
APPLICABLE PRICING SUPPLEMENT



LETSHEGO HOLDINGS LIMITED

(Incorporated in the Republic of Botswana with limited liability under Registration Number Co 98/442)

Issue of ZAR140,000,000 Senior Secured Fixed Rate Notes due 14 November 2019

Under its ZAR2,500,000,000 and BWP2,500,000,000

Medium Term Note Programme

This Applicable Pricing Supplement must be read in conjunction with the amended and restated Programme Memorandum, dated 29 November 2012, prepared by Letshego Holdings Limited in connection with the Letshego Holdings Limited ZAR2,500,000,000 and BWP2,500,000,000 Medium Term Note Programme, as amended and/or supplemented from time to time (the "**Programme Memorandum**").

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

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

PARTIES

1. Issuer	Letshego Holdings Limited
2. Guarantor	Fedrox (Proprietary) Limited
3. Dealer	Rand Merchant Bank, a division of FirstRand Bank Limited
4. JSE Debt Sponsor	The Standard Bank of South Africa Limited, acting through its Corporate and Investment Banking division
5. BSE Sponsoring Broker	N/A
6. Paying Agent	First National Bank, a division of FirstRand Bank Limited
Specified Office	1 Merchant Place, cnr Rivonia Road and Fredman Drive, Sandton, 2196, South Africa
7. Calculation Agent	Letshego Holdings Limited
Specified Office	1 st Floor, Letshego Place, 22 Khama Crescent, Gaborone, Botswana
8. Transfer Agent	Computershare Investor Services Proprietary Limited
Specified Office	70 Marshall Street, Johannesburg, 2001, South Africa

PROVISIONS RELATING TO THE NOTES

9.	Status of Notes	Senior Secured
10.	Form of Notes	Listed Registered Notes
11.	Series Number	19
12.	Tranche Number	1
13.	Aggregate Nominal Amount:	
	(a) Series	ZAR140,000,000
	(b) Tranche	ZAR140,000,000
14.	Interest	Interest-bearing
15.	Interest Payment Basis	Fixed Rate
16.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
17.	Issue Date	14 December 2015
18.	Specified Denomination	ZAR1,000,000
19.	Specified Currency	ZAR
20.	Issue Price	100%
21.	Interest Commencement Date	14 December 2015
22.	Maturity Date	14 November 2019
23.	Applicable Business Day Convention	Modified Following Business Day
24.	Final Redemption Amount	100% of the Nominal Amount
25.	Last Day to Register	by 17h00 (South African time) on , 3 May, and 3 November
26.	Books Closed Period(s)	The Register will be closed from 4 May to 13 May, and 4 November to 13 November (all dates inclusive) in each year until the Maturity Date
27.	Default Rate	N/A
	FIXED RATE NOTES	N/A
28.	(a) Fixed Rate of Interest	14.3000 per cent payable semi annually in arrear
	(b) Fixed Interest Payment Date(s)	14 May and 14 November in each year until the Maturity Date
	(c) Fixed Coupon Amount(s)	ZAR71,500 per ZAR1,000,000 Nominal Amount
	(d) Initial Broken Amount	N/A
	(e) Final Broken Amount	N/A
	(f) Interest Rate Determination Date(s)	14 May, and 14 November
	(g) Day Count Fraction	Actual/365
	(h) Any other terms relating to the particular method of calculating interest	N/A

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FLOATING RATE NOTES**ZERO COUPON NOTES** N/A**PARTLY PAID NOTES** N/A**INSTALMENT NOTES** N/A**MIXED RATE NOTES** N/A**INDEX-LINKED NOTES** N/A**DUAL CURRENCY NOTES** N/A**EXCHANGEABLE NOTES** N/A**OTHER NOTES** N/A**PROVISIONS REGARDING REDEMPTION/MATURITY**

29. Redemption at the Option of the Issuer: No

30. Redemption at the Option of the Senior Noteholders: No

31. Early Redemption Amount(s) payable on redemption for taxation reasons or on Event of Default (if required). Yes

32. Redemption in the event of a Change of Control Yes

33. Redemption in the event of a Rating Downgrade Yes

GENERAL

34. Financial Exchange JSE Limited (Interest Rates Market)

35. Additional selling restrictions N/A

36. ISIN No ZAG000132259

37. Stock Code LHL19

38. Stabilising manager N/A

39. Provisions relating to stabilisation N/A

40. The notice period required for exchanging uncertificated SA Notes for Certificates N/A

41. Method of distribution Dutch Auction (Sealed bid with no feedback)

42. Credit Rating assigned to the Issuer Global Rating Long Term Ba3 Stable Outlook, assigned on 19 November 2015 which Rating shall be reviewed from time to time

43. Applicable Rating Agency Moody's Investor Services Limited

44. Governing law (if the laws of South Africa or Botswana, as the case may be are not applicable) N/A

45. Surrendering of Notes in the case of Notes represented by a Certificate 10 days after the date on which the Certificate in respect of the Note to be redeemed has been surrendered to the Issuer

46. Other provisions **Covenants**See Schedule 1 headed "*Redemption in the*J
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event of a breach of a Financial Covenant”, Schedule 2 headed “Description of Security Arrangements”, Schedule 3 headed “Additional Risk factors”, Schedule 4 headed “Documents Incorporated by Reference” and Schedule 5 headed “Breakage Costs”

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

47. Paragraph 3(5)(a)

The “*ultimate borrower*” (as defined in the Commercial Paper Regulations) is the Issuer.

48. Paragraph 3(5)(b)

The Issuer is a going concern and can in all circumstances be reasonably expected to meet its commitments under the SA Notes.

49. Paragraph 3(5)(c)

The auditor of the Issuer is PWC.

50. Paragraph 3(5)(d)

As at the date of this issue:

- (i) the Issuer has issued ZAR800,000,000 (exclusive of this issue) Commercial Paper (as defined in the Commercial Paper Regulations); and
- (ii) the Issuer estimates that it will issue ZAR100,000,000 Notes Commercial Paper during the current financial year, ending 31 December 2015.

51. Paragraph 3(5)(e)

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

52. Paragraph 3(5)(f)

There has been no material adverse change in the Issuer’s financial position since the date of its last audited financial statements.

53. Paragraph 3(5)(g)

The SA Notes issued will be listed.

54. Paragraph 3(5)(h)

The funds to be raised through the issue of the SA Notes are to be used by the Issuer for its general corporate purposes.

55. Paragraph 3(5)(i)

The obligations of the Issuer in respect of the SA Notes are secured and guaranteed.

56. Paragraph 3(5)(j)

PWC, the statutory auditors of the Issuer, have confirmed that nothing has come to their attention to cause them to believe that this issue of the SA Notes issued under the Programme does not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

DISCLOSURE BY ISSUER

The Issuer will for as long as any Tranche of Secured Notes remains Outstanding, notify the Senior Secured Noteholders of any material change in the internal credit policy of any of the Obligors.

Responsibility:

The Issuer accepts full responsibility for the information contained in this Applicable Pricing Supplement. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care

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to ensure that such is the case) the information contained in this Applicable Pricing Supplement is in accordance with the facts and does not omit anything which would make any statement false or misleading and all reasonable enquiries to ascertain such facts have been made. This Applicable Pricing Supplement contains all information required by applicable law and the debt listing requirements of the JSE.

As at the Issue Date, the Issuer confirms that the authorised Programme Amount of ZAR2,500,000,000 has not been exceeded.

Application is hereby made to list this issue of Notes on 14 December 2015.

SIGNED at Gaborone on this 10 day of December 2015

For and on behalf of
LETSHEGO HOLDINGS LIMITED



Name: Colm Patterson
Capacity: CFO
Who warrants his authority hereto



Name: Dumisani Ndebele
Capacity: Governance and Compliance
Who warrants his authority hereto

REDEMPTION IN THE EVENT OF A BREACH OF FINANCIAL COVENANT

1. Redemption in the event of a breach of Financial Covenant

The provisions of this Schedule 1 (*Redemption in the event of a breach of Financial Covenant*) shall apply to the LHL19 Notes (the **Notes**).

- 1.1. The Issuer shall, for as long as the Notes remain Outstanding and during each Measurement Period, ensure that:
 - 1.1.1. the Bad Debts Ratio does not exceed 10% (ten percent);
 - 1.1.2. the Cash Collection Ratio is not less than 85% (eighty five percent);
 - 1.1.3. the Capitalisation Ratio is not less than 30% (thirty percent); and
 - 1.1.4. the Secured Property Ratio is not more than 67% (sixty seven percent),

(each a **Financial Covenant** and collectively, the **Financial Covenants**).
- 1.2. The Issuer shall be required to test the Financial Covenants on each Measurement Date and shall in accordance with Condition 19 (*Notices*) provide each Senior Secured Noteholder with a Financial Covenant compliance certificate signed by any two directors of the Issuer (**Financial Covenant Compliance Certificate**) with respect to each of the Financial Covenants together with calculations thereof within 15 (fifteen) Business Days after each Measurement Date.
- 1.3. Notwithstanding paragraph 1.2 above, in the event that any Obligor ceases to deduct, or is prevented from deducting, payments contractually due and payable to it directly from the payroll system of any participating employer, then the Issuer shall be required to test the Cash Collection Ratio on each Monthly Measurement Date and shall in accordance with Condition 19 (*Notices*) provide each Senior Secured Noteholder with a Cash Collection Ratio compliance certificate signed by any two directors of the Issuer (**Cash Collection Ratio Compliance Certificate**) with respect to the Cash Collection Ratio together with calculations thereof within 15 (fifteen) Business Days after the Monthly Measurement Date.
- 1.4. If a breach of any Financial Covenant occurs while any Note remains Outstanding, then the Issuer shall within 20 (twenty) Days after the Issuer becoming aware of a breach of Financial Covenant take reasonable steps to remedy such breach of Financial Covenant, failing which, the Issuer shall promptly give notice to the Senior Secured Noteholders in accordance with Condition 19 (*Notices*) specifying the nature of the breach of Financial Covenant and the circumstances giving rise to it and the procedure for exercising the Redemption Option (as defined below) (**Breach of Financial Covenant Notification**).
- 1.5. Upon receipt by the Senior Secured Noteholders of the Breach of Financial Covenant Notification, the Senior Secured Noteholders shall have the option to require the redemption of the Notes in the manner contemplated in paragraph 1.6 below (**Redemption Option**).
- 1.6. Such Redemption Option shall be exercisable by the Senior Secured Noteholders by the delivery of a written notice (a **Breach of Financial Covenant Redemption Notice**) to the Issuer at its registered office within 30 (thirty) Days after the receipt by the Senior Secured Noteholders of the Breach of Financial Covenant Notification, unless prior to the delivery by that Senior Secured Noteholder of its Breach of Financial Covenant Redemption Notice the Issuer gives notice to redeem the Notes.
- 1.7. Subject to paragraph 1.6, the Issuer shall redeem all Notes held by the Senior Secured Noteholders at its Early Redemption Amount together with accrued interest (if any) within 15 (fifteen) Days of having received a Breach of Financial Covenant Redemption Notice from the Senior Secured Noteholders to redeem such Notes.
- 1.8. In the event of any dispute in respect of any calculation relating to any Financial Covenant referred to in paragraph 1.9 below, such dispute shall be determined by the Issuer's independent auditors, acting as experts and not as arbitrators (taking into account the Terms

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and Conditions), whose determination will, in the absence of manifest error, be final and binding on the Issuer and Senior Secured Noteholders. The cost of such independent auditors in resolving such dispute shall be borne by the Issuer.

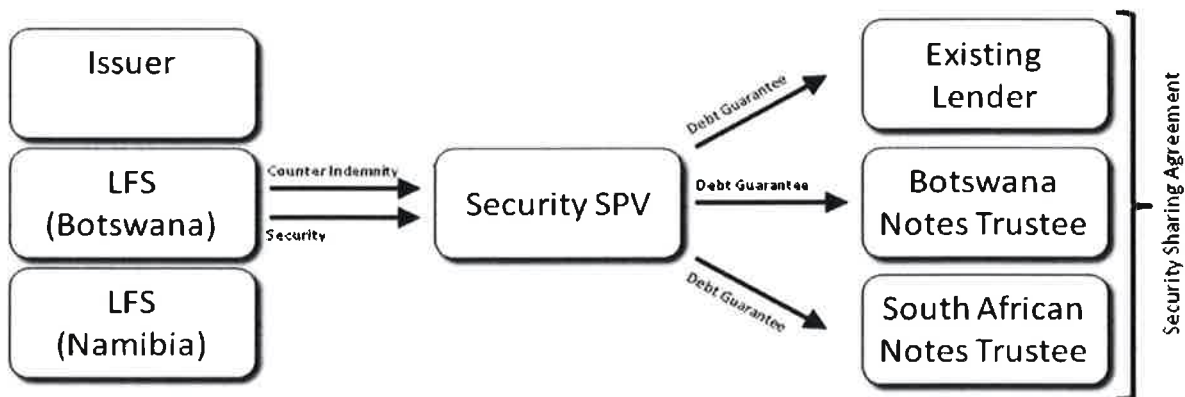
- 1.9. For the purposes of this Schedule 1 (*Redemption in the event of a breach of Financial Covenant*):
- 1.9.1. **Bad Debts** means the total impairment charge as set out in the financial statements of each Obligor (other than the Issuer) as determined in accordance with IFRS;
- 1.9.2. **Book Debts** means any claim of any nature which any of the Obligors (other than the Issuer) has in respect of any indebtedness against any debtor of such Obligor (other than the Issuer) and over which a security interest has been granted in favour of the Debt Guarantor (as defined in the Security Sharing Agreement);
- 1.9.3. **Bad Debts Ratio** means, in respect of each Measurement Period, the ratio between:
- 1.9.3.1. the aggregate Bad Debts for the relevant Measurement Period; and
- 1.9.3.2. the average Book Debts for the Measurement Period calculated by adding the Book Debts as at each Quarter Year Date falling in the Measurement Period (including the relevant Measurement Date), divided by 4;
- 1.9.4. **Capitalisation Ratio** means the ratio between:
- 1.9.4.1. Total Equity as at each Quarter Year Date; and
- 1.9.4.2. Total Debt as at each Quarter Year Date;
- 1.9.5. **Cash Collections Ratio** means:
- 1.9.5.1. in respect of each Monthly Measurement Period or Measurement Period, as the case may be, the ratio between:
- 1.9.5.1.1. the value of payments actually received by any of the Obligors (other than the Issuer) during the Monthly Measurement Period or Measurement Period, as the case may be; and
- 1.9.5.1.2. the value of payments contractually due and payable to any of the Obligors (other than the Issuer) during the Monthly Measurement Period or Measurement Period, as the case may be, but excluding any payments due on loans written off,
from third parties indebted to such Obligor (other than the Issuer), as the case may be, in respect of Book Debts during each Monthly Measurement Period or Measurement Period, as the case may be, and expressed as a percentage;
- 1.9.6. **Letshego Financial Services (Botswana)** means Letshego Financial Services (Proprietary) Limited, a company duly incorporated according to the company laws of Botswana with registration number 2006/5701;
- 1.9.7. **Letshego Financial Services (Namibia)** means Letshego Financial Services (Namibia) (Proprietary) Limited, a company duly incorporated according to the company laws of Namibia with registration number 97/373;
- 1.9.8. **Measurement Date** means each Quarter Year Date;
- 1.9.9. **Measurement Period** means each period of 12 (twelve) months ending on a Measurement Date;
- 1.9.10. **Monthly Measurement Date** means the last day of each calendar month;
- 1.9.11. **Monthly Measurement Period** means each one month period commencing on the first day of the month and ending on a Monthly Measurement Date;
- 1.9.12. **Obligors**
- 1.9.12.1. the Issuer;
- 1.9.12.2. Letshego Financial Services (Botswana);
- 1.9.12.3. Letshego Financial Services (Namibia); and

- 1.9.12.4. any person who becomes an "Additional Obligor" (as defined in the Security Sharing Agreement);
- 1.9.13. **Quarter Year Date** means each of 31 January, 30 April, 31 July and 31 October in each year;
- 1.9.14. **Secured Property Ratio** means the "Secured Property Ratio" as defined in the Security Sharing Agreement;
- 1.9.15. **Security Sharing Agreement** means the written agreement entitled "Security Sharing Agreement" entered into or to be entered into between *inter alia*, GMG Trust Company (SA) Proprietary Limited, the Issuer, Letshego Financial Services (Botswana), Letshego Financial Services (Namibia), the Guarantor, Standard Chartered Bank plc and John Yendall Stevens; and
- 1.9.16. **Total Debt** means, in respect of the Issuer only, the aggregate amount of interest bearing debt including, for the avoidance of doubt, *inter alia*:
- 1.9.16.1. redeemable preference shares;
- 1.9.16.2. unsubordinated interest bearing shareholder loans;
- 1.9.16.3. debentures;
- 1.9.16.4. on and off balance sheet interest bearing debt;
- 1.9.16.5. the capital element of any finance lease, hire purchase, credit sale or conditional sale agreement, to the extent such item is treated as debt in the balance sheet;
- 1.9.16.6. the capital element of any amount raised under any other transaction, having as a primary and not as an incidental effect, the commercial effect of borrowing; and
- 1.9.16.7. any other obligation which exhibits an interest bearing nature, including payment which may become due as part of any interest rate hedge strategy; and
- 1.9.17. **Total Equity** means, in respect of the Issuer only, the total shareholders' equity, including any subordinated shareholder loans and retained earnings.

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DESCRIPTION OF SECURITY ARRANGEMENTS

Unless otherwise set out in this Applicable Pricing Supplement, the security arrangement is as follows:



The obligations of the Issuer under the Secured Notes will be directly guaranteed and indirectly secured as follows:

1. Direct Guarantees

1.1. Direct Guarantees in favour of each Existing Facility Lender

The Issuer has existing bank facilities (Existing Bank Facilities) with certain financial institutions (Existing Facility Lenders). The Debt Guarantor shall irrevocably, unconditionally guarantee, in favour of each Existing Facility Lender, the obligations which the Issuer may now have or have incurred or in the future may incur under each Existing Bank Facility.

1.2. Direct Guarantee in favour of the SA Trustee

The Debt Guarantor shall irrevocably, unconditionally guarantee, in favour of the SA Trustee, the obligations which the Issuer may now have or have incurred or in the future may incur to the holders of the SA Secured Notes.

1.3. Direct Guarantee in favour of the Botswana Secured Notes Trustee

The Debt Guarantor shall irrevocably, unconditionally guarantee, in favour of the BW Secured Notes Trustee, the obligations which the Issuer may now have or have incurred or in the future may incur to the holders of the BW Secured Notes.

2. Counter Indemnity Agreement

The Issuer, Letshego Financial Services (Proprietary) Limited (LFS Botswana) and Letshego Financial Services (Namibia) Proprietary Limited (LFS Namibia) (the Issuer, LFS Botswana and LFS Namibia collectively, the Obligors) shall enter into a counter indemnity agreement with the Debt Guarantor in terms of which the Obligors shall indemnify and hold the Debt Guarantor harmless in respect of claims made against the Debt Guarantor under any Debt Guarantee.

3. Security

3.1. Security granted by the Issuer

The Issuer shall cede *in securitarem debiti* its loan accounts in respect of LFS Botswana and LFS Namibia in favour of the Debt Guarantor as security for its obligations under the Counter Indemnity Agreement.

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3.2. *Security granted by LFS Botswana*

LFS Botswana shall cede *in securitarem debiti* its book debts in favour of the Debt Guarantor as security for its obligations under the Counter Indemnity Agreement.

3.3. *Security granted by LFS Namibia*

LFS Namibia shall cede *in securitarem debiti* its book debts in favour of the Debt Guarantor as security for its obligations under the Counter Indemnity Agreement.

ADDITIONAL RISK FACTORS

Capitalised terms used in this section headed "Investor Considerations" 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 this is clearly inappropriate from the context.

In addition to the Risk Factors referred to in the Programme Memorandum, the Issuer believes that the risk factor outlined below may affect the Notes issued in terms of this Applicable Pricing Supplement. The value of the Notes could decline due to any of the factors outlined in the Programme Memorandum and below, and investors may lose some or all of their investment.

The Issuer believes that the factors described in the Programme Memorandum and below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it, or which it may not currently be able to anticipate. Accordingly, the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Prospective investors should also read the detailed information set out in the Programme Memorandum to reach their own views prior to making any investment decision.

Enforcing your rights as a holder of the Notes across multiple jurisdictions may be difficult.

The Notes will be issued by the Issuer which is organised under the laws of Botswana. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in Botswana. Your rights under the Notes may thus be the subject of multiple jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in multiple bankruptcy, insolvency or other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of your rights.

Further, enforcement of your rights in respect of the security provided under and in terms of the Notes may also be the subject of multiple jurisdictions as security thereunder will require enforcement in Botswana and/or Namibia. Such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of your rights.

DOCUMENTS INCORPORATED BY REFERENCE

Capitalised terms used in this section headed "Documents Incorporated by Reference" shall bear the same meanings as used in the Terms and Conditions and this Applicable Pricing Supplement, except to the extent that they are separately defined in this section or this is clearly inappropriate from the context.

1. In addition to the documents incorporated by reference into the Programme Memorandum (see section of the Programme Memorandum headed "*Documents Incorporated by Reference*"), the following documents shall be deemed to be incorporated in, and form part of, this Applicable Pricing Supplement:

- Issuer Cession of Loan Account (LFS Botswana);
- Issuer Cession of Loan Account (LFS Namibia);
- Cession of Book Debts (LFS Botswana);
- Cession of Book Debts (LFS Namibia);
- Counter Indemnity Agreement;
- Debt Guarantee in favour of Existing Facility Lenders;
- Debt Guarantee in favour of SA Trustee;
- Debt Guarantee in favour of Botswana Secured Notes Trustee; and
- Security Sharing Agreement.

collectively, the **Security Documents**.

2. This Applicable Pricing Supplement and the Security Documents will be available on request and available for inspection during normal office hours at the registered office of the Issuer. Should the Senior Secured Noteholders wish to request any of the Applicable Pricing Supplement or the Security Documents the contact details are as follows:

Chief Financial Officer: Colm Patterson
Tel: +267 364 3011
E-mail: colmp@letshego.com

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BREAKAGE COSTS

1. The sum payable on the Notes upon any early repayment of the Notes shall be the sum of:
 - 1.1. the Final Redemption Amount;
together with
 - 1.2. accrued interest (if any) to the date of repayment;
minus
 - 1.3. Breakage Profits; or
plus
 - 1.4. Breakage Losses.
2. For the purposes of this Schedule 5 (*Breakage Costs*):
 - 2.1.1. **Breakage Profits** means, in relation to any pre-payment in whole or in part, of any Note, the profits which a Senior Secured Noteholder may earn, as a result of the unwinding or other termination of any swap agreement, forward interest rate agreement or other financial instrument and/or transaction (of whatsoever nature) entered into by that Senior Secured Noteholder in whole or in part to fund, maintain and/or otherwise meet its obligations to the Issuer in respect of the Notes, or to hedge its exposure to the Issuer under any one or more of the Notes, or any part thereof; and
 - 2.1.2. **Breakage Losses** means, in relation to any pre-payment in whole or in part, of any Note, all reasonable direct costs, charges, damages, losses or liabilities which a Senior Secured Noteholder may suffer and/or incur, as a result of the unwinding or other termination of any swap agreement, forward interest rate agreement or other financial instrument and/or transaction (of whatsoever nature) entered into by that Senior Secured Noteholder in whole or in part to fund, maintain and/or otherwise meet its obligations to the Issuer in respect of the Notes, or to hedge its exposure to the Issuer under any one or more of the Notes, or any part thereof.



