



**HOMECHOICE HOLDINGS LIMITED**

*(Incorporated in South Africa with limited liability under Registration Number 1991/005430/06);*

(the "Issuer")

**Issue of ZAR100,000,000 Floating Rate Notes**

**Under its ZAR500,000,000 Domestic Medium Term Note Programme**

**Unconditionally and irrevocably guaranteed, jointly and severally, by the Guarantors (from time to time and for the time being)**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated 15 October 2013 and approved by the JSE on 16 October 2013, prepared by HomeChoice Holdings Limited in connection with the HomeChoice Holdings Limited ZAR500,000,000 Domestic Medium Term Note Programme, as amended and/or supplemented from time to time (the "**Programme Memorandum**").

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

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

**DESCRIPTION OF THE NOTES**

1.	Issuer	HomeChoice Holdings Limited
2.	Guarantors	HomeChoice Proprietary Limited / FinChoice Proprietary Limited / HomeChoice Property Company Proprietary Limited
3.	Status of Notes	Unsecured
4.	Rated	Yes If Yes, see paragraphs 65-69 below
5.	Rating Agency	GCR
6.	Form of Notes	Listed Registered Notes

7.	Series Number	1
8.	Tranche Number	1
9.	Aggregate Nominal Amount:	
	(a) Series	ZAR100,000,000
	(b) Tranche	ZAR100,000,000
10.	Interest	Interest-bearing
11.	Interest Payment Basis	Floating Rate Notes
12.	Automatic/Optional Conversion from one Interest/Redemption/Payment Basis to another	N/A
13.	Form of Notes	Registered Notes: The Notes in this Tranche are issued in uncertificated form and held by the CSD.
14.	Issue Date	25 October 2013
15.	Nominal Amount per Note	ZAR1,000,000
16.	Specified Denomination	ZAR1,000,000
17.	Issue Price	100%
18.	Interest Commencement Date	25 October 2013
19.	Maturity Date	25 October 2016
20.	Applicable Business Day Convention	Modified Following Business Day
21.	Final Redemption Amount	ZAR100,000,000
22.	Last Date to Register	By 17:00 on 14 January, 14 April, 14 July and 14 October in each year until the Maturity Date
23.	Books Closed Period(s)	The Register will be closed from 15 January to 24 January, 15 April to 24 April, 15 July to 24 July and 15 October to 24 October (all dates inclusive) in each year until the Maturity Date

24.	Default Rate	N/A
25.	Value of Aggregate Nominal Amount of all Notes issued under the Programme as at the Issue Date	ZAR0 (excluding this issue)
<b>FIXED RATE NOTES</b>		N/A
<b>FLOATING RATE NOTES</b>		
26.	(a) Floating Interest Payment Date(s)	25 January, 25 April, 25 July and 25 October each year until the Maturity Date
	(b) Interest Period(s)	From and including the applicable Interest Payment Date and ending on but excluding the following Interest Payment Date, the first Interest Period commencing on 25 October 2013 and ending on the day before the next Interest Payment Date
	(c) Definition of Business Day (if different from that set out in Condition 1 ( <i>Interpretation</i> ))	N/A
	(d) Minimum Rate of Interest	N/A
	(e) Maximum Rate of Interest	N/A
	(f) Other terms relating to the method of calculating interest (e.g.: Day Count Fraction, rounding up provision)	N/A
27.	Manner in which the Rate of Interest is to be determined	Screen Rate Determination
28.	Margin	315 basis points to be added to Reference Rate

## 29. If ISDA Determination:

- |     |                           |     |
|-----|---------------------------|-----|
| (a) | Floating Rate             | N/A |
| (b) | Floating Rate Option      | N/A |
| (c) | Designated Maturity       | N/A |
| (d) | Reset Date(s)             | N/A |
| (e) | ISDA Definitions to apply | N/A |

## 30. If Screen Determination:

- |     |  |  |
|-----|--|--|
| (a) | Reference Rate<br>(including relevant period by reference to which the Rate of Interest is to be calculated) | 3 Month JIBAR  |
| (b) | Interest Rate Determination Date(s)  | 25 January, 25 April, 25 July and 25 October each year until the Maturity Date with the first Interest Rate Determination Date being 22 October 2013 |
| (c) | Relevant Screen Page and Reference Code  | SAFEY Page, Code ZA01209   |

31. If Rate of Interest to be calculated otherwise than by ISDA Determination or Screen Determination, insert basis for determining Rate of Interest/Margin/ Fallback provisions

N/A

<b>ZERO COUPON NOTES</b>	N/A
<b>PARTLY PAID NOTES</b>	N/A
<b>INSTALMENT NOTES</b>	N/A
<b>MIXED RATE NOTES</b>	N/A
<b>INDEX-LINKED NOTES</b>	N/A
<b>DUAL CURRENCY NOTES</b>	N/A
<b>EXCHANGEABLE NOTES</b>	N/A
<b>EXTENDIBLE NOTES</b>	N/A
<b>OTHER NOTES</b>	N/A

**PROVISIONS REGARDING  
REDEMPTION/MATURITY**

32.	Issuer's Optional Redemption:	No
	If yes:	
(a)	Optional Redemption Date(s)	N/A
(b)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s)	N/A
(c)	Minimum period of notice (if different from Condition 10.6 ( <i>Redemption at the Option of the Issuer</i> ))	N/A
(d)	If redeemable in part:	N/A
	Minimum Redemption Amount(s)	N/A

	Higher Redemption Amount(s)	N/A
(e)	Other terms applicable on Redemption	N/A
33.	Redemption at the Option of the Senior Noteholders:	No
	If yes:	
(a)	Optional Redemption Date(s)	N/A
(b)	Optional Redemption Amount(s)	N/A
(c)	Minimum period of notice (if different from Condition 10.6 ( <i>Redemption at the Option of the Senior Noteholders</i> ))	N/A
(d)	If redeemable in part:	N/A
	Minimum Redemption Amount(s)	N/A
	Higher Redemption Amount(s)	N/A
(e)	Other terms applicable on Redemption	N/A
(f)	Attach pro forma put notice(s)	N/A

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

## GENERAL

35. Financial Exchange Interest Rate Market of the JSE
36. Calculation Agent Rand Merchant Bank, a division of FirstRand Bank Limited
37. Paying Agent Rand Merchant Bank, a division of FirstRand Bank Limited
38. Specified office of the Paying Agent 1 Merchant Place,  
Corner Fredman Drive and Rivonia Road  
Sandton, 2196
39. Transfer Agent Rand Merchant Bank, a division of FirstRand Bank Limited
40. Provisions relating to stabilisation N/A
41. Stabilising Manager N/A
42. Additional selling restrictions N/A
43. ISIN No. ZAG000110255
44. Stock Code HCH01
45. Method of distribution Private Placement
46. If syndicated, names of Managers N/A
47. If non-syndicated, name of Dealer Rand Merchant Bank, a division of FirstRand Bank Limited
48. Governing law (if the laws of South Africa are not applicable) N/A
49. Use of proceeds General Corporate Purposes

50.	Pricing Methodology	Standard JSE pricing methodology
51.	Other provisions	<b>Additional Terms and Conditions relating to the Notes – See Annexure “A”</b>
		<b>Additional Definitions in respect of the Notes – See Annexure “C”</b>
52.	Issuer Rating and issue date	BBB+ (za) GCR / 9 July 2013
53.	Programme Rating and issue date	N/A
54.	Notes Rating and issue date	N/A
55.	Date of rating review	N/A
56.	Rating Agency	GCR

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

57. Paragraph 3(5)(a)

The ultimate borrower is the Issuer, the Guarantors, each Wholly Owned Subsidiary of the Issuer and each Holding Company of the Issuer and/or each Wholly Owned Subsidiary, as permitted by the Commercial Paper Regulations.

58. Paragraph 3(5)(b)

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

59. Paragraph 3(5)(c)

The auditor of the Issuer is PwC.

60. Paragraph 3(5)(d)

As at the date of this issue:

- (a) the Issuer has not issued any commercial paper; and
- (b) the Issuer does not expect to issue any additional commercial paper during the current financial year, ending 31 December 2013.



61. Paragraph 3(5)(e)

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

62. Paragraph 3(5)(f)

There has been no material change in the financial or trading position of the Issuer since the date of the Issuer and each Guarantor's latest audited financial statements up to the date of this Programme Memorandum.

63. Paragraph 3(5)(g)

The Notes issued will be listed.

64. Paragraph 3(5)(h)

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

65. Paragraph 3(5)(i)

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

66. Paragraph 3(5)(j)

PwC, the statutory auditors of the Issuer, have confirmed that their review did not reveal anything which indicates / nothing has come to their attention to indicate that this issue of Notes issued under the Programme will not comply in all respects with the relevant provisions of the Commercial Paper Regulations.

**Responsibility:**

The Issuer certifies that to the best of its knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made as well as that this Applicable Pricing Supplement contains all information required by law and the JSE Listing Requirements. The Issuer and each Guarantor accepts full responsibility for the accuracy of the information contained in this Applicable Pricing Supplement and its annual financial report, the amendments to its annual financial report or any supplements from time to time, except as otherwise stated therein.

Application is hereby made to list this issue of Notes on 25 October 2013.

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2013

for and on behalf of

**HOMECHOICE HOLDINGS LIMITED (as Issuer)**

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his/her authority hereto

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his/her authority hereto

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2013

for and on behalf of

**HOMECHOICE PROPRIETARY LIMITED (as Initial Guarantor)**

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his/her authority hereto

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his/her authority hereto

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2013

for and on behalf of

**FINCHOICE PROPRIETARY LIMITED (as Initial Guarantor)**

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his/her authority hereto

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his/her authority hereto

SIGNED at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 2013

for and on behalf of

**HOMECHOICE PROPERTY COMPANY PROPRIETARY LIMITED (as Initial Guarantor)**

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his/her authority hereto

\_\_\_\_\_  
Name:  
Capacity:  
Who warrants his/her authority hereto

## Annexure A

**ADDITIONAL TERMS AND CONDITIONS RELATING TO THESE TRANCHES OF NOTES OF THE SERIES**

The Terms and Conditions set out in the Programme Memorandum are amended in relation to the Notes of these Tranches of Notes by the insertion of the following additional Condition 23:

**23. COVENANTS**

## 23.1. Default Covenants:

- 23.1.1. A breach by the Issuer of any of the following covenants shall constitute an Event of Default in terms of Condition 16 (*Events of Default*) under the Terms and Conditions: Net Debt to Equity

The Issuer shall ensure that the Net Debt to Equity ratio does not exceed 40% (forty percent) at any time.

- 23.1.1.2. Average HomeChoice Retail Debtors' Cost Ratio

The Issuer shall ensure that the Average Home Choice Retail Debtors' Cost Ratio does not exceed 30% (thirty percent).

- 23.1.1.3. Average Finchoice Debtors' Cost Ratio

The Issuer shall ensure that the Average Finchoice Debtors' Cost Ratio does not exceed 28% (twenty eight percent).

- 23.1.1.4. Minimum Equity

The Issuer shall ensure that its Equity is at least ZAR800,000,000 (eight hundred million).

## 23.2. Repricing Covenants:

- 23.2.1. A breach by the Issuer of the following covenant shall constitute a Repricing Event as further set out below:

- 23.2.1.1. Net Debt to Equity

The Issuer shall ensure that the Net Debt to Equity ratio does not exceed 30% (thirty percent) at any time.

- 23.2.2. A "Repricing Event" shall occur where the ratio of Net Debt to Equity exceeds 30% (thirty percent) based on the latest consolidated annual financial

statements or consolidated interim financial statements of the HomeChoice Group (whichever are published the latest).

23.2.3. Upon the occurrence of a Repricing Event:

23.2.3.1. the Issuer shall promptly give notice to the Noteholders in accordance with Condition 18 (*Notices*) of the Terms and Conditions specifying the occurrence of the Repricing Event; and

23.2.3.2. the Margin shall increase by 30% (thirty percent) (the “**Step-up Margin**”).

23.2.4. In the event that the Repricing Event no longer applies, the Step-up Margin will cease to apply.

23.2.5. Such Step-up Margin shall commence or cease to apply, whichever is applicable, on the immediately following Interest Payment Date.

### 23.3. Amendments to Provisioning Policies

If there is an amendment in the Issuer’s provisioning policies relating to the calculation or determination of debtors costs in the income statement from that applicable at the Issue Date, the Issuer’s Board of Directors shall be required to approve and sign off any such amendment after consultation with the Issuer’s auditors. The Issuer undertakes to notify the Calculation Agent and the Noteholders of any changes made to the provisioning policies.

### 23.4. Measurement

23.4.1. The default and repricing covenants (as contemplated in Conditions 23.1 and 23.2 above), as at the last day of the Issuer’s financial year or half financial year, shall be measured by the Issuer within 90 (ninety) days of the last day of each financial year of the Issuer and within 60 (sixty) days of the last day of each half financial year of the Issuer.

23.4.2. The Issuer shall determine whether the financial ratios set out in the covenants have been exceeded, based on the latest consolidated audited annual financial statements of the HomeChoice Group on that date, or if not available, the unaudited consolidated financial statements of the HomeChoice Group on that date, or the consolidated interim financial statements of the HomeChoice Group (whichever are published the latest).

23.4.3. The average ratios shall be measured on a 12 (twelve) month rolling basis utilising the latest consolidated audited annual financial statements of the

HomeChoice Group on that date, or if not available, the unaudited consolidated financial statements of the HomeChoice Group on that date, or the consolidated interim financial statements of the HomeChoice Group (whichever are published the latest) in order to obtain 12 (twelve) month opening and closing balances.

23.5. Certificate

- 23.5.1. The Issuer shall deliver a compliance certificate (in the form set out in **Annexure "B"**) in respect of the covenants to the Calculation Agent within 90 (ninety) days of the last day of each financial year and within 60 (sixty) days of the last day of each half financial year of the Issuer.
- 23.5.2. A compliance certificate must be signed by the Chief Financial Officer and 1 (one) other executive Director of the Issuer.

## Annexure B

## FORM OF COMPLIANCE CERTIFICATE

To: Rand Merchant Bank, a division of FirstRand Bank Limited  
 From: HomeChoice Holdings Limited  
 Dated: [•]

Dear Sirs

**HomeChoice Holdings Limited ZAR500,000,000 Domestic Medium Term Note Programme Dated 15 October 2013 (the “Programme”)**

1. We refer to the Programme. Terms defined in the Programme shall have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm the following triggers in relation to the Covenants:

Measurement Date:

<b><i>Default covenants</i></b>		
<b>Covenant</b>	<b>Trigger</b>	<b>Actual</b>
Net Debt to Equity	Greater than 40%	
Average HomeChoice Retail Debtors Cost Ratio	Greater than 30%	
Average FinChoice Debtors Cost Ratio	Greater than 28%	
Minimum Equity	Less than ZAR800m	

<b><i>Repricing covenant</i></b>		
<b>Covenant</b>	<b>Trigger</b>	<b>Actual</b>
Net Debt to Equity	Greater than 30%	

Signed: .....

Chief Financial Officer  
 of  
 HOMECHOICE HOLDINGS LIMITED

Signed: .....

Executive Director

of

HOMECHOICE HOLDINGS LIMITED



## Annexure C

## ADDITIONAL DEFINITIONS IN RESPECT OF NOTES OF THE SERIES

24. Terms and expressions set out below will have the meanings set out below in the Terms and Conditions of the Notes of the Tranches referred to in this Applicable Pricing Supplement:

**“Average FinChoice Debtors’ Cost Ratio”** means, the Financial Services Debtor Costs expressed as a percentage of the Average Gross Loan Book.

**“Average HomeChoice Retail Debtors’ Cost Ratio”** means, the Retail Debtor Costs expressed as a percentage of the Average Gross Debtors Book.

**“Average Gross Debtors’ Book”** means, the opening balance plus closing balance trade receivables (as contemplated in the consolidated financial statements of the HomeChoice Group from time to time) for HomeChoice (Proprietary) Limited and other retail (as contemplated in the consolidated financial statements of the HomeChoice Group from time to time) (prior to any deductions for any provisions for impairment) as set out in the notes to the consolidated financial statements of the HomeChoice Group, divided by 2 (two).

**“Average Gross Loan Book”** means, the opening balance plus closing balance of the loans receivable (as contemplated in the consolidated financial statements of the HomeChoice Group from time to time) for FinChoice (Proprietary) Limited (prior to any deductions for any provisions for impairment) as set out in the notes to the consolidated financial statements of the HomeChoice Group, divided by 2 (two).

**“Financial Services Debtor Cost”** includes all debtor costs (as contemplated in the consolidated financial statements of the HomeChoice Group from time to time) relating to financial services as per the group segmental analysis set out in the consolidated financial statements of the HomeChoice Group.

**“Retail Debtors’ Cost”** includes all debtor costs (as contemplated in the consolidated financial statements of the HomeChoice Group from time to time) relating to HomeChoice (Proprietary) Limited and other retail (as contemplated in the consolidated financial statements of the HomeChoice Group from time to time) as per the group segmental analysis set out in the

consolidated financial statements of the HomeChoice Group.

**“Net Debt”**

includes all interest-bearing debt (as contemplated in the consolidated financial statements of the HomeChoice Group from time to time) owed (including long and short term debt), excluding subordinated shareholder loans, less any cash on hand, as per the consolidated annual financial statements or consolidated interim financial statements of the HomeChoice Group.

**“Equity”**

means, Equity as stated in the Programme Memorandum.