount of interest for any Fixed Rate Interest Period;

6.5.1 If "Actual/Actual (ICMA)" is specified in the Applicable Pricing Supplement:

6.5.1.1 In the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to, or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period (2) the number of Determination Dates (as specified in the Applicable Pricing Supplement) that would occur in one calendar year; or

6.5.1.2 In the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

6.5.1.2.1 The number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period; and (y) the number of Determination Dates (as specified in the Applicable Pricing Supplement) that would occur in one calendar year; and

6.5.1.2.2 The number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination period; and (y) the number of Determination Dates that would occur in one calendar year; and

6.5.2 If "30/360" is specified in the Applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

7. CONDITION 7 - INTEREST ON FLOATING RATE NOTES AND Indexed INTEREST NOTES

INTEREST PAYMENT DATES

7.1 Each Floating Rate Note and Indexed Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the Applicable Pricing Supplement, and such interest will be
payable in arrears on the Interest Payment Date(s) in each year specified in the Applicable Pricing Supplement. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

RATE OF INTEREST

7.2 The Rate of Interest payable from time to time in respect of the Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the Applicable Pricing Supplement.

MINIMUM AND/OR MAXIMUM RATE OF INTEREST

7.3 If the Applicable Pricing Supplement specifies a Minimum Rate of Interest for any Period, then, in the event that the rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the Applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of any such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

Determination of Rate of Interest and calculation of Interest Amount.

7.4 The Calculation Agent, in the case of Floating Rate Notes and Indexed Interest Notes will at or as soon as is practicable after, each time at which the Rate of Interest is to be determined, determine the rate of Interest and calculate the Interest Amount payable in respect of each Floating Rate Note and Indexed Interest Note in respect of each Specified Denomination for the relevant Interest Period, and the Calculation Agent shall notify the Issuer of the Rate of Interest for the relevant Interest Period as soon as is practicable after calculating the same. Each Interest Amount shall be calculated by applying the Rate of Interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest Sub-unit of the relevant specified currency, half a Sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

7.5 “Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

7.5.1 If “Actual/365”, “Act/365”, “Actual/Actual” or “Act/Act” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365); or

7.5.2 If “Actual/365 (Fixed)”, “Act/365 (Fixed)”, “A/365 (Fixed)” or “A/365F” is specified in the Applicable Pricing Supplement, the actual number of days in the Interest Period in respect of which payment is being made divided by 365; or

7.5.3 such other calculation method as is specified in the Applicable Pricing Supplement.
INTEREST DETERMINATION, SCREEN RATE DETERMINATION INCLUDING FALL-BACK PROVISIONS

7.6 Where Screen Rate Determination is specified in the Applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to the provisions below, be either:

7.6.1 if the Relevant Screen Page is available,

7.6.1.1 the offered quotation (if only one quotation appears on the screen page); or

7.6.1.2 the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being decimal rounded upwards) of the offered quotation.

(expressed as a percentage per annum) for the Reference Rate which appears on the Relevant Screen page as at 11h00 (or as otherwise specified in the Applicable Pricing Supplement) Gaborone time) on the Interest Determination Date in question plus or minus (as indicated in the applicable pricing supplement) the margin (if any), all as determined by the Calculation Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations; or

7.6.2 if the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Calculation Agent shall request the principal Gaborone office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11H00 (Gaborone time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent; or

7.6.3 if the Rate of Interest cannot be determined by applying the provisions of 7.6.1 and 7.6.2 above, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks offered, at approximately 11h00 (Gaborone time) on the relevant Interest Determination Date, deposits in an amount approximately equal to the nominal amounts of the Notes of the relevant Series, for a period equal to that which would have been used for the Reference Rate to prime banks in the Gaborone inter-bank market plus or minus (as appropriate) the Margin (if any). If fewer than two of the Reference Banks provided the Calculation Agent with such offered rates, the Rate of Interest for the mean (rounded as provided above) of the rates for deposits in an amount approximately equal to that which would have been used for the Reference Rate, quoted at approximately 11h00 (Gaborone time) on the relevant Interest Determination Date, by the Reference banks plus or minus (as
appropriate) the Margin (if any). If the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest period, the Margin relating to the relevant Interest period, in place of the Margin relating to that last preceding Interest Period.

NOTIFICATION OF RATE OF INTEREST AMOUNT

7.7 The Issuer will cause the Rate of Interest and each Interest Amount for each Interest period and the relevant Interest Payment Date to be notified to the BSEL and the CSDB and/or every other relevant exchange or authority after their determination. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be notified to the BSEL, the CSDB and/or every other relevant exchange or authority and to the Noteholders in accordance with Condition 18 (Notices).

CERTIFICATES TO BE FINAL

7.8 All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this sub-paragraph 7 by the Calculation Agent shall (in absence of willful deceit, bad faith or manifest error or proven error) be binding on the Issuer and all Noteholders and in the absence as aforesaid no liability to the Issuer or the Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

MIXED RATE NOTES

7.9 The Interest Rate payable from time to time on Mixed Rate shall be the Interest Rate payable on the form of interest-bearing Note (be it Fixed Rate Note, Floating Rate Note Indexed Note or other) specified for each respective period, each as specified in the Applicable Pricing Supplement. During each such applicable period, the Interest rate on the Mixed Rate Notes shall be determined and fall due for payment on the basis that such Mixed Rate Notes are Fixed Rate Notes, Floating Rate Notes, Indexed Notes or other Note, as the case may be.

ACCURAL OF INTEREST

7.10 Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date of its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Default Rate specified in the Applicable Pricing Supplement until the date on which all amounts due in respect of such Note have been paid, or, in respect of Uncertified Notes, the date on which the full amount of the money payable has been received by the CSDB and/or the Participants and notice to that effect has been given to Noteholders in accordance with Condition 18 (Notices).

BUSINESS DAY CONVENTION

7.11 If any Interest Payment Date (or other date), which is specified in the Applicable Pricing Supplement to be subject to adjustment in accordance with a Business Day Convention, would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is:
7.11.1 the "Floating Rate Business Day Convention", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event: (i) such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day and (ii) each subsequent Interest Payment Date (or other date) shall be the last Business Day in the month which falls the number of months, or other period specified as the Interest Period in the Applicable Pricing Supplement, after preceding applicable Interest Payment date (or other date) has occurred; or

7.11.2 the "Following Business Day Convention", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

7.11.3 the "Modified Following Business Day Convention", such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other such date) shall be brought forward to the first preceding Business Day; or

7.11.4 the "Preceding Business Day Convention", such Interest Payment Date (or other date) shall be brought forward to the first preceding Business Day.

8. CONDITION 8 - PAYMENTS.

8.1 GENERAL

8.1.1 Payments of principal and/or interest on an Individual Certificate shall be made to the registered holder of such Note, as set forth in the Register on the close of business on the Last Day to Register (as specified in the Applicable Pricing Supplement). In addition to the above, in the case of a final redemption payment, the holder of the Individual Certificate shall be required, on or before the Last Day to Register prior to the Maturity Date, to surrender such Individual Certificate at the offices of the Transfer Agent.

8.1.2 Payments of principal and/or interest in respect of Uncertificated Notes will be made to Noteholders through the CSDB Participants, as shown in the Register on the Last Day to Register and the Issuer will be discharged by proper payment to the CSDB Participant accounts, in respect of each amount so paid.

8.1.3 Interest and redemption monies shall only be payable:

8.1.3.1 in respect of interest, to Noteholders registered as such on the Last Day to Register immediately preceding the Interest Payment Date in question and, in respect of redemption monies, to Noteholders registered as such on the Last Day to Register prior to the Redemption Date;

8.1.3.2 to holders of Notes registered as such after the relevant Last Day to Register if duly completed documents of transfer were delivered to the Transfer Secretaries before the relevant Last Day to Register or were posted to and received by the Transfer Secretaries not more than 5 days after the relevant Last Day to Register in an envelope postmarked prior to the relevant Last Day to Register.
8.1.4 The Register will be closed on the Last Day to Register to determine Noteholders entitled
to receive interest or redemption monies, as the case may be. On the Last Day to
Register the Transfer Secretary will in accordance with the provisions of the Agency
Agreement update and reconcile the Register to reflect any electronic register
maintained by the CSDB. It shall be the responsibility of the Transfer Secretary as
Calculation and Paying Agent in terms of the provisions of the Agency Agreement to
ensure the calculation and payment of interest and redemption monies of all
Noteholders, those who hold Certificated Notes and those who hold Uncertificated
Notes. This is notwithstanding that payment of interest and redemption monies for
Noteholders holding Uncertificated Notes may be implemented by the Transfer
Secretary through the CSDB.

8.1.5 Payment of interest and redemption monies shall be made via electronic funds transfer
to the account designated for the purpose by the Noteholder, which designation has
been made at least 3 Business days prior to any Interest Payment Date or Redemption
Date. In the event that, for any reason, payment by means of electronic funds transfer
is not possible, payment will be made by cheque in the manner set out in the remainder
of this Condition 8.

8.2 METHOD OF PAYMENT

8.2.1 Payments will be made in the currency specified in the Applicable Pricing Supplement
by credit or transfer, by means of electronic settlement, to the Noteholder.

8.2.2 Payments will be subject in all cases to any fiscal or other laws, directives and regulations
applicable thereto in the place of payment, but without prejudice to the provisions of
Condition 10 (Taxation).

8.2.3 If the Issuer is prevented or restricted directly or indirectly from making any payment by
electronic funds transfer in accordance with the preceding paragraph (whether by
reason of strike, lockout, fire, explosion, floods, riot, war, accident, unrest or
disturbances, cessation of labour. Government interference or control or any other
cause or contingency beyond the control of the Issuer), the Issuer shall make such
payments by cheque marked "not transferable" (or by such number of cheques as may
be required in accordance with applicable banking law and practice to make payment of
any such amounts). Such payments by cheque shall be sent by post to the address of the
Noteholder as set forth in the Register or, in the case of joint Noteholders, the address
set forth in the Register of that one of them who is first named in the Register in respect
of that Note.

8.2.4 Each such cheque shall be made payable to the relevant Noteholder or, in the case of
joint Noteholders, the first one of them named in the Register. Cheques may be posted
by ordinary post, provided that neither the Issuer, nor the paying Agent shall be
responsible for any loss in transmission and the postal authorities shall be deemed to be
the agent of the Noteholders for the purposes of all cheques posted in terms of this
Condition 8.2 (Method of Payment).

8.2.5 In the case of joint Noteholders, payment by electronic funds transfer will be made to
the account of the Noteholder first named in the Register. Payment by electronic
transfer to the Noteholder first named in the Register shall discharge the Issuer of its
relevant payment obligations under the Notes.
8.2.6 Payments will be subject in all cases to any fiscal or other laws, directives and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 10 (Taxation).

8.3 PAYMENT DAY

8.3.1 If the date for payment of any amount in respect of any Note is not a Business day, the holder thereof shall not be entitled to payment until the next following Business day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

8.4 INTERPRETATION OF PRINCIPAL AND INTEREST

8.4.1 Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- 8.4.1.1 any additional amounts which may be payable with respect to principal under Condition 10 (Taxation);
- 8.4.1.2 the Final Redemption Amount of the Notes or the Early Redemption Amount of the Notes, as the case may be;
- 8.4.1.3 the Optional Redemption Amount(s) (if any) of the Notes;
- 8.4.1.4 in relation to Instalment Notes, the Instalment Amounts;
- 8.4.1.5 in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 9.9.3); and
- 8.4.1.6 any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes, but excluding for the avoidance of doubt, interest.

8.4.2 Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 (Taxation).

9. CONDITION 9 - REDEMPTION AND PURCHASE

AT MATURITY

9.1 Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer in the currency specified in the Applicable Pricing Supplement at its Final Redemption Amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement on the Maturity Date.

REDEMPTION FOR TAX REASONS

9.2 Notes may be redeemed at the option of the Issuer at any time (in the case of Notes other than Floating Rate Notes, Indexed Interest Notes or Mixed Rate Notes having Interest Rate then determined on a floating or indexed basis) or on any Interest Payment Date (in the case of Floating
Rate Notes, Indexed Interest Notes or Mixed Rate Notes), on giving not less than 30 nor more than 60 days’ notice to the Noteholders prior to such redemption, in accordance with Condition 18 (Notices) (which notice shall be irrevocable), if the Issuer, immediately prior to the giving of such notice, is of the reasonable opinion that:

9.2.1 as a result of any change in, or amendment to, the laws or regulations of the Republic of Botswana or any political sub-division of, or any authority in, or of, the Republic of Botswana having power to tax, or any change or amendment which becomes effective after the relevant Issuer Date, the Issuer is or would be required to pay additional amounts as provided or referred to in Condition 10 (Taxation); and

9.2.2 the requirement cannot be avoided by the Issuer taking reasonable measures available to it.

Provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

9.2.3 Notes may be redeemed by the Issuer in accordance with this Condition 9.2 (Redemption for Tax Reasons) in whole or in part. A redemption in part may be effected by the Issuer:

9.2.3.1 notwithstanding that such partial redemption may not entirely avoid such obligation to pay additional amounts as provided for or referred to in Condition 10 (Taxation); and

9.2.3.2 mutatis mutandis in the manner described in Condition 9.4 (Redemption at the Option of the Issuer), provided that the references to the giving of notice therein and to the Minimum Redemption Amount and the Higher Redemption Amount therein shall be disregarded for such purposes.

9.2.4 Notes redeemed for tax reasons pursuant to this Condition 9.2 (Redemption for Tax Reasons) will be redeemed at their Early Redemption Amount referred to in Condition 9.9 (Early Redemption Amounts), together (if appropriate) with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the date of redemption or as specified in the Applicable Pricing Supplement.

REDEMPTION AT THE OPTION OF THE ISSUER

9.3 If the Issuer is specified in the Applicable pricing Supplement as having an option to redeem, the Issuer may, having given not less than 30 nor more than 60 days’ irrevocable notice to the Noteholders in accordance with Condition 18 (Notices), redeem all or some of the Notes (to which such Applicable pricing Supplement relates) then Outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount (s) specified in, or determined in the manner specified in, the Applicable Pricing Supplement, together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s).

9.4 Any such redemption must be of a Nominal Amount equal to the Minimum Redemption Amount or a Higher Redemption Amount, both as indicated in the Applicable Pricing Supplement.
9.5 In the case of a partial redemption of Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in case of Redeemed Notes represented by Individual Certificates, and in accordance with the Applicable Procedures in the case of Redeemed Notes which are uncertified, and each case not more than 60 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date").

9.6 In the case of Redeemed Notes represented by individual Certificates, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 18 (Notices) not less than 30 days prior to the date fixed for redemption.

9.7 The aggregate Nominal Amount of Redeemed Notes represented by Individual Certificates shall bear the same proportion to the aggregate Nominal Amount of all Redeemed Notes as the aggregate Nominal Amount of Individual Certificates outstanding bears to the aggregate Nominal Amounts of the Notes outstanding, in each on the Selection Date, provided that such first mentioned Nominal Amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denominations and the aggregate Nominal Amount of Redeemed Notes. No exchange of the relevant certificates shall be equal to the balance of the Redeemed Notes. No exchange of the relevant Certificated Notes will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph, and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 18 (Notices) at least 10 days prior to the Selection Date.

9.8 Holders of Redeemable Notes shall surrender the Individual Certificates, if any, representing the Notes in accordance with the provisions of the notice given to them by the Issuer as contemplated above. Where only a portion of the Notes represented by such Individual Certificates are redeemed, the Transfer Agent shall deliver new Individual Certificates to such Noteholders in respect of the balance of the Notes.

EARLY REDEMPTION AMOUNTS

9.9 For the purpose of Condition 9.2 (Redemption for Tax Reasons) and Condition 12 (Events of Default), the Notes will be redeemed at the Early Redemption Amount calculated as follows:

9.9.1 in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

9.9.2 in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price, at the amount specified in, or determined in the manner specified in, the Applicable Pricing Supplement or, if no such amount or manner is so specified in the pricing Supplement, at their Nominal Amount; or

9.9.3 in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to the sum of (i) the Reference Price; and (ii) the product of the Implied Yield (compounded annually) being applied to the Reference price from (and including) the Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable, or such other amount as is provided in the Applicable Pricing Supplement.
9.10 Where such calculation is to be made for a period which is not a whole number of years, it shall be calculated on the basis of actual days elapsed divided by 365, or such other calculation basis as may be specified in the Applicable Pricing Supplement.

INSTALMENT NOTES

9.11 Instalment Notes will be redeemed at the Instalment Amounts and on the Instalment Dates. In the case of early redemption in accordance with Condition 9.2 (Redemption and Purchase), the Early Redemption Amount will be determined pursuant to Condition 9.9 (Early Redemption Amounts).

PARTLY PAID NOTES

9.12 If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 9 (Redemption and Purchase) and the Applicable Pricing Supplement. In the case of early redemption in accordance with Condition 9.2 (Redemption for Tax Reasons) or 12 (Events of Default), the Early Redemption Amount will be determined pursuant to Condition 9.9 (Early Redemption Amounts).

EXCHANGEABLE NOTES

9.13 If the Notes are Exchangeable Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in the manner indicated in the Applicable Pricing Supplement. Exchangeable Notes in respect of which Mandatory Exchange is indicated in the Applicable Pricing Supplement as applying, or upon the exercise by the Noteholder of the Noteholder’s Exchange Right (if applicable), will be redeemed by the Issuer delivering to each Noteholder as many of the Exchange Securities as are required in accordance with Exchange Price. The delivery by the Issuer of the Exchange Securities in the manner set out in the Applicable Pricing Supplement shall constitute the in specie redemption in full of such Notes.

PURCHASES

9.14 The Issuer or any of its Subsidiaries may at any time purchase Notes at any price in the open market or otherwise. Such Notes may, subject to applicable law, be held, resold, at the option of the Issuer, surrendered to the Transfer Agent for cancellation.

CANCELLATION

9.15 All Notes which have been redeemed will forthwith be cancelled. All Notes so cancelled shall be forwarded to the Issuer in the case of Certificated Notes and cannot be re-issued or resold. Where only a portion of Notes represented by a Certificate are cancelled, the Transfer Agent shall deliver a Certificate to such Noteholder in respect of the balance of the Notes.

LATE PAYMENT ON ZERO COUPON NOTES

9.16 If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to this Condition 9 (Redemption and Purchase) or upon its becoming due and repayable as provided in Condition 12 (Events of Default) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 9.9.3 as though the reference therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is earlier of: (i) the date on which all amounts due in respect of such
Zero Coupon Note have been paid; (ii) 5 days after the date on which the full amount of the moneys payable has been received by the CSDB, and notice to that effect has been given to the Noteholder in accordance with Condition 18 (Notices).

10. CONDITION 10 - TAXATION

10.1 The Issuer is a Botswana resident for tax purposes.

10.2 All payments of principal and interest in respect of the Notes will be made in compliance with income tax laws of Botswana. Currently, the Issuer, in terms of Section 58 as read with the Seventh Schedule to the Income Tax Act CAP 52:01 of the Laws of Botswana, as amended, is obliged to withhold 15% on all interest payments to non-resident Noteholders. The percentage of tax to be withheld from interest payments to non-resident Noteholders maybe be varied pursuant to the terms of a double taxation avoidance agreement that may exist between Botswana and the country of jurisdiction of the non-resident Noteholder. It will be for a non-resident Noteholder, to prove relief in respect of withholding tax, and the existence of a double taxation avoidance agreement which provides the same.

10.3 Currently the Issuer, pursuant to Section 58 as read with the Seventh Schedule to the Income Tax Act CAP 52:01 of the Laws of Botswana as amended, is obliged to withhold 10% on all interest payments to resident Noteholders. Certain resident Noteholders are exempted from the application of the obligation to withhold tax on interest payable to such Noteholders. It would be for the Noteholder averring relief and exemption, to prove the exemption.

11. CONDITION 11 - PRESCRIPTION

In respect of Certificates Notes, the Notes will become void unless presented for payment of principal and interest within a period of three years after the Relevant Date. In respect of Uncertificated Notes, payments of principal and/or interest in respect of Uncertificated Notes will be made to Noteholders through the CSDB Participants, as shown in the Register on the Last Day to Register and the Issuer will be discharged by proper payment to the CSDB Participant accounts, in respect of each amount so paid.

12. CONDITION 12 - EVENTS OF DEFAULT

12.1 If any one or more of the following events (each an “Event of Default”) shall have occurred after the date of this Supplementary Programme Memorandum and be continuing:

12.1.1 the Issuer fails to pay any interest or principal in respect of any of the Notes on due date for payment and the failure to pay continues for more than ten days; or

12.1.2 the Issuer fails to perform or observe any of its other obligations under the Notes and such failure has continued for a period of thirty days following the service on the Issuer of a notice requiring the same to be remedied; or

12.1.3 the Issuer defaults in the payment of the principal or interest or any obligations in respect of Borrowed Money (as defined below) of, assumed or guaranteed by, the Issuer as and when the same shall become due and payable or where notice has been given to the Issuer, of the default and if such default shall have continued for more than the notice period (if any) applicable thereto and the time for payment of such interest or
principal has not been effectively extended or if any such obligations of, or assumed or
guaranteed by, the Issuer shall have become repayable before the due date thereof as a
result of acceleration of maturity by reason of the occurrence of any event of default
thereunder; or

12.1.4 any action, condition or thing including the obtaining of any consent, licence, approval
or authorisation now or hereafter necessary to enable the Issuer to comply with its
obligations under the Programme is not taken, fulfilled or done, or any such consent,
license, approval or authorisation, shall be revoked, modified, withdrawn or withheld or
shall cease to remain in full force and effect resulting in the Issuer being unable to
perform any of its respective payment or other obligations in terms of any Notes or the
Programme and the Issuer fails to remedy such circumstances (if capable of remedy)
within thirty Business Days of receiving written notice from Noteholders demanding
such remedy; or

12.1.5 the Issuer is placed in liquidation, dissolved or is wound-up, whether provisionally or
finally, or is placed under judicial management, whether provisionally or finally, or any
process similar thereto, or the corporation is dissolved by an Act of Parliament, or an
order is made or an effective resolution is passed for the winding-up, dissolution or
liquidation of the Issuer save for the purpose of a merger, amalgamation, consolidation,
reconstruction or reorganisation within the Issuer on terms approved by an
Extraordinary Resolution; or

12.1.6 any mortgage, pledge, lien or other encumbrance, present or future, created or assumed
by the Issuer in respect of Borrowed Money becomes enforceable and the holder
thereof takes any steps to enforce it; or

12.1.7 the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its
business, other than in terms of a merger, amalgamation, consolidation, reconstruction,
or re-organisation within the Issuer on terms approved by Extraordinary Resolution, or
if the Issuer stops or threatens to stop payment of, or is unable to, or admits to being
unable to pay its debts (or any class of its debts); or

12.1.8 any step is taken by or under any authority with a view to the seizure, compulsory
acquisition, expropriation or nationalisation of the Issuer or any of the securities issued
by the Issuer or any material part of the assets of the Issuer; or

12.1.9 the Issuer initiates or consents to judicial proceedings relating to itself under any
applicable compromise with creditors, liquidation, winding-up or insolvency or other
similar laws or compromises, or attempts to compromise, with its creditors generally (or
any significant class of creditors) or any meeting of creditors is convened by the Issuer
or to consider a proposal for an arrangement of compromise with its creditors generally
(or any significant class of its creditors); or

12.1.10 if proceedings are initiated against the Issuer such that a person takes possession of the
whole or a material part of the undertaking or assets of the Issuer, or an execution or
attachment or other process is levied, enforced upon, sued out or put in force against
the whole or a part of the undertaking or assets of it and such is not discharged within
30 days;
12.2 then the Trustee at its discretion may, and if so requested in writing by the Noteholders of not less than 100% of the Nominal Amount of the Notes then outstanding (or if so directed by an Extraordinary Resolution at a properly convened and quorate meeting of Noteholders (subject in each case to being indemnified and/or secured to its satisfaction) shall, give notice to the Issuer that an Event of Default has taken place, and that any affected Notes are, and they shall immediately become, due and repayable shall become forthwith due and payable at the Early Redemption Amount (as described in 9.9), together with accrued interest (if any) to the date of payment, provided that no such action may be taken by the Trustee if the Issuer withholds or refuses to make any such payment in order to comply with any law or regulation of the Republic of Botswana or to comply with any order of a court of competent jurisdiction.

12.3 For the purposes of this Condition 12, “Borrowed Money” means any indebtedness or liability, whether present or future, in any currency, actual or contingent, for or in respect of money borrowed or raised by whatever means, amounting in aggregate to not less than of USD 5,000,000 (or its equivalent in Pula at all relevant times) but excluding deposits in the normal course of business.

CERTIFICATES, REGISTER AND TRANSFER OF NOTES

13. CONDITION 13 - CERTIFICATES

13.1 A Noteholder, should they so elect where Uncertificated Notes are also available (only in respect of unlisted issuances), shall be entitled to receive a Certificate evidencing the Notes transferred to that Noteholder within 2 days after registration of that transfer in accordance with Condition 15 (and which will apply mutatis mutandis to such Certificate), provided that joint Noteholders will be entitled to receive only one Certificate in respect of that joint holding, and the delivery to one of those Noteholders shall be delivery to all of them.

13.2 If a Certificate is worn out or defaced then, within 2 days of its presentation to the Transfer Secretaries, the Transfer Secretaries shall cancel that Certificate and issue a new Certificate in its place.

13.3 If a Certificate is lost or destroyed then upon proof thereof to the satisfaction of the Transfer Secretaries, a new Certificate in lieu thereof may be issued to the person entitled to that lost or destroyed Certificate, provided that the Noteholder shall provide the Transfer Secretaries and the Issuer with an indemnity. The person providing the indemnity and the form of the indemnity shall be to the satisfaction of the Issuer and the Transfer Secretaries. The new Certificate shall be issued within 2 days from the date the conditions for issuing such Certificate have been fulfilled.

13.4 An entry as to the issue of a new Certificate and indemnity (if any) shall be made in the Register upon the date of issue of the new Certificate.

13.5 Certificates to be provided by the Issuer to Noteholders shall be collected by the Noteholders from the Transfer Secretaries.

13.6 Certificates shall be provided where relevant by the Issuer without charge, save as otherwise provided in these Terms and Conditions. The costs and expenses of delivery of Certificates otherwise than by ordinary post (if any) and, if the Issuer shall so require, taxes or governmental charges or insurance charges that may be imposed in relation to such mode of delivery shall be borne by the Noteholder.
14. CONDITION 14 - REGISTER

14.1 The Register of Noteholders:

14.1.1 shall be kept at the office of the Transfer Secretaries;

14.1.2 shall contain the names, address and bank account numbers of the Noteholders;

14.1.3 shall show the total Nominal Amount of the Notes held by the Noteholders;

14.1.4 shall show the dates upon which each of the Noteholders was registered as such

14.1.5 shall show the serial numbers of the Certificates or the ISIN of any Uncertificated Notes and the dates of issue thereof;

14.1.6 shall be open for inspection at all reasonable times during business hours on Business Days by any Noteholder or any person authorised in writing by a Noteholder;

14.1.7 shall be closed during the period as specified in the Applicable Pricing Supplement, commencing after the Last Day to Register, or such shorter period as the Issuer may decide during which transfer of Notes will not be registered in order to determine those Noteholders entitled to receive interest ("Books Closed Period").

14.2 The Transfer Secretaries shall alter the Register in respect of any change of name, address or account number of any of the Noteholders of which it is notified.

14.3 Except as provided for in these Terms and Conditions or as required by law, the Issuer:

14.3.1 will only recognise a Noteholder as the owner of the Notes registered in that Noteholders name as per the Register; and

14.3.2 shall not be bound to enter any trust in the Register or to take notice of or to accede to the execution of any trust (express, implied or constructive) to which any Certificate may be subject.

15. CONDITION 15 - TRANSFER OF CERTIFICATED NOTES

15.1 In order for any transfer of Certificated Notes to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Note:

15.1.1 must be in writing and in the usual form or in such other form approved by the Transfer Secretaries;

15.1.2 must be signed by the relevant Noteholder and the transferee, or any authorised representatives of that registered Noteholder or transferee;

15.1.3 shall only be in respect of the Specified Denomination of the Note as set out in Applicable Pricing Supplement, or integral multiples thereof, and consequently the Issuer will not recognise any fraction of the Specified Denomination;

15.1.4 must be delivered to the Transfer Secretaries together with the Certificate in question for cancellation (if only part of the Notes represented by a Certificate is transferred, a
new Certificate for the balance will be issued to the transferor and the cancelled Certificate will be retained by the Transfer Secretaries).

15.2 The transferor of any Notes represented by a Certificate will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof.

15.3 Before any transfer is registered all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Transfer Secretaries reasonably require as to the identity and title of the transferor and the transferee.

15.4 No transfer will be registered whilst the Register is closed.

15.5 If a transfer is registered, then the transfer form and cancelled Certificate will be retained by the Transfer Secretaries.

16. **CONDITION 16 - TRANSFER OF UNCERTIFICATED NOTES**

16.1 In order for any transfer of Uncertificated Notes to be effected through the Register and for the transfer to be recognised by the Issuer, each transfer of a Note, must be by way of a completed CSDB prescribed transfer form that requests the CSDB Participant with whom the Noteholder maintains a CSDB securities account to transfer the Uncertificated Notes to another designated CSDB securities account.

16.2 Subject to 16.6 below, the CSDB will then effect the transfer of Notes between CSDB securities accounts.

16.3 It is for the Noteholder and the transferee to check and ensure the accuracy and completeness of any transfer request through the CSDB Participants with which they hold CSDB securities accounts.

16.4 The transferor of any Uncertificated Notes will be deemed to remain the owner thereof until the transferee is registered in the Register as the holder thereof. Should the transferor and transferee of Uncertificated Notes wish that the mirror register as maintained by the Transfer Secretary be updated to reflect any transfer before the quarterly reconciliation, the parties must inform the Transfer Secretary separately of the transfer once they have confirmation from the CSDB Participant that it has been effected. The Transfer Secretary will then reconcile the Register against the electronic register as maintained by the CSDB.

16.5 Before any transfer of Uncertificated Notes is registered in the Register all relevant transfer taxes (if any) must have been paid and such evidence must be furnished as the Transfer Secretaries reasonably require as to the identity and title of the transferor and the transferee.

16.6 No transfer will be registered whilst the Register is closed. The Transfer Secretary will inform the CSDB of any Books closed Period as defined in the Applicable Pricing Supplement in respect of a Tranche of Notes and the CSDB will not process any transfers during such period.

17. **CONDITION 17 - CALCULATION AND OTHER AGENTS**

17.1 Any third party appointed by the Issuer as Arranger, Placing Agent, Calculation Agent, Sponsoring Broker, Transfer Secretaries or otherwise shall act solely as the agent of the Issuer and does not assume any obligation towards or relationship of agency or trust for or with any Noteholders.
17.2 The Issuer is entitled to vary or terminate the appointment of such agents and/or appoint additional or other agents and/or approve any change in the specified agent, provided that there will at all times be a Placing Agent, Calculation Agent and in respect of Notes listed on the BSEL a Sponsoring Broker with a specified office in such place as may be required by the rules and regulations of the BSEL.

18. CONDITION 18 - NOTICES

18.1 All notices to Noteholders shall be sent by registered mail to their respective addresses appearing in the Register. Any such notice shall be deemed to have been given on the seventh day after the day on which it is mailed. In addition, such notices shall also be valid if published in an English language daily newspaper of general circulation in the Republic of Botswana.

18.2 If any notice is given to Noteholders, a copy thereof shall be delivered to the Trustee and if the Note is listed on the BSEL, to the BSEL.

18.3 Any notice by a Noteholder to the Issuer shall be deemed to have been received by the Issuer, if delivered to the registered office of the Issuer on the date of delivery and, if sent by registered mail, on the seventh day after the day on which it is sent.

19. CONDITION 19 - AMENDMENT OF THESE TERMS AND CONDITIONS

19.1 These Terms and Conditions set out all the rights and obligations relating to the Notes and, subject to the further provisions of this Condition 19, no addition, variation or consensual cancellation of these Conditions shall be of any force or effect unless reduced to writing and signed by or on behalf of the Issuer and the BSEL.

19.2 These Terms and Conditions may be amended by the Issuer without the consent of the Noteholders for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein, provided that the interests of the Noteholders are not prejudiced by any such amendment. Where Notes are listed such amendment shall require the prior written consent of the Noteholder.

19.3 The Issuer may, with the prior sanction of an Extraordinary Resolution or with the prior written consent of Noteholders holding not less than 75% in Nominal Amount of the Notes outstanding from time to time, amend these Conditions, provided that no such amendment shall be of any force or effect unless notice of intention to make such amendment shall have been given to all Noteholders in terms of Condition 18 above.

19.4 For the purposes of these Terms and Conditions, an “Extraordinary Resolution” means, in relation to all Noteholders or holders of a Tranche or Series of Notes, a resolution passed at a meeting of such Noteholders, duly convened and held in accordance with the provisions of Condition 20 below, by a majority consisting of not less than 75% of the Noteholders voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% of the votes given on such poll.

20. CONDITION 20 - TRUST, TRUSTEE AND MEETINGS OF NOTEHOLDERS
20.1 It is recorded that the Trustee has been appointed and the Trust been formed with the aim, inter alia, of providing for the protection and enforcement of the rights and entitlements, and the implementation of the obligations, of the Noteholders. Accordingly, all such rights, entitlements and obligations of the Noteholders shall be protected, enforced and implemented, as the case may be, through the office of the Trustee.

20.2 The Issuer may at any time convene a meeting of the Noteholders or a meeting of Noteholders of any Tranche or Series of Notes, as the case may be, upon at least 21 days' prior written notice to such Noteholders. This notice is required to be given in terms of Conditions 18 above. Such notice shall specify the date, place and time of the meeting to be held, which place shall be in the Republic of Botswana.

20.3 Every director or duly appointed representative of the Issuer may attend and speak at a meeting of Noteholders, but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.

20.4 Meetings of the Noteholders or of the Noteholders of a Tranche or Series of Notes shall be convened and requisitioned in accordance with the provisions set out in the Trust Deed. The procedures (including, without limitation, as to the appointment of a chairman, the quorum and voting methodology) pertaining to the conduct of meetings of the Noteholders or of the Noteholders of a Tranche or Series of Notes shall be as set out in the Trust Deed.

21. **CONDITION 21 - DOMESTIC PROGRAMME AND EXCHANGE CONTROLS**

21.1 In operation there are no exchange controls in Botswana. There is still legislation on exchange control in the statute books, which legislation has not been repealed. However, it has not been operative since 1999 when the Minister of Finance declared that exchange controls would be abolished in the Budget Speech. The fact that the legislation has not been repealed is treated as a technicality. As such there are no restrictions on the repatriation of funds.

21.2 The only approvals in relation to dealings with foreign currency in Botswana concern the Central Bank, the Bank of Botswana. Where the Bank of Botswana is concerned, in respect of all foreign exchange transactions that involve the primary international reserve, the Central Bank may only transact with governments, government institutions, international institutions, financial organizations of good standing and such persons as have been approved by the Board of the Bank of Botswana.

22. **CONDITION 23 - GOVERNING LAW**

The provisions of these Terms and Conditions, the Programme Memorandum, the Notes, and all rights and obligations to the Notes, are governed by, and shall be construed in accordance with, the laws of the Republic of Botswana in force from time to time.

23. **CONDITION 24 - JURISDICTION**

The Courts of the Republic of Botswana have exclusive jurisdiction to settle any dispute arising out of or in connection with these Terms and Conditions.
FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme:

("BOTSWANA HOUSING CORPORATION" "BHC" or the "Issuer")

(established under the Botswana Housing Corporation Act CAP 74:03 Laws of Botswana)

ISSUE OF [AGGREGATE NOMINAL AMOUNT OF NOTES] NOTES UNDER ITS BWP 2 000 000 000 DOMESTIC NOTE PROGRAMME

This document constitutes the Applicable Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Programme Memorandum dated 15 November 2010, as amended, superseded and replaced by the terms and Conditions in the Supplementary Programme Memorandum dated 27 November 2018. The Notes described in this Applicable Pricing Supplement are subject to the Terms and Conditions in this Supplementary Programme Memorandum and this Applicable Pricing Supplement must be read in conjunction with such Supplementary Programme Memorandum as read together with any further supplementary Programme Memorandum that may be issued. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Supplementary Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

Subscription for the issue of Notes described herein shall constitute a private placing, hence applications will be considered only from persons to whom this Applicable Pricing Supplement has been sent by the Placing Agent, on behalf of the Issuer. Only such persons have the right to apply for the Notes hereunder in terms of this Applicable Pricing Supplement and, therefore, such persons may not sell, transfer, cede, assign or renounce the right in favour of any other person. Should the issue of Notes described herein be intended to constitute an invitation to the public to subscribe for the Notes, or should the said issue initially constitute a private placing and thereafter convert to an invitation to the public to subscribe, a further statement will be published as part of this Applicable Pricing Supplement to that effect.

Arranger and Placing Agent

Stanbic Bank
A member of Standard Bank Group

Legal Advisor to the Issuer and Arranger

Sponsoring Broker

STOCKBROKERS

Transfer Secretary

DPS Consulting Services
### DESCRIPTION OF THE NOTES

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Issuer</td>
<td>Botswana Housing Corporation</td>
</tr>
<tr>
<td>2.</td>
<td>Status of Notes</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Form of Notes</td>
<td>[Listed/Unlisted] Registered Notes</td>
</tr>
<tr>
<td>4.</td>
<td>Series Number</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Tranche Number</td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Aggregate Nominal Amount:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(a) Series</td>
<td></td>
</tr>
<tr>
<td></td>
<td>(b) Tranche</td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Interest</td>
<td>[Interest-bearing/Non-interest-bearing]</td>
</tr>
<tr>
<td>8.</td>
<td>Interest Payment Basis</td>
<td>[Fixed Rate/Floating Rate/Zero Coupon/Index Linked/Partly Paid Notes/Instalment Notes/other]</td>
</tr>
<tr>
<td>9.</td>
<td>Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another</td>
<td>[insert details including date for conversion]</td>
</tr>
<tr>
<td>10.</td>
<td>Form of Notes</td>
<td>Registered Notes</td>
</tr>
<tr>
<td>11.</td>
<td>Issue Date</td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Nominal Amount per Note</td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Specified Denomination</td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Issue Price</td>
<td></td>
</tr>
<tr>
<td>15.</td>
<td>Interest Commencement Date</td>
<td></td>
</tr>
<tr>
<td>16.</td>
<td>Maturity Date/ Final Redemption Date</td>
<td></td>
</tr>
<tr>
<td>17.</td>
<td>Applicable Business Day Convention</td>
<td>Floating Rate Business Day/Following Business Day/Modified Following Business Day/Preceding Business Day/other convention – insert details</td>
</tr>
<tr>
<td>18.</td>
<td>Final Redemption Amount</td>
<td></td>
</tr>
<tr>
<td>19.</td>
<td>Last Date to Register</td>
<td></td>
</tr>
<tr>
<td>20.</td>
<td>Books Closed Period(s)</td>
<td>The Register will be closed from [...] to [...] and from [...] to [...] (all dates inclusive) in each year until the Maturity Date</td>
</tr>
<tr>
<td>21.</td>
<td>Default Rate</td>
<td></td>
</tr>
<tr>
<td><strong>PROGRAMME AMOUNT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22.</td>
<td>Programme Amount as at the Issue Date</td>
<td></td>
</tr>
</tbody>
</table>
23. Aggregate outstanding Nominal Amount of all of the Notes issued under the Programme as at the Issue Date [ ]

**FIXED RATE NOTES**

24. (a) Fixed Rate of Interest [ ] per cent, per annum [payable annually/semi-annually/quarterly in arrear]
(b) Fixed Interest Payment Date(s) [ ] in each year up to and including the Maturity Date/other
(c) Fixed Coupon Amount(s) [ ] per [ ] in Nominal Amount
(d) Initial Broken Amount [ ]
(e) Final Broken Amount [ ]
(f) Determination Date(s) [ ] in each year
(g) Day Count Fraction [ ]
(h) Any other terms relating to the particular method of calculating interest [ ]

**FLOATING RATE NOTES**

25. (a) Floating Interest Payment Date(s) [ ]
(b) Interest Period(s) [ ]
(c) Definition of Business Day (if Different from that set out in Condition 1 (Interpretation)) [ ]
(d) Minimum Rate of Interest [ ] per cent per annum
(e) Maximum Rate of Interest [ ] per cent per annum
(f) Other terms relating to the method of calculating interest [ ]

26. Manner in which the Rate of Interest is to be determined [ Screen Rate] Determination/other -insert details

27. Margin [(... basis points to be added to/subtracted from the relevant Reference Rate]

28. If Screen Determination:

   (a) Reference Date (including relevant period by reference to which the Rate of Interest is to be calculated) [ ]
   (b) Interest Rate Determination Date(s) [ ]
   (c) Relevant Screen Page and Reference Code [ ]
29. If Rate of Interest to be calculated otherwise than by Screen Determination, insert basis for determining Rate of Interest/Margin/Fallback provisions

30. Calculating Agent responsible for calculating amount of principal and interest

**ZERO COUPON NOTES**

31.  
(a) Implied Yield

(b) Reference Price
Percent [NACA] [NACS] [NACM] [NACQ]
[other method of compounding]

(c) Any other formula or basis for determining amount(s) payable

**PARTLY PAID NOTES**

32.  
(a) Amount of each payment comprising the Issue Price

(b) Dates upon which each payment is to be made by Noteholder

(c) Consequences (if any) of failure to make any such payment by Noteholder

(d) Interest Rate to accrue on the first and subsequent instalments after the due date for payment of such instalments

**INSTALMENT NOTES**

33. Instalment Dates

34. Instalment Amounts (expressed as a percentage of the aggregate Nominal Amount of the Notes)

**MIXED RATE NOTES**
| 35. | Period(s) during which the interest rate for the Mixed Rate Notes will be (as applicable) that for: |
|     | (a) Fixed Rate Notes | [ ] |
|     | (b) Floating Rate Notes | [ ] |
|     | (c) Indexed Notes | [ ] |
|     | (d) Other Notes | [ ] |

| 36. | The interest rate and other pertinent details are set out under the headings relating to the applicable forms of Notes | [ ] |

### INDEX-LINKED NOTES

| 37. | (a) Type of Index-Linked Notes | [Indexed Interest Notes/Indexed Redemption Amount Notes] |
|     | (b) Index/Formula by reference to which Interest Rate/Interest Amount is to be determined | [ ] |
|     | (c) Manner in which the Interest Rate/Interest Amount is to be determined | [ ] |
|     | (d) Interest Period(s) | [ ] |
|     | (e) Interest Payment Dates(s) | [ ] |
|     | (f) Calculating Agent | [ ] |
|     | (g) Provisions where calculation by reference to Index and/or Formula is impossible or impracticable | [ ] |
|     | (h) Definition of Business Day (if different from that set out in Condition 1 [Interpretation]) | [ ] |
|     | (i) Minimum Rate of Interest | [ ] per cent per annum |
|     | (j) Maximum Rate of Interest | [ ] per cent per annum |
|     | (k) Other terms relating to the method of calculating interest (e.g. Day Count Fraction, rounding up provision) | [ ] |

### EXCHANGEABLE NOTES

<p>| 38. | (a) Mandatory Exchange applicable? | [Yes/No] |</p>
<table>
<thead>
<tr>
<th>(b) Noteholders' Exchange Right applicable?</th>
<th>[Yes/No]</th>
</tr>
</thead>
<tbody>
<tr>
<td>(c) Exchange Securities</td>
<td>[      ]</td>
</tr>
<tr>
<td>(d) Manner of determining Exchange Price</td>
<td>[      ]</td>
</tr>
<tr>
<td>(e) Exchange Period</td>
<td>[      ]</td>
</tr>
<tr>
<td>(f) Other</td>
<td>[      ]</td>
</tr>
</tbody>
</table>

**OTHER NOTES**

If the Notes are not Partly Paid Notes, Instalment Notes, Fixed Rate Notes, Floating Rate Notes, Mixed Rate Notes, Zero Coupon Notes, Index-Linked Notes, or Exchangeable Notes or if the Notes are a combination of any of the foregoing, set out the relevant description and any additional Terms and Conditions relating to such Notes.

39. [ ]

**PROVISIONS REGARDING REDEMPTION/MATURITY**

<table>
<thead>
<tr>
<th>40. Issuer’s Optional Redemption:</th>
<th>[Yes/No]</th>
</tr>
</thead>
<tbody>
<tr>
<td>If yes:</td>
<td></td>
</tr>
<tr>
<td>(a) Optional Redemption Date(s)</td>
<td>[      ]</td>
</tr>
<tr>
<td>(b) Optional Redemption Amount(s) and method, if any, of calculation of such amounts</td>
<td>[      ]</td>
</tr>
<tr>
<td>(c) Minimum period of notice (if different from Condition 9.3 (Redemption at the Option of the Issuer))</td>
<td>[      ]</td>
</tr>
<tr>
<td>(d) If redeemable in part:</td>
<td></td>
</tr>
<tr>
<td>Minimum Redemption Amount(s)</td>
<td>[      ]</td>
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<tr>
<td>Higher Redemption Amount(s)</td>
<td>[      ]</td>
</tr>
<tr>
<td>(e) Other terms applicable on Redemption</td>
<td></td>
</tr>
</tbody>
</table>

| 41. Early Redemption for taxation reasons or on Event of Default (if required). | [Yes/No] |
| If no:                                                                        |         |
| (a) Amount payable; or                                                       | [      ] |
| (b) Method of calculation of amount payable                                  | [      ] |

**GENERAL**

<table>
<thead>
<tr>
<th>42. Date Offer Opens</th>
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<tr>
<td>43.</td>
<td>Date Offer Closes</td>
</tr>
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<td>44.</td>
<td>Settlement Date</td>
</tr>
<tr>
<td>45.</td>
<td>Date of Application</td>
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<tr>
<td>46.</td>
<td>Minimum Subscription</td>
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<tr>
<td>47.</td>
<td>Interests of Natural and Legal Persons involved in the Issue/Offer</td>
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<tr>
<td>48.</td>
<td>Payment Procedures</td>
</tr>
<tr>
<td>49.</td>
<td>Financial Exchange</td>
</tr>
<tr>
<td>50.</td>
<td>Calculating Agent</td>
</tr>
<tr>
<td>51.</td>
<td>Paying Agent</td>
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<tr>
<td>52.</td>
<td>Specified office of the Paying Agent</td>
</tr>
<tr>
<td>53.</td>
<td>Transfer Agent</td>
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<tr>
<td>54.</td>
<td>Provisions relating to stabilisation</td>
</tr>
<tr>
<td>55.</td>
<td>Stabilising manager (if any)</td>
</tr>
<tr>
<td>56.</td>
<td>Additional selling restrictions</td>
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<td>57.</td>
<td>ISIN</td>
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<td>58.</td>
<td>Stock Code</td>
</tr>
<tr>
<td>59.</td>
<td>First Interest Payable</td>
</tr>
<tr>
<td>60.</td>
<td>Method of distribution</td>
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<tr>
<td>61.</td>
<td>If syndicated, names of Managers</td>
</tr>
<tr>
<td>62.</td>
<td>If non-syndicated, name of Dealer</td>
</tr>
<tr>
<td>63.</td>
<td>Governing law (if laws of Botswana) are not applicable</td>
</tr>
<tr>
<td>64.</td>
<td>Surrendering of Notes [ ] days after the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Issuer</td>
</tr>
<tr>
<td>65.</td>
<td>Use of proceeds</td>
</tr>
<tr>
<td>66.</td>
<td>Pricing Methodology [insert details]</td>
</tr>
<tr>
<td>67.</td>
<td>Other provisions</td>
</tr>
</tbody>
</table>

The Issuer accepts responsibility for the information contained in this Applicable Pricing Supplement. The Issuer confirms that such information has been accurately reproduced and that, in so far as it is aware, no facts have been omitted which would render this Applicable Pricing Supplement inaccurate or misleading as at date hereof.

BOTSWANA HOUSING CORPORATION

By:

Director, duly authorised, and who warrants his authority hereto

SIGNED AT GABORONE ON DAY OF

By:

Chief Executive Officer, duly authorised who warrants her authority hereto
DESCRIPTION OF THE ISSUER

HISTORY AND BUSINESS ACTIVITIES OF THE ISSUER [PARA 6 OF 10TH SCHEDULE]

BHC was established by and under the Act in 1971 [para 6(1)(a) of the 10th Schedule]

BHC is, in terms of the Act a body corporate with perpetual succession capable of suing and being sued in its corporate name and, subject to the provisions of the Act, of holding and disposing of moveable and immovable property and of doing all such things as are necessary for, or are conducive to, the proper carrying out of its objects and the performance of its duties under the Act.

In terms of the Act the functions of the BHC are to provide for the housing office and other building needs of the government and local authorities in Botswana, to provide for and to assist and to make arrangements for other persons to meet the requirements of the aforesaid and to undertake and to carry out and to make arrangements for other persons to undertake and carry out building schemes in Botswana.

BHC has the power to undertake the management of land, houses, classes of houses and housing estates and other building in respect of which government transfers vests makes over or entrusts ownership or lesser rights or interest to BHC, purchase hold or manage any land or interest in or right over land and sell lease or otherwise dispose of any land or interest in or right over land, devise, undertake and carry out programmes for the provision of housing and other buildings and undertake the construction and management of houses and the development and management of housing estates.

BHC is empowered also to sell houses or other buildings outright or on terms of tenant purchase or legal mortgage or otherwise, or lease the same.

DETAILS OF ANY MATERIAL CHANGE IN THE BUSINESS OF THE ISSUER DURING THE LAST FIVE YEARS [PARA 6 (4) OF THE 10TH SCHEDULE]

The BHC was declared a Single Housing Authority by the Government of Botswana through Presidential Directive CAB: 20(B)/2010. The declaration meant that the mandate of Government to deliver housing to Botswana was centralized to Botswana Housing Corporation. The mandate of the Corporation has therefore expanded to include social housing programmes such as the implementation of the Self Help Housing Agency Scheme (SHHA) alongside the commercial mandate previously undertaken by the Corporation.

To effectively and efficiently drive the expanded mandate, the Corporation undertook a comprehensive restructuring exercise that it concluded in December 2017. The exercise delivered a new business operating model and a regionalised organisational structure. The structure now facilitates the Corporation’s presence throughout the country.

The BHC has developed a six years strategic plan covering the period from April 2017 to March 2023. The plan is aligned to the Eleventh National Development Plan. The Corporation has set itself to deliver 20,000 (twenty thousand) housing units under the strategic plan. This target is as per the expectations of the expanded mandate; covering both the social and commercial mandates.

The restructuring exercise has reduced the human capital establishment from 379 (three hundred and seventy-nine) employees to 308 (three hundred and eight) employees. However, the Corporation has flexibility in its employment as it increases its manpower beyond the establishment in response to the development projects being undertaken.
PRINCIPAL IMMOVABLE PROPERTY HELD OR OCCUPIED BY THE ISSUER [PARA 6 (3) OF THE 10TH SCHEDULE]

Housing properties are in major villages, towns and cities. These are Gaborone, Lobatse, Francistown, Jwaneng, Mahalapye, Palapye, Selebi-Phikwe, Sowa, Kasane, Serowe and Maun. Properties in urban areas are held under a fixed lease period of ninety-nine (99) years; whilst those in peri-urban areas are held under a fixed lease period of fifty (50) years. The portfolio is divided into investment properties (those held for rental and capital appreciation) and inventory (held for sale). The book values as at March 31st 2018 amounted to BWP 1,208,892,000 and BWP 584,765,000 for investment properties and inventory respectively. The open market value of investment properties is estimated at BWP 4,867,111,000.00.

MATERIAL COMMITMENTS OF THE ISSUER [PARA 6 (5) (B) OF THE 10TH SCHEDULE]

There are no material commitments in respect of the purchase of any buildings except in the normal course of business.

BHC has capital commitments for on-going contracts of BWP 183,895,985.39 as well as commitments in respect of retention payments of BWP 39,170,753.99 to be released at the end of the relevant defects liability period.

MEMBERS OF THE BOARD OPINION ON THE PROSPECTS ON THE ISSUER [PARA 6 (9) OF THE 10TH SCHEDULE]

BHC has performed very well financially in the last 5 years despite the difficult trading conditions brought about by stagnant incomes that have led to potential customers not being able to afford mortgages. The support from government continues and government remains a major customer of the BHC in terms of house sales and consultancy services.

The BHC Board recently rolled out a six-year strategy, from 2017-2023 which is aligned to NDP 11. The strategy clearly pronounces financial sustainability of the BHC as one of the key priority areas. The BHC undertakes to ensure that costs are well managed while revenues are enhanced to ensure that the BHC achieves its mandate of affordable housing and at the same time remains financially sustainable.

The BHC is also diversifying its income streams and has introduced other income streams like facilities management, especially for government and government owned entities and this income line is growing rapidly. Also, as part of the strategy the Board has put in place a risk management plan which closely monitors risks that may affect the delivery of the strategic plan with a view to ensure the mitigating strategies are working. The BHC plans to deliver 20,000 housing during the strategic planning period, and the strategy of selling a majority of the house instead of renting is still in place. The income generated from such sales is expected to positively affect cash flows.

PURPOSE OF THE OFFER

The purpose of the issue is to meet the BHC’s cashflow requirements for development projects for financial year 2018/19. The projects are as approved by the Board in the 2023 strategic plan and the expected delivery is within 24 months of each project start date. The cash inflows from the projects will come in the form of sales or rental, with 80% of the projects ear marked for sale.

RISK FACTORS FACING THE ISSUER AND ITS BUSINESS

OPERATIONAL RISKS

Failure to Acquire Serviced Land
The Corporation is currently faced with the risk of failure to acquire serviced land which affects its ability to deliver the mandate. Currently there is shortage of land in strategic areas and serviced land in priority areas. As a result thereof, the Corporation is currently servicing land which has resulted in increased costs for BHC and subsequent low sales or slow uptake due to increased product prices. In addition, unavailability of serviced land has resulted in delays experienced by the Corporation in development of properties and subsequent deliveries to end customers, which has led to loss of planned revenue.

In order to mitigate this risk, the Corporation has been intensifying densification, and there is continuous identification of projects in Gaborone and Francistown, where serviced land can be easily acquired. The Corporation has engaged the Department of Lands to discuss potential allocation of land in strategic areas such as Gaborone, Kasane, Jwaneng etc. and the Corporation is also exploring the option of purchasing land from private owners.

**Delays in Power and Water Utility Connections**

The Corporation is currently experiencing delays in securing utility connections on land which it has acquired, which delays are as a result of the internal processes of service providers. Lack of proper coordination between BHC and the utility service providers has also contributed to the delays. This has resulted in loss of planned revenue due to delayed sales and uptake. In addition, financial losses could be incurred through penalties if the Corporation is to implement purchase on plan scheme.

In order to mitigate this risk, the Corporation has planned early engagement with stakeholders and meetings with utility providers are being held regularly. In addition, the Corporation has planned to revive the Technical Stakeholder Committee which would be responsible for ensuring timely development and delivery of products to clients and ensure that planned projects are efficiently managed.

**Increased Construction Costs**

The Corporation is currently experiencing high construction costs due to high utility costs and infrastructure development, particularly in respect of unserviced land. In terms of general construction costs, as BHC is a government owned entity, it is bound to abide by public procurement regulations and thus is prevented from approaching contractors to negotiate pricing with them.

To manage this risk, the Corporation continues to engage relevant stakeholders including the Ministry of Land Management, Water and Sanitation Services on issues like land servicing and the allocation of serviced land. In addition, the Corporation is investigating the feasibility of fixed costs contracts and labour only contracts where the Corporation procures all materials and benefits from bulk discounts and contractors supply labour only, which has potential to decrease the Corporations costs and increase its profits. The Corporation has also been exploring the use of new technology, including options such as using solar energy to power houses in remote areas outside the national power supply grid and where BPC charges are exorbitant due to the sparsity of populations.

**Loss of Revenue from Low Sales or Uptake of Properties**

The Corporation is currently experiencing a decline in sales which is caused by distorted public perception of property prices, low rentals charged on its rental portfolio compared to mortgage instalments, construction defects which are resulting in reputational damage and unaffordability of the Corporation's products due to factors such as potential customer's old age and over commitment of income. The Corporation's customer base is further reduced by letting out properties to customers who do not have the potential to acquire these properties in the long term. This has consequentially resulted in reduced revenue, which can ultimately result in
the Corporation being unable to meet its financial obligations and having inadequate funds to invest on capital projects.

In a bid to lessen or reduce this risk, the Corporation intends to implement the recommendations set out in the Perception Audit Report and intensify marketing of its products and services. In addition, prospective customers continue to be engaged in different forums to enhance sales through house to house campaigns as well as engagement of corporates and the Government providing them with incentives for buying in bulk.

**Insufficient Funding Impacting Implementation of Projects**

The Corporation has been unable to implement new projects due to low levels of revenue and the high costs associated with new projects. In order to mitigate this risk, the Corporation has continued to explore alternative funding options and engage the Government to release funds, particularly for the implementation of SHHA projects in line with the Corporations new extended mandate.

**FINANCIAL RISK FACTORS**

There are numerous financial risk factors which the Corporation is exposed to and various strategies are implemented to mitigate each of these risks. These are dealt with individually below:

(a) **Credit Risk**

The credit risk attached to the Corporation’s cash and cash equivalents is minimized by only investing cash resources with reputable financial institutions, which have reported sound financial results and good compliance with minimum capital adequacy requirements.

The Credit Control Section of the Corporation assesses the credit quality of the customer and individual risk limits are set based on internal and external information and in accordance with the Corporation’s Credit Control Policy. The Corporation minimises credit risk by ensuring that deductions for rentals are done directly from the customer’s salary. Where there is no equivalent arrangement, money is received through direct debits.

Rental arrears are aged into amounts outstanding for less than 90 days and amounts outstanding for more than 90 days. Arrears for less than 90 days are classified as past due but not impaired, and are not provided for, whilst arrears which are more than 90 days are classified as fully impaired and provided for.

(b) **Foreign Exchange Risk**

The Corporation’s exposure to foreign exchange risk is minimal as the Corporation conducts most of its transactions using its functional currency. To manage foreign exchange risk arising from transactions and recognised assets and liabilities, which are exposed to foreign exchange risk, the Corporation ensures that it enters into appropriate arrangements with service providers, including banks to secure the most favourable exchange rates possible.

(c) **Cash Flow and Fair Value Interest Rate Risk**

The Corporation’s interest rate risk primarily arises from borrowings. Borrowings are subject to the approval of the Minister of Finance and Economic Development. The Corporation maintains its borrowings at fixed interest rates agreed with lenders save for notes issued at both floating and fixed rates. As a wholly Government owned entity, the Corporation is able to secure favourable interest rates from lenders.

(d) **Capital Risk Management**
The Corporation is a parastatal established by an Act of Parliament. The Corporation’s objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Corporation monitors capital on the basis of the debt to equity ratio, calculated as long-term debt divided by total equity.

As at 31st March 2018, debt to equity ratio was 0.30. The Corporation considers a debt to equity ratio of less than 1 to be acceptable. This is reviewed on an annual basis.

**THE RISK MANAGEMENT PROCESS**

In addition to the various ways in which specific risks are mitigated, the Corporation also has in place an overall risk management programme. This programme focuses on the unpredictability of financial markets and aims to minimise potential adverse effects on the organisation’s financial performance.

Risk management is carried out under policies approved by the Members of the Board. These policies are established to identify and analyse the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Corporation’s activities. BHC has adopted the ISO 31000 standard in developing and implementing an effective Enterprise Risk Management programme.

The Board oversees how management monitors compliance with the Corporation’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the Corporation.

**THE BOARD OF THE ISSUER [PARA 2 (A) AND (B) OF 10TH SCHEDULE]**

The members of the Board of the Issuer as at date of publication of this Programme Memorandum are:

**MR JOSEPH B. MOSIMANE — CHAIRMAN**

Mr Mosimane holds a Bachelor’s degree (BCom) in Accounting from the University of Botswana and a Master’s in Business Administration (MBA) in Finance from the University of Leicester in the United Kingdom (UK). He is an associate member of the Association of Cost and Executive Accountants in the UK, a member of the Association of MBAs in the UK and a member of the Institute of People Management in South Africa. Mr Mosimane has extensive work experience in the Accounting field. He began his career as an Assistant Accountant at Spectragraphics (Proprietary) Limited, and then proceeded to work at the Kweneng Rural Development Association as an Accountant. He later worked for several parastatals including Botswana College of Agriculture, Botswana College of Distance and Open Learning, and Botswana Public Officers Pension Fund where he rose through the ranks to become the General Manager of Corporate Services. Mr Mosimane is currently the Chief Executive Officer at Ecsponent Asset Management Limited Botswana. Mr Mosimane has extensive experience as a Board Member. He previously sat on the Board of the National Development Bank (NDB), and on the Board Credit Committee of NDB, he was nominated as Trustee Board Member of Africa 53 Provident Fund, appointed as a Council member of ABM College, and represented BPOPF at the BOCCIM Business Council from July 2010 to October 2015. He was appointed to the BHC Board in September 2013 for a three-year term where he was nominated as chairman of the Finance Committee of the Board and re-appointed in December 2016 for another three years ending 30 November 2019. He has been appointed Chairman of the Board for a period of 14 months effective from 1st October 2018 to 30th November 2019. He resides at Plot 1779, Lenganeng, Tlokweng, Botswana.

**MR BOIKHUTSO  A. TEKANI**
Mr Tekane holds Bachelor of Arts degree in Accounting & Economic plus a Masters in Business Administration (MBA) both from University of Botswana. He also holds an International Capital Markets Qualification (ICMQ). He has a banking career spanning over 23 years covering both retail and corporate banking. He was most recently the CEO of Letshego Financial Services Botswana till June 2017. Prior to that, he was the CEO of Botswana Savings Bank from April 2015 to January 2017. He was the Director Resources at Botswana Savings Bank for nine years (Jan 2007 – March 2015). He was an Business Entrepreneur from 2004 till 2006 involved in mining supplies where he held the role of Managing Director, Lakeview Mining (Botswana) and Industrial Supplies and Managing Consultant at Sunset Bay mining Supplies (RSA).

Mr Tekane was Head of Corporate Banking at Stanbic Bank of Botswana from Oct 2002 till Oct 2003. Prior to that, He was a Senior Relationship Manager, Corporate Banking, Standard Chartered Bank till Oct 2002. He has a long banking career with Barclays spanning since 1991 where he stated as a management trainee, progressed to Supervisor, Loans and Advances(1992-1994) then Manager, Custody Services (1995 - 2000) and ultimately to be Assistant to Corporate Director (2000 till 2001).

Mr Tekane was appointed to the BHC Board on 26th September 2018 for a three-year term effective from 1st October 2018 to 30th September 2021.

MR BENNET MAIFALA

Mr. Maifala holds a Masters of Science (MSc) in Human Resources Management, Master of Business Administration (MBA) and a Bachelor of Public and Political science. In addition, he holds the following professional certificates and training: Certificate in Labour Law, Coaching for high performance; Change management; Leadership development training; Corporate governance and King 3; Performance management system and the balanced Score Card and Executive Management development program.

He has held numerous Board positions in the past prior to joining BHC Board as follows: Board of Trustees of BOMaid/ Southview group pension fund; Served as an independent Board advisory for Botswana Communications Regulator Authority (BOCRA); Member of Institute of Development Management (IDM) Examinations Board.

Mr. Maifala currently serves as an independent private HR Consultant. From 2012-2017 he served as Group Human Resources Manager at Botswana Medical Aid Society and Southview Group of Companies; from 2004 to 2011 he served as Human Resources and Strategy Manager at Botswana Agricultural Marketing Board; from 1998 to 2004 he served as Senior Consultant, General & Human Resources at the Institute of Development Management; from 1997- 1998 he served as Principal Personnel Officer at the Directorate of Public Service Management (DPSM)

Mr. Maifala hold the following professional memberships: Institute of Human Resources Management (IHRM) and Institute of Personnel Management (IPM). Mr. Maifala has been appointed to the BHC Board on 26th September 2018 for a three (3) term from 1st October 2018 to 30th September 2021.

MR CHILISANA MAROBELA

Mr Chilisana Marobela holds a Bachelor of Science degree (B.Sc) in Geology from the University of Botswana, a Post-Graduate Diploma in Hydrogeology from University College London in the UK, and a Master of Science (M.Sc) in Hydrogeology from the University of London in the UK. He is a qualified hydrogeologist with 32 years’ work experience. He started working for the Botswana Government in 1984 as a hydrogeologist in the Hydrogeology Division in the Department of Geological Survey. Mr Marobela’s work experience also includes the appointment as the Director and Senior Hydrogeologist at Geotechnical Consulting Services (Proprietary) Limited, Director and Head of Groundwater and Geological Services Division at Geoflux Proprietary Limited (Geoflux), Chairman and Managing Director of Thakadu Drilling Proprietary Limited, a subsidiary of Geoflux. Mr Marobela was also a member of the Botswana Bureau of Standards technical committee and committee member
of the Botswana Wildlife Producers Association. At present, Mr Marobela is an Independent Consulting Hydrogeologist, and was appointed to the BHC Board in December 2016 for a three-year term ending on 30 November 2019. He resides at Plot 43118, Phakalane, Botswana.

MR KENNEDY MEPHATO KGABO

Mr Kgabo holds an LLB from the University of Botswana and is admitted as an attorney of the High Court of Botswana. He began his professional career in 1991 at the Deeds Registry and in 2005 he was promoted to the position of Senior Assistant Registrar of Deeds. In 2008, he was appointed and seconded to the then Ministry of Lands and Housing as the Acting Chief State Counsel. He then worked as Securities/Collateral Manager at Barclays Bank of Botswana from March 2011 to February 2016 when he was appointed as Legal Advisor for the Securities Department at Barclays Bank of Botswana, which is his position at present. He was appointed to the BHC Board in December 2016 for a three-year term ending on 30 November 2019. He resides at Tribal Lot 31, Lentsweletau, Bothajana Ward, Molepolole, Botswana.

MR THATO NEVILLE KEWAKE

Mr Thato Kewaake holds a Bachelor of Engineering in Computer Science from the Birla Institute of Technology in India, and a Master of Business Administration (MBA) from the University of Botswana. He started his professional career as a Data Processing Officer at the Department of Meteorological Services, and subsequently worked as a Systems Engineer/Consultant at ICL Botswana (Proprietary) Limited, the Information Systems Manager at Botswana Institute for Development Policy Analysis, the Advisory IT Availability Professional at IBM Botswana (Proprietary) Limited, the Managing Director for Cabling for Africa (Proprietary) Limited, the Manager for Special Projects and then the Chief Information Officer at Botswana Post. He is currently the Chief Operations Officer at Botswana Post. He was appointed to the BHC Board in December 2016 for a three-year term ending on 30 November 2019. He resides at Plot 1739, Methylabeng, Tlokweng, Botswana.

MRS ONTIBILE SHADIMME SHADO RADIRA

Mrs Radira holds an Honours degree in Personnel Management from the University of Plymouth in the UK. Mrs Radira also holds various other certificates including a certificate in Public Relations Practice from the Public Relations Institute of Southern Africa, in South Africa. She started her professional career as a Human Resources Graduate Trainee and then Human Resources Analyst in 1995 at Debswana Diamond Company Limited in Orapa. She subsequently worked as a Human Resources Manager at Burrow Binnie Botswana, National Development Bank, Barloworld Botswana – Capital Equipment, General Manager Human Resources at Botswana Post, the General Manager at Botswana Power Corporation, and the Human Resources Director and Manager at Kgalagadi Breweries Limited. She is currently the Director of Organisational Development at Botswana Investment and Trade Centre. She was appointed to the BHC Board in August 2017 for a three-year term ending on 31 July 2020. She resides at Plot 34914, Gabamatsha Crescent, Marapo-a-Thutliwa, Gaborone, Botswana.

MR ROY WILLIAM DAVIES

Mr Davies holds a Bachelor of Accountancy from the University of Zimbabwe. He started his professional career at Peat, Marwick, Mitchell & Co (now KPMG) as an articled clerk in 1982 and was then appointed as Audit Senior 1984. He subsequently worked as the Group Financial Controller at Karina Textiles (Proprietary) Limited, the Financial Manager at PG Industries Botswana (Proprietary) Limited, the Operations Director and then Chief Operating Officer of the Trading Division at PG Industries (Zimbabwe) Limited, the Managing Director at PG Industries Botswana (Proprietary) Limited, the Deputy Director at Aon Botswana (Proprietary) Limited. At present, Mr Davies offers personal finance advice through his company, Intimo Creations (Proprietary) Limited trading as Royal Advisory Services. He was appointed to the BHC Board in August 2017 for a three-year term ending on 31 July 2020. He resides at Plot 61226, Pelowane Road, Broadhurst, Gaborone, Botswana.
MS SITHABILE MATHE

Ms Mathe holds a Bachelor of Architectural Studies (Hons) from the Mackintosh School of Architecture, a Post-Graduate Diploma in Architecture from the Glasgow School of Art. She also studied Urbanism Studies in Oslo, Norway which focused on Innovation Studies. She is a member of the Architect’s Registration Council of Botswana, the Architect’s Association in Botswana, the Institute of Development Professionals, and the Norwegian Association of Architects. Ms Mathe began her career as a trainee architect at HRTB Architects in Oslo, Norway. Subsequently she worked as an urban designer at the Institute for City Development in IN’BY, Oslo, Norway, and as an Architect at HRTB Architects. She is currently the Managing Director for Moralo Designs (Proprietary) Limited in Botswana. She was appointed to the BHC Board in August 2017 for a four-year term ending on 31 July 2021. She resides at lot 2415, Extension 9, Gaborone, Botswana.

The Board Members are appointed by the Minister in terms of Section 4(1) of the Act and are non-executive members. All ten members are Batswana.

ELIZABETH TILALANE GALEFOROLWE – BOARD SECRETARY

Ms. Galeforolwe holds a Bachelor of Laws degree from the University of Swaziland and a Certificate in Sectional Titles from the University of Cape Town. She has attended the Contracting and Contracts Management course from the Royal Institute of Public Administration (RIPA), London; the Public Enterprise Restructuring and Privatization training from the East and Southern Africa Management Institute, Arusha, Tanzania and the Managing Corporate Resources training from IMD, Lausanne, Switzerland and numerous other trainings in Construction law, Negotiation Skills, Arbitration and Claims Avoidance and Corporate Governance. She is a Member of the Law Society of Botswana. Ms Galeforolwe began her career as State Counsel, later moving to the Administration of Justice where she served as a Magistrate, leaving the bench as a Principal Magistrate. She currently heads the Legal Department at BHC and is also the Board Secretary for the Corporation covers ...

TERM OF OFFICE:

In terms of section 5 of the BHC Act, a Board Member shall be appointed for such period, not exceeding four years, as shall be specified in the notice appointing him, and at the termination of such period he shall be eligible for reappointment. Provided that, in appointing Members to the Board, the Minister shall specify such periods of appointment as ensure that the appointments of not more than one third of the members expire in any one year.

The appointment of the Chairman shall be for a period of three years, but he shall be eligible for re-appointment.

Once in every year the Board Members shall elect from among their number a Deputy Chairman, who shall hold such office for one year, and shall be eligible for re-election.

There is no share qualification for a Member of the Board and no Member of the Board has or had any interest in any property acquired by BHC over the two-year period prior to the date of this Programme Memorandum.

MEMBERS APPOINTMENT AND REMUNERATION OF MEMBERS OF THE BOARD [PARA 2 (B) AND (C) AND PARA 16 (2) OF 10TH SCHEDULE]

The Act provides that Members may be paid by the BHC such remuneration, fees and allowances as may be approved by the Minister. The Member’s remuneration is a fixed amount per sitting as is determined by the Minister of Finance and Development Planning from time to time. The remuneration of the Board Members at present is BWP 2,250.00 per sitting for the Board Chairman, and BWP 1,800.00 per sitting for each other Member.
Travel and accommodation costs incurred by Board Members in the course of carrying out their duties are reimbursed or paid for by the Corporation.

There are no existing contracts or proposed contracts relating to the Members’ remuneration, royalties, secretarial and technical fees.

**MANAGEMENT [PARA 2 AND 16 (2) OF THE 10TH SCHEDULE]**

Abbreviated CV’s of key members of the BHC management team are included below:

**MR REGINALD MOOTIMANG MOTSWAISO – CHIEF EXECUTIVE OFFICER**

Mr Motswaiso is a Fellow Chartered Certified Accountant (FCCA) as well as an Associate Member of the Chartered Institute of Management Accountants (ACMA), all obtained while at AT Foulkes Lynch in London. He holds a Bachelor of Commerce degree from the University of Botswana.

Reginald is alumnus of Harvard University - Kennedy School of Governance -Cambridge, Massachusetts. He attended the University of Pennsylvania – Wharton School of Property Finance - Zell/Lurie Real Estate Centre. Reginald also attended the University of Stanford – Graduate School of Business Leadership in Palo Alto.

Reginald worked for University of Botswana and Standard Chartered Bank before joining BHC as Finance Director. He progressed on to become Executive Director responsible for Finance, IT, Human Resources, Procurement and other administrative functions. He is currently the Chief Executive Officer of Botswana Housing Corporation.

He held Board positions at PEEPA, the Botswana Stock Exchange (BSE) and Standard Chartered Bank Botswana. Reginald is a board member of Sebalana Holdings Limited, a diversified group with operations in Botswana, Lesotho, Namibia, South Africa and Zambia with interests in retail, wholesale, manufacturing, property and other motor vehicle retail and services including motor bikes, passenger cars, buses, trucks, tractors and farming machinery.

He is also a Board member of other regional bodies including the African Union for Housing Finance – AUHF, of which he was Chairman (2009 – 2013) and the Southern African Development Community: Development Finance Institutes (SADC DFI). His interests and experiences are in the field of Finance, Banking, Strategy and Leadership.

**MR NKAELANG MATENGE – DEPUTY CHIEF EXECUTIVE OFFICER (OPERATIONS)**

Mr Matenge holds a Bachelor of Arts degree in Architecture and Post-Graduate Diploma in Architecture from Huddersfield School of Architecture in the UK, Master’s in Business Administration for Executives from the University of Cape Town in South Africa. Mr Matenge was appointed as a director at Planarch Architects (Proprietary) Limited, then worked as the Manager for Dilli Matenge Architects (Botswana) and Matenge and Associates firms that he also owns prior to his appointment as Deputy CEO (Operations) at the BHC.

**MRS PASCALINE LORATO SEFAWE – DEPUTY CHIEF EXECUTIVE OFFICER (CORPORATE SERVICES)**

Mrs Sefawe holds a Bachelor of Commerce degree from the University of Botswana, and she is an Associate Chartered Management Accountant. Mrs Sefawe’s experience in the finance field spans 20 years and has held a senior leadership position for 10 years. Her career began at Citizen Entrepreneurial Development Agency in 2002 where she started as an Accountant and grew though the ranks to become Finance Manager in 2007. In 2011 she joined the BHC as a Finance Manager, she was later promoted to the position of Deputy Chief Executive Officer (Corporate Services).
MR BATANANI NKHUMISANG – DIRECTOR PROPERTY DEVELOPMENT

Mr Nkhumisang holds a Bachelor of Science degree (BSc(Hons)) in Estate Management from the University of Central England, Birmingham, UK. He is a Commercial Property Chartered Surveyor with over 15 years of experience in all types of real estate ranging from retail, commercial and residential property, which include landmark projects such as Rail Park Mall and iTowers. He began his career at Gerald Eve Chartered Surveyors in the UK in 2002 as an Assistant Surveyor, but later moved to Telford and Wrekin Borough Council where he worked as a Graduate Property Surveyor. He also worked as a Property Surveyor at Bruton Knowles Consultancy and at Wolverhampton City Council. He held the post of Group Property Manager at J.T Leavestley Limited, Development Manager at Tredinnick Botswana (Proprietary) Limited. He is a director and shareholder of Appleby’s Real Estate (Proprietary) Limited. He is also the Director of Property Development at the BHC.

MR SEKGELE DANIEL RAMAHobo – DIRECTOR HUMAN RESOURCES AND ADMINISTRATION

Mr Ramahobo holds a Bachelor of Commerce degree from the University of Botswana, postgraduate diploma in business administration from De Montfort University, postgraduate diploma in Management Services from Crest Management Services, and a certificate in Management Services from the Institute of Development Management. He started his professional career at the BHC and worked through the ranks from Assistant Personnel Office in 1992 to Director – Human Capital and Administration.

MR RICHARD CHILISA – DIRECTOR RISK AND COMPLIANCE

Mr Chilisa holds a Bachelor’s degree in Civil Engineering from Carleton University, Canada. He also holds a Masters of Science in Strategic Management and a postgraduate certificate in Enterprise Risk Management from Botswana Accountancy College. Mr Chilisa has worked at MT and Associates as a Structural Engineer, Botswana Bureau of Standards as a Senior Engineer/Lead Auditor (ISO Systems), Water Utilities Corporation as the Corporate Risk Manager. He was appointed as the Director Risk and Compliance at the BHC in February 2018, a position which he currently holds.

MR DIRATSAGAE KGAMANYANE – CHIEF FINANCE OFFICER

Mr Kgamanyane holds a Bachelor of Commerce degree (BCom) in Accounting from CIMA (UK). He has gained great accounting experience during his tenure with Botswana Housing Corporation, where he started in 1996 as an Accountant, and was promoted consistently throughout the years. He is the Chief Finance Officer of the BHC.

MS ELIZABETH TLALANE GALEFOROLWE – HEAD LEGAL AND BOARD SECRETARIAT

Ms Galeforolwe holds a Bachelor of Laws from the University of Swaziland, she has held several positions with the Government of Botswana including State Counsel, Magistrate I, Senior Magistrate, Principal Magistrate. She has been the Head of Legal at the BHC for 22 years.

MR KESEBONYE KHIMBELE – DIRECTOR REGINAL OFFICE – SOUTH

Mr Khimbele holds a Bachelor of Science degree from the University of Botswana and a degree in Estate Management at the University of Reading in the UK. Mr Khimbele held the position of Assistant Land Officer/Land Officer at the Department of Surveys and Lands from 1989 – 1993, he later joined the BHC in 1994 as the Senior Estates Officer where he worked his way up the ranks to the position of Property Manager, which he currently holds.
MS BRIDGET MTONGA – REGIONAL DIRECTOR – NORTH

Ms Mtonga holds a Bachelor of Commerce degree. She joined the BHC in 1993 and has worked in various departments starting as the Assistant Accountant to becoming the Regional Director - North, a position she currently holds.

MS SAMANTHA CHABATA – HEAD INFORMATION TECHNOLOGY

Ms Chabata holds a Bachelor of Science – Computer Science and a Master’s Degree in Business Administration. She previously worked at Water Utilities Corporation as the Information Services Manager before joining the BHC as the Information Technology Manager. She is currently the Head of the Information Technology Department.

MR YAGAN MUKONDE – CHIEF AUDIT EXECUTIVE

Mr Mukonde is a qualified Chartered Accountant. He served his articles with a predecessor firm of PwC, Coopers and Lybrand-Deloitte at its Southampton office in England. Subsequently, he has worked for KPMG in Kitwe, Zambia as an Audit Senior and Deloitte & Touche Botswana as an Audit Senior. In 1998 he joined the BHC as a Principal Accountant and is now the Chief Audit Executive. Mr Mukonde is a member of the Institute of Chartered Accountants in England & Wales.

MR GOMOLEMO ZIMONA – HEAD MARKETING AND COMMUNICATIONS

Mr Zimona holds a Bachelor of Social Sciences degree and a Masters of Public Administration from the University of Botswana, and a Masters of Management from the University of Southern Queensland, Australia. Mr Zimona held several positions with Botswana Television from a Print Journalist, to Current Affairs Producer, Deputy Head of Current Affairs, and Managing Editor. He then started working for Botswana Export Development & Investment Authority (BEDIA) as the Acting Manager – Corporate Affairs, and then joined Botswana Public Officer’s Pension Fund as their Manager, Corporate Communications. Mr Zimona also worked at Botswana Development Corporation as the Manager, Corporate Communications & Public Relations. He joined the BHC in October 2013 and he is now the Head of Marketing & Communications.

MR NTSEKISANG STEVEN OFETOTSE – PROJECT QUALITY ASSURANCE

Mr Ofetotse is a Civil Engineer by profession, he holds a Bachelor of Engineering degree from the University of Botswana and has 16 years of experience in his field. He worked at Stocks & Stocks Building Construction Botswana as a Junior Site Agent, and Geoflux Consulting Engineers (Proprietary) Limited as Assistant Resident Engineer before joining the BHC. Mr Ofetotse joined the BHC in 2007 as the Quality Assurance Manager and he now heads that Department.

MR OCTAVIAN SEIPATO SEITSHIRO – HEAD FACILITIES MANAGEMENT

Mr Seitshiro is a Civil Engineer by profession, he acquired his Bachelor of Science in Civil Engineering from the Moscow State University of Communications, Russia. He has held several positions including that of Assistant Resident Engineer and Civil Engineer at Arup Botswana Limited, Construction Maintenance & Safety Coordinator at BP Botswana Limited, Consultant at OSSH (Proprietary) Limited, and Facilities & Administration Manager at Botswana Bureau of Standards. He now Heads the Facilities Management Department at the BHC.

MR THUPA MISANI THUPA – HEAD STRATEGY, PLANNING AND POLICY

Mr Thupa holds a Bachelor of Commerce degree and a Certificate in Labour Law from the University of Botswana, and a Masters of Human Resource Management from Central Queensland University, Australia. Mr Thupa has been employed at the BHC since 1998, where he started in the position of Senior Officer – Human Resources Management. His current position is Head of Strategy, Planning and Policy.
MANAGERIAL EMPLOYMENT CONTRACTS

Senior Leadership Positions

The Corporation implemented a new organisational structure with effect from 1st January 2018. This followed completion of an organisational review and restructuring exercise which commenced in June 2015. The exercise resulted in an organisational structure with three hundred and eight (308) positions, of which seventeen 17 were reserved for the Senior Leadership Team.

As part of the placement exercise into the new organisational structure, new positions have either been populated by existing employees through a Job-Fit assessment exercise or have been advertised and interviewed for.

Officers holding the above-mentioned positions have entered into fixed-term employment contracts, which range between thirty-six (36) months and forty-two (42) months.

MANAGERIAL REMUNERATION

The Managerial Team is remunerated in line with the Corporation’s salary structures, which are normally reviewed annually and approved by the Board.

A new salary structure was approved by the Board in March 2018 and was used to roll out the new organisational structure. Remuneration for all managerial positions has therefore been done within the parameters of this salary structure. Remuneration for the position of the Chief Executive Officer position is, however, restricted by the Wages Policy Guidelines, which peg the remuneration of the Chief Executive Officer to that of the Permanent Secretary at the parent Ministry at Government Salary Grade F0.

BORROWING POWERS [PARA 2 (E) OF THE 10TH SCHEDULE]

The following extracts from the Act explain the borrowing powers of BHC:

"Section 21 of The Act. Borrowing powers of Corporation

(1) To enable the Corporation to discharge its functions and meet its obligations under this Act, it may, subject to the approval of the Minister for the time being responsible for finance, borrow on such terms, and in such currencies as may be agreed between it and the lender, such sums as it may require.

(2) The Corporation may charge its assets undertakings and revenues with the repayment of any money borrowed under this section, together with interest thereon, and may issue debentures, bonds or other securities in order to secure the repayment of any money borrowed and interest thereon, and may do all other things necessary in connection with or incidental to such borrowing as are authorized by this section, subject to the approval of the Minister for the time being responsible for finance."

HEAD OFFICE AND CORPORATION SECRETARY [PARA 5 OF THE 10TH SCHEDULE]

The head office of the Issuer is located at Plot 4773, Corner of Mmaraka and Station, Gaborone, Botswana. The postal address of the Issuer is PO Box 412, Gaborone and the office of the corporation secretary is at the same address.

The Board Secretary is Ms Elizabeth Galeforolwe who holds a Bachelor of Laws degree.
PROPERTY ACQUIRED OR TO BE ACQUIRED [PARA 12 OF THE 10TH SCHEDULE]

Funds raised from the issue of the Notes are not intended to be used to acquire any specific property as at the date of this Programme. The funds raised from the issue of the Notes will be used for development projects in the ordinary course of business of the Issuer.

OWNERSHIP OF THE ISSUER

BHC is a wholly-owned Government institution, or parastatal, operating under the control of a Board.

MATERIAL CONTRACTS [PARA 16 OF THE 10TH SCHEDULE]

There are no material contracts entered into by the BHC as at the date of this Programme.
**MATERIAL LOANS OF THE ISSUER [PARA 9(1) OF THE 10TH SCHEDULE]**

<table>
<thead>
<tr>
<th>BHC Loans information</th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Lender</strong></td>
<td><strong>Interest</strong></td>
<td><strong>Loan period</strong></td>
<td><strong>P'000</strong></td>
<td><strong>Loan type</strong></td>
<td><strong>Payment terms</strong></td>
</tr>
<tr>
<td><strong>Irredeemable loan</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Botswana</td>
<td>8.00</td>
<td>1972 (irredeemable)</td>
<td>230</td>
<td>Unsecured loan</td>
<td>Interest paid half yearly</td>
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<tr>
<td><strong>Foreign loans on-lent by the Government of Botswana</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Government of the Peoples' Republic of China</td>
<td>8.40</td>
<td>2011-2019</td>
<td>15,469</td>
<td>Unsecured loan</td>
<td>Loan repayment paid half yearly</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government of Botswana loan</td>
<td>3.00</td>
<td>2015-2029</td>
<td>317,624</td>
<td>Unsecured loan</td>
<td>Loan repayment paid half yearly</td>
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<tr>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>Total Loan Balances</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>333,323</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Debt securities in issue</strong></td>
<td>10.1</td>
<td>0%</td>
<td>2010-2020</td>
<td>103,000</td>
<td>Interest paid half yearly and balloon payment at maturity</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Long-term Borrowings Balances</strong></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>436,323</td>
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</tr>
</tbody>
</table>
**MATERIAL LOANS BY THE ISSUER [PARA 9(2) OF THE 10TH SCHEDULE]**

BHC has not made any loans outside the ordinary course of its business.

**FINANCIAL INFORMATION**

The following financial data has been extracted from the audited financial statements of the Issuer in respect of the years ending 31 March 2014, 2015, 2016, 2017 and 2018. The complete financial results, including the full notes to the financial statements can be viewed at the offices of the Issuer during normal working hours.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

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<tr>
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<tbody>
<tr>
<td></td>
<td>P’000</td>
<td>P’000</td>
<td>P’000</td>
<td>P’000</td>
<td>P’000</td>
</tr>
<tr>
<td>Revenue</td>
<td>294,330</td>
<td>492,969</td>
<td>539,297</td>
<td>470,190</td>
<td>300,446</td>
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<tr>
<td>Gains from sale of investment properties</td>
<td>14,786</td>
<td>17,746</td>
<td>106,550</td>
<td>39,172</td>
<td>28,145</td>
</tr>
<tr>
<td>Other income</td>
<td>44,417</td>
<td>39,135</td>
<td>18,197</td>
<td>13,965</td>
<td>9,442</td>
</tr>
<tr>
<td></td>
<td><strong>353,533</strong></td>
<td><strong>540,850</strong></td>
<td><strong>664,044</strong></td>
<td><strong>523,327</strong></td>
<td><strong>338,033</strong></td>
</tr>
<tr>
<td>Cost of sale of housing inventories</td>
<td>(58,898)</td>
<td>(251,517)</td>
<td>(321,375)</td>
<td>(262,324)</td>
<td>(85,821)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(200,767)</td>
<td>(251,915)</td>
<td>(320,916)</td>
<td>(238,443)</td>
<td>(208,331)</td>
</tr>
<tr>
<td></td>
<td>(259,665)</td>
<td>(509,432)</td>
<td>(642,291)</td>
<td>(500,767)</td>
<td>(294,152)</td>
</tr>
<tr>
<td>Operating profit</td>
<td><strong>93,868</strong></td>
<td><strong>40,418</strong></td>
<td><strong>21,753</strong></td>
<td><strong>22,560</strong></td>
<td><strong>43,881</strong></td>
</tr>
<tr>
<td>Finance income</td>
<td>17,161</td>
<td>24,961</td>
<td>24,133</td>
<td>7,777</td>
<td>5,979</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(16,131)</td>
<td>(26,799)</td>
<td>(31,845)</td>
<td>(33,750)</td>
<td>(44,015)</td>
</tr>
<tr>
<td>Net finance costs</td>
<td><strong>1,030</strong></td>
<td><strong>(1,838)</strong></td>
<td><strong>(7,712)</strong></td>
<td><strong>(25,973)</strong></td>
<td><strong>(38,036)</strong></td>
</tr>
<tr>
<td>Share of profit or loss of equity accounted investees of joint venture</td>
<td>13,452</td>
<td>12,731</td>
<td>13,918</td>
<td>13,252</td>
<td>10,411</td>
</tr>
<tr>
<td>Profit before taxation</td>
<td><strong>108,350</strong></td>
<td><strong>51,311</strong></td>
<td><strong>27,959</strong></td>
<td><strong>9,839</strong></td>
<td><strong>16,256</strong></td>
</tr>
<tr>
<td>Taxation</td>
<td>(20,605)</td>
<td>(2,809)</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Total profit and comprehensive income for the year</td>
<td><strong>87,745</strong></td>
<td><strong>48,502</strong></td>
<td><strong>27,959</strong></td>
<td><strong>9,839</strong></td>
<td><strong>16,256</strong></td>
</tr>
</tbody>
</table>
## STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment properties</td>
<td>1,208,892</td>
<td>1,130,394</td>
<td>1,107,561</td>
<td>1,110,746</td>
<td>1,176,860</td>
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<tr>
<td>Property, plant and equipment</td>
<td>21,069</td>
<td>19,523</td>
<td>20,985</td>
<td>19,913</td>
<td>20,323</td>
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<tr>
<td>Intangible assets</td>
<td>22,201</td>
<td>22,192</td>
<td>24,815</td>
<td>26,445</td>
<td>27,759</td>
</tr>
<tr>
<td>Investments in joint ventures</td>
<td>22,982</td>
<td>20,776</td>
<td>21,745</td>
<td>26,618</td>
<td>22,271</td>
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<tr>
<td>Loans to related parties</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>4,040</td>
<td>6,644</td>
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<tr>
<td>Trade and other receivables</td>
<td>9,693</td>
<td>9,284</td>
<td>11,228</td>
<td>15,078</td>
<td>19,438</td>
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<td>Deferred tax asset</td>
<td>-</td>
<td>5,731</td>
<td>-</td>
<td>-</td>
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<tr>
<td><strong>Total non-current assets</strong></td>
<td>1,284,837</td>
<td>1,207,900</td>
<td>1,186,334</td>
<td>1,202,840</td>
<td>1,273,295</td>
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<tr>
<td><strong>Current assets</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Housing inventories</td>
<td>584,765</td>
<td>407,264</td>
<td>443,923</td>
<td>630,949</td>
<td>782,772</td>
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<td>Loans to related parties</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,880</td>
<td>2,288</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>92,891</td>
<td>56,850</td>
<td>19,870</td>
<td>32,059</td>
<td>35,774</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,012,548</td>
<td>1,476,595</td>
<td>1,682,953</td>
<td>790,688</td>
<td>499,160</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>1,690,204</td>
<td>1,940,669</td>
<td>2,146,746</td>
<td>1,456,576</td>
<td>1,319,994</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>2,975,041</td>
<td>3,148,569</td>
<td>3,333,080</td>
<td>2,659,416</td>
<td>2,593,289</td>
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<tr>
<td><strong>Equity and liabilities</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital and reserves</strong></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Irredeemable capital</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
<td>250,000</td>
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<tr>
<td>Retained earnings</td>
<td>1,222,287</td>
<td>1,129,584</td>
<td>1,086,604</td>
<td>1,058,874</td>
<td>1,050,059</td>
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<tr>
<td>Earnings reserve</td>
<td>-</td>
<td>4,958</td>
<td>6,426</td>
<td>8,657</td>
<td>11,697</td>
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<tr>
<td><strong>Total equity</strong></td>
<td>1,472,287</td>
<td>1,384,542</td>
<td>1,343,030</td>
<td>1,317,531</td>
<td>1,311,756</td>
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<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Agency funds</td>
<td>554,077</td>
<td>229,963</td>
<td>258,865</td>
<td>194,103</td>
<td>115,281</td>
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<tr>
<td>Long term deferred income</td>
<td>-</td>
<td>1,879</td>
<td>5,153</td>
<td>6,214</td>
<td>-</td>
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<tr>
<td>Long term deferred government revenue grant</td>
<td>47,056</td>
<td>54,824</td>
<td>63,035</td>
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<td>-</td>
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<td>Long term borrowings</td>
<td>391,417</td>
<td>423,071</td>
<td>743,258</td>
<td>440,873</td>
<td>481,347</td>
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<td>Deferred tax liability</td>
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<td>-</td>
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<td>-</td>
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<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>993,410</td>
<td>709,737</td>
<td>1,070,311</td>
<td>641,190</td>
<td>596,628</td>
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<tr>
<td><strong>Current liabilities</strong></td>
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<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>190,186</td>
<td>191,264</td>
<td>213,253</td>
<td>198,155</td>
<td>192,787</td>
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<td>Taxation payable</td>
<td>8,270</td>
<td>8,515</td>
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<td>Provision for restructuring costs</td>
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<td>3,693</td>
<td>42,298</td>
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<tr>
<td>Agency funds</td>
<td>240,439</td>
<td>488,672</td>
<td>550,088</td>
<td>412,468</td>
<td>244,971</td>
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<tr>
<td>Deferred income</td>
<td>1,640</td>
<td>3,349</td>
<td>3,139</td>
<td>167</td>
<td>-</td>
</tr>
<tr>
<td>Short term portion of deferred government revenue grant</td>
<td>7,768</td>
<td>8,211</td>
<td>7,957</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Short term portion of borrowings</td>
<td>48,051</td>
<td>337,484</td>
<td>35,630</td>
<td>49,013</td>
<td>111,254</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>12,990</td>
<td>13,102</td>
<td>67,374</td>
<td>40,892</td>
<td>135,893</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>509,344</td>
<td>1,054,290</td>
<td>919,799</td>
<td>700,695</td>
<td>684,905</td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td>2,975,041</td>
<td>3,148,569</td>
<td>3,333,080</td>
<td>2,659,416</td>
<td>2,593,289</td>
</tr>
</tbody>
</table>
GENERAL INFORMATION

Words when used in this section headed "General Information" shall bear the same meanings as when used in the Terms and Conditions, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

REPORT BY DIRECTORS ON MAJOR CHANGES

The Directors confirm that there have been no major changes in the assets or liabilities of BHC between the date of the last audited financial statements for the year ended 31 March 2018 and the date of this Supplementary Programme Memorandum.

STATEMENT AS TO ADEQUACY OF CAPITAL

The Directors of BHC are of the opinion that the working capital of the Corporation, including the amounts raised from time to time by the issue of Notes under the Programme, are adequate for the purposes of BHC for the foreseeable future.

AUTHORISATION

All consents, approvals, authorizations or other orders of all regulatory authorities required by the Issuer under the laws of the Republic of Botswana have been given for the establishment of the Programme, the issue of this Supplementary Programme Memorandum and the issue of Notes and for the Issuer, the Issue Manager and Placing Agent and the Transfer Secretary, Paying and Calculation Agent to undertake and perform their respective obligations under the Programme.

LITIGATION

The Corporation is currently involved in litigation proceedings with C.P.M. Architects (Proprietary) Limited (Applicant) where the Corporation has been cited as Second Respondent and the Attorney General is the First Respondent.

From around 2001, the Corporation was engaged to manage an Infantry Training School Project for the Botswana Defence Force (BDF), for which purpose the BDF had contracted with the Applicant. The project was suspended at design stage around 2012 and the Applicant has since claimed that all amounts owing to it have not been paid.

The matter was dealt with by an assessor engaged by the parties and an award was made in favour of the Applicant in the sum of BWP 278 829 476.92 which was in excess of the Applicants initial known and stated claim.

The Respondents have applied to the High Court for a review of the award on the basis that the award was improperly obtained. The review decision confirmed the award of the assessor and the Corporation and the Attorney General have subsequently filed an appeal against the decision of the High Court confirming the award of the assessor.

AUDITORS

PwC, Plot 50371, Fairgrounds Office Park, Gaborone have acted as the auditors of the Issuer for the financial years ending 2014, 2015 and 2016 whilst the current auditors KPMG, Plot 67977, Off Tlokweng Road, Fairgrounds Office Park have acted for the financial years ending 2017 and 2018. KPMG confirmed that the Issuer was solvent as at 31 March 2018 and both PwC and KPMG confirm that the financial data presented in this Programme Memorandum represents an accurate extract and summary of the audited financial accounts for the stated periods in respect of the years in which each party acted as the auditors of the Issuer.
CAPITAL GAINS

Disposal of the Notes will not be subject to capital gains tax in Botswana in terms of section 1 (d) of the Tenth Schedule of the Income Tax Act CAP 52:01, as Botswana Housing Corporation is a public corporation in terms of Section 130 (2)[a](vi) of the Income Tax Act.

LISTING

The Programme has been approved by the BSEL. The Issuer will seek to list certain Notes issued under the Programme on the BSEL or such other or further exchange or exchanges as may be agreed between the Issuer and the Placing Agent and approved by the BSEL or any successor exchange to the BSE.

In the event that Notes that are intended to be listed are issued twelve (12) months after the date of the Programme Memorandum or any Supplementary Programme Memorandum, the Issuer undertakes to prepare and publish a further Supplementary Programme Memorandum in compliance with the Botswana Stock Exchange Listings Requirements, unless exempted from such Requirements.

PROGRAMME MEMORANDUM AND PRICING SUPPLEMENTS

A signed copy of the Programme Memorandum and Pricing Supplements in respect of the Notes on offer as at the date hereof, certified copies of resolutions and authorisations of the Board of the Issuer in respect of the issue of the Notes, the Act establishing the Issuer, audited financial accounts of the Issuer for the previous three years, the confirmatory letter from the auditor of the Issuer and advisors letters of consent are available for inspection, on request, at the principal place of business of the Issuer and the Transfer Secretaries, during normal business hours.

DOCUMENTS AVAILABLE

So long as Notes are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified office of the Transfer Secretaries or the time being in Gaborone:

(a) the published annual report of the Issuer, incorporating the audited annual financial statements of the Issuer in respect of the most recent three financial years;

(b) a copy of this Programme Memorandum; and

(c) any future prospectuses, Programme Memoranda, supplementary listing particulars, information memoranda and supplements (including the Pricing Supplements in respect of listed Notes) to this Programme Memorandum and any other documents incorporated herein or therein by reference.

RESPONSIBILITY STATEMENT OF MEMBERS OF THE BOARD

The Members of the Board, whose names are given on pages 46 and 47 of this document collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that the Supplementary Programme Memorandum contains all information required by law.

The Members of the Board confirm that the Supplementary Programme Memorandum includes all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as
investors and that their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and of the rights attaching to the securities to which the Supplementary Programme Memorandum relates.

FOR AND ON BEHALF OF THE ISSUER on this 27 day of NOVEMBER 2018

Chairman of the Board

Chief Executive Officer
**ADVISORS TO THE NOTE PROGRAMME [PARAGRAPH 4 OF THE 10TH SCHEDULE]**

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th><strong>Registered Address of Issuer</strong></th>
<th><strong>Legal Advisor to the Issuer</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana Housing Corporation</td>
<td>Botswana Housing Corporation</td>
<td>Khan Corporate Law</td>
</tr>
<tr>
<td>Corner Mmaraka &amp; Station Roads, Plot 4773, P.O. Box 412</td>
<td>Corner Mmaraka &amp; Station Roads, Plot 4773, P.O. Box 412</td>
<td>5th Floor, North Wing, Exponential Building, Plot 54351, New CBD, Postal Address: PO Box 1561, Gaborone, Botswana</td>
</tr>
<tr>
<td>Gaborone, Botswana.</td>
<td>Gaborone, Botswana.</td>
<td>Tel: +267 3911694</td>
</tr>
<tr>
<td>Tel: +267 3605100</td>
<td>Tel: +267 3605100</td>
<td>Fax: +267 3911690</td>
</tr>
<tr>
<td>Fax: +267 395 2070</td>
<td>Fax: +267 395 2070</td>
<td>Contact: Pascaline Lorato Sefawe</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Issue Manager and Placing Agent</strong></th>
<th><strong>Sponsoring Broker</strong></th>
<th><strong>Auditor</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Stanbic Bank Botswana Limited Plot 50672</td>
<td>Stockbrokers Botswana Limited</td>
<td>KPMG</td>
</tr>
<tr>
<td>Stanbic House off Machel Drive Fairgrounds Gaborone</td>
<td>A member of the Botswana Stock Exchange Prime Plaza Morula Building, North Wing, Ground Floor Plot 74358, New CBD, Gaborone, Botswana Telephone:</td>
<td>Certified Public Accountants</td>
</tr>
<tr>
<td>Telephone: +267 3618195</td>
<td>Telephone:</td>
<td>Plot 67977</td>
</tr>
<tr>
<td>Contact: Morufhi Masikara</td>
<td>Contact: Kennedy Kgomanyane</td>
<td>Fairground Office Park Postal Address: PO Box 1519, Gaborone, Botswana Tel: +267 391 2400</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Transfer Secretaries</strong></th>
<th><strong>Company Secretary</strong></th>
<th><strong>Trustee</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>DPS Consulting Services (Proprietary) Limited</td>
<td>Botswana Housing Corporation</td>
<td>Sipho Ziga</td>
</tr>
<tr>
<td>Plot 50371 Fairgrounds Office Park Gaborone, Botswana</td>
<td>Corner Mmaraka &amp; Station Roads, Plot 4773, P.O. Box 412 Gaborone, Botswana.</td>
<td>Armstrongs Attorneys</td>
</tr>
<tr>
<td>Telephone: +267 3952011 Fax: +267 3973901</td>
<td>Tel: +267 3605100</td>
<td>2nd Floor, Acacia House, Plot 74538, Prime Plaza Cnr Khama Crescent Ext &amp; PG Matante Rd, New CBD</td>
</tr>
<tr>
<td>Contact: Saumendu Sinha</td>
<td>Fax: +267 395 2070</td>
<td>P.O. Box 1368, Gaborone, Botswana +267 395 3481</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+267 395 2757</td>
</tr>
</tbody>
</table>
KPMG, Chartered Accountants
Audit
Plot 67977, Off Tlokweng Road,
Fairgrounds Office Park
PO Box 1519, Gaborone, Botswana
Telephone +267 391 2400
Fax +267 397 5281
Web http://www.kpmg.com/

To: Trading and Listings Committee
Botswana Stock Exchange

and

The Board of Directors
Botswana Housing Corporation

Dear Sir/Madam

Reporting Accountant’s report on historical financial information for inclusion in the Botswana Housing Corporation BWP2 000 000 000 Supplementary Note Programme dated 27 November 2018

Introduction
At your request and for the purposes of the Programme dated 27 November 2018 in respect of the BWP2 000 000 000 Botswana Housing Corporation Note Programme (“the memorandum”), we present our report on the historical financial information contained within the memorandum.

Responsibility
Director’s responsibility
The directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with International Financial Reporting Standards from which the historical financial information included in the memorandum were prepared. This responsibility includes such controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

The compilation, contents and presentation of the memorandum are the responsibility of the directors of Botswana Housing Corporation. Our responsibility is to express an opinion on the historical financial information included in the memorandum.
Scope of our procedures

Audit
We audited the financial statements of Botswana Housing Corporation for the years ended 31 March 2017 and 31 March 2018. The financial statements for the years ended 31 March 2014, 31 March 2015 and 31 March 2016 were audited by PwC. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements relating to the years ended 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017 and 31 March 2018 are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

The financial information contained in the memorandum is a summarised position. The complete financial position and results of Botswana Housing Corporation are disclosed in the financial statements.

Conclusion
The historical financial information included in the memorandum referred to in the first paragraph of this letter, for the years ended 31 March 2014, 31 March 2015, 31 March 2016, 31 March 2017 and 31 March 2018 is a true extract of the financial position at the date, and the financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards.
Consent
We consent to the inclusion of this report, which will form part of the memorandum dated 27 November 2018, and the reference to our opinion in the Programme Memorandum, in the form and context in which it appears.

KPMG
Certified Auditors
Practicing Member: Francois Roos (20010078.45)
27 November 2018
Gaborone
SELLING RESTRICTIONS

This Supplementary Programme Memorandum does not constitute an offer to sell or the solicitation of an offer to buy or subscribe for any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Supplementary Programme Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. None of the Issuer, the Placing Agent or the other professional advisers represents that this Supplementary Programme Memorandum may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Placing Agent or the other professional advisers which would permit a public offering of any Notes or distribution of this document in any jurisdiction outside of Botswana where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Supplementary Programme Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations, and the Placing Agent has represented that all offers and sales by it will be made on the same terms.

The Notes may be sold by private placement or by offer to the public as indicated on the Applicable Pricing Supplement. Where the Notes are sold by private placement, the offer will not be open to the general public. In the event of sale by private placement, applications will only be accepted from those select investors that the Issuer has, through the Placing Agent, sent this Supplementary Programme Memorandum to, and applications to subscribe for Notes will not be solicited from the general public, nor will applications be accepted from the general public.

Persons into whose possession this Supplementary Programme Memorandum or any Notes may come must inform themselves about, and observe any such restrictions on the offer or sale of Notes in their particular jurisdiction. In particular, there are restrictions on the distribution of this Programme Memorandum and the offer or sale of Notes in the United States of America, the United Kingdom and the Republic of South Africa.

Notes have not been and will not be registered under the United States Securities Act of 1933 (the "Securities Act"). Notes may not be offered, sold or delivered within the United States of America or to U.S. persons except in accordance with Regulation S under the Securities Act.
APPLICATION FORM

("BOTSWANA HOUSING CORPORATION" "BHC" or the "Issuer")
(established under an Act of Parliament Cap 74:03 Laws of Botswana)

ISSUE OF [AGGREGATE NOMINAL AMOUNT OF NOTES] NOTES UNDER ITS BWP 2 000 000 000 DOMESTIC NOTE PROGRAMME

APPLICATION FORM

for the private placement of [BHC ] Notes due [ ] ("BHC ") pursuant to the Pricing Supplement issued out on [INSERT DATE] ("the Pricing Supplement")

This completed form should be forwarded by facsimile or by hand to Stanbic Bank Botswana Limited at the following address:

Note Issue
For attention: Morufhi Komanyane
Stanbic Bank Botswana Limited
Stanbic House off Machel Drive
Fairgrounds
Gaborone
Botswana

Fax number: +267 361 8111

Applicants must complete all blocks. Please read the Notes overleaf before completing this form.

Application lists will close at 12h00 on [ ]. No payment is required at the time of application.

BLOCK A

<table>
<thead>
<tr>
<th>Name of Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postal address</td>
</tr>
<tr>
<td>(Preferably PO Box address)</td>
</tr>
<tr>
<td>Contact name</td>
</tr>
<tr>
<td>Telephone number and code</td>
</tr>
<tr>
<td>Facsimile number and code</td>
</tr>
</tbody>
</table>
### BLOCK B

<table>
<thead>
<tr>
<th>Column 1</th>
<th>Column 2</th>
<th>Column 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal Value</td>
<td>Issue Price</td>
<td>Total consideration</td>
</tr>
<tr>
<td>BWP</td>
<td>%</td>
<td>BWP</td>
</tr>
<tr>
<td>Amount applied for</td>
<td>(Column 1 x Column 2)</td>
<td></td>
</tr>
</tbody>
</table>

### BLOCK C

To: The Board of Directors of the Issuer.

I, the undersigned, warrant that the Applicant stated in Block A ("the Applicant") is duly authorised and has capacity to make this application and I have the full authority capacity to contract on behalf of the Applicant and on behalf of the Applicant, irrevocably and unconditionally apply for and agree to take up the nominal value of [BHC ] Notes stated in Column 1 in Block B above at the price stated in Column 2 in Block B above. Where a lesser nominal value of BHC Notes is allotted to the Applicant, I agree that the relevant amount payable by the applicant in terms of Column 3 in Block B above will be reduced pro-rata to the lesser nominal value so allotted. I acknowledge that the Applicant will be unconditionally liable for payment in respect of [BHC ] Notes allotted to it and that such payment will be made in full accordance with the payment procedures set out in the Pricing Supplement by 12h00 on [ ] November 2018. I further acknowledge that I undertake to be bound by the Terms and Conditions of the Note Programme to which this application form relates, and the Trust Deed as defined therein. I expressly agree that the Trustee is to act on my behalf pursuant to the terms and conditions of the Trust Deed.

Full names:

Capacity:

Signature:

Date:
BLOCK D

Interest Payment Instructions
Interest is to be paid

To
(a) at (postal address) 

(b) or into my current account number

at the (branch) of (bank) 

Address

Complete only (a) or (b). If both are completed effect will only be given to (a).

Notes:
Applications will only be considered from persons to whom this Programme Memorandum and this application form have been sent by the Issue Manager. Such persons may not sell, transfer, cede, assign, or renounce the right to make application in favour of any other person.
All alterations to this application form must be authenticated by full signature. All applications must be made without any conditions stated by applicants. Under no circumstances whatsoever may the name of the applicant be changed and if this is done then the application form will be invalid. Applications are made subject to the provisions of the Programme Memorandum with which this form is enclosed. Applications are irrevocable and may not be withdrawn or amended without the written consent of the Issuer.