

BOTSWANA HOUSING CORPORATION

**(established under the Botswana Housing Corporation Act CAP 74:03 of the Laws of Botswana)
(BHC or the ISSUER)**

BWP2,000,000,000 Note PROGRAMME

**PRESS ANNOUNCEMENT IN RESPECT OF THE INTEREST RATE TO APPLY AS AT THE INTEREST DETERMINATION DATE IN RESPECT OF
BHC025
ISIN BW0000002203**

- All defined terms in this Press Announcement are as defined in the Supplementary Programme Memorandum dated 27 November 2018 (**Supplementary Programme Memorandum**) which contains the Terms and Conditions in relation to the BHC Notes (**Terms and Conditions**), unless separately defined herein.
- The Bank of Botswana in its Monetary Policy Statement dated 23 February 2022 announced inter alia, the adoption of the yield on the main monetary policy instrument (currently the 7-day BoBc) as the anchor policy rate in place of the Bank Rate. This new rate is called the Monetary Policy Rate (MoPR). This change came into effect as at the 28th of April 2022.
- The discontinuance of the Bank Rate affects the following BHC Floating Rate Notes, which have the Bank Rate as the Reference Rate: BHC 025
- The intention of the Issuer is to restate the interest rate provisions in relation to the BHC 025 Notes by way of the issue of an Amended and Restated Pricing Supplement that will reference the new Reference Rate, being MoPR and an adjusted margin so as to ensure that the all-in rate remains effectively the same on the date the Amended and Restated Pricing supplements will be issued, that would have prevailed just prior to the discontinuance of the Bank Rate.
- The Terms of Conditions of the Notes at Condition 19 provide that any amendment to the Terms and Conditions, which are not in respect of curing any ambiguity or of curing, correcting or supplementing any defective provision shall be subject to an Extraordinary Resolution of Noteholders.
- The procedure of calling a Noteholder meeting to receive formal sanction of Noteholders to the Amended and Restated Pricing Supplements was not able to be implemented prior to the Interest Determination Date where the Bank Rate was first not available, being 10th June 2022.
- The calling of a Noteholder Meeting at which an Extraordinary Resolution of Noteholders shall pass will require 21 days' notice following BSEL approval of the Notice to Noteholders calling the meeting.
- In light of the above, the provisions of the Terms and Conditions as at Condition 7.6.3 would have ordinarily applied where the Relevant Screen Rate is not available, or if the Rate of Interest cannot be determined by requesting quotations from the Reference Banks to provide the rate at which would have been used for the Reference Rate in the Gaborone inter-bank market apply, as follows: **"... except that, if fewer than two banks are so quoting to leading banks in Gaborone, Botswana, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date ..."** (**Fall-Back Provisions**).
- However, following consultation with Noteholders the Issuer has determined that the Fall- Back Provisions will not be relied on as at 10th June 2022, which was the first Interest Determination Date where the Bank Rate was not available.
- Instead, the Issuer will convene a Meeting of Noteholders and seek retrospective approval of the Amended and Restated Pricing Supplement that references MoPR. The date that the Interest Rate will be reset is the 10th of June 2022 (**Reset Date**).
- Therefore, the interest rate to apply will be as follows:

NOTE	BASIS POINTS (SPREAD) ON ISSUE	BANK RATE ON ISSUE	TOTAL RATE ON ISSUE	PRECEDING INTEREST DETERMINATION DATE WHEN THE BANK RATE WAS KNOWN	BANK RATE AS AT THE LAST INTEREST DETERMINATION DATE	MOPR PLUS ADJUSTED MARGIN TO BE EFFECTIVE AS FROM RESET DATE	FIRST INTEREST DETERMINATION DATE WHERE BANK RATE WAS NOT AVAILABLE (AND RESET DATE)	RATE TO APPLY AS AT INTEREST DETERMINATION DATE
BHC 025	2.9%	5.00%	7.9%	10th March 2022	3.75%	Reference Rate: MoPR (1.65% as at Reset Date of 27 April 2022) Margin: 2.9% Structural Margin: 2.61% All-in- Rate: 7.16% (Please note that the All-in- Rate will vary going forward depending on movements in the new Reference Rate)	10th June 2022 in terms of payment to be effected as at the next Interest Payment Date of 10th September 2022.	MoPR with adjusted Margin so that the all-in rate will be similar to that just prior to discontinuance of the Bank Rate

- The Issuer expects to be able to convene the meeting of Noteholders to approve the Amended and Restated Pricing Supplement in July 2022, and the Interest Rates on the Notes will be as per the revised provisions in the issued Amended and Restated Pricing Supplements as at the Reset Date indicated above, i.e. MoPR and with an adjusted Margin.
- A full Notice to Noteholders requisitioning the Noteholder meeting will be published on x-news, in one national newspaper and sent directly to Noteholders in relation to the above Notes that appear on the register on the date of publication.

This Press Announcement is published in compliance with 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, and updated by way of a Supplementary Programme Memorandum dated 19 January 2021, and has been approved by the Botswana Stock Exchange Limited.



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