

**An opportunity to invest in
Lesotho
Government Securities**

PROSPECTUS

FOR

LESOTHO GOVERNMENT TREASURY
BONDS

Tenor: 10 Years

Coupon Interest Rate: 9.0 %

Issue No: LS000A1Z8466

Value: 700 Million Maloti

Redeemable on 08th October 2025

AGENT: Central Bank of Lesotho

DATE: 2015 SEPTEMBER 11

PROSPECTUS

LESOTHO GOVERNMENT TREASURY BOND

10 Years, 9.0 % Coupon Rate

The Central Bank of Lesotho (CBL), as a fiscal agent for the Government of Lesotho issues Treasury bonds with the following terms and conditions:

A. SUMMARY OF THE ISSUE

- | | | |
|-----|-------------------------------|--|
| 1. | Date of Auction: | 2015 October 20 th |
| 2. | Amount of Auction Offering | Subject to Government needs |
| 3. | Date of Redemption | 2025 October 08 th |
| 4. | Tenor | 10 Years |
| 5. | Coupon Interest Rate | 9.0 % |
| 6. | Interest payment | Interest will be paid semi-annually |
| 7. | Listing | Not listed |
| 8. | Issuer: | Government of Lesotho |
| 9. | Issuing and Settlement: | Central Bank of Lesotho |
| 10. | Mode of Issuing: | Auction |
| 11. | Purpose: | Fiscal purposes |
| 12. | Price per LSL 100 | Quoted on yield at premium, par or discount to 4 decimal places. |
| 13. | Transfer Secretary: | Central Bank of Lesotho |
| 14. | Tax: | Discount and interest will be subject to the prevailing withholding tax rates. |
| 15. | Rediscounting: | After 5 years and 3 months |
| 16. | Eligibility: | Resident and non-resident investors who have opened up CSD accounts at the Central Bank of Lesotho and have an account with a local commercial bank. |
| 17. | Defaulters: | May be suspended from subsequent auctions |
| 18. | Right to Accept Applications: | Central Bank of Lesotho reserves the right to allot the application in part or reject in total at its discretion. |

19. Nature of Treasury bonds: Marketable Government securities that constitute liquid assets

B: DEFINITIONS

“Central Bank of Lesotho”	Means the Central Bank of Lesotho established under the CBL Act
“CBL Act”	Means the Central Bank of Lesotho Act of 2000
“Bondholder”	Refers to the person whose name is entered as a holder of bonds in the bond register
“Bonds”	Refers to Government of Lesotho 10 year Treasury bond bearing 9.0% coupon rate and maturing on 08 th October 2025
“Books Closed Period”	Refers to 7 days prior to the coupon payment date or such shorter period as determined by issuer. This enables determination of the bondholders entitled to receive interest
“Banking or Business Day”	Refers to any day other than Saturday, Sunday or official public holiday in the Kingdom of Lesotho.
“Conditions”	Means these terms and conditions set out herein
“Coupon Rate”	Means the amount of interest rate paid per year as a percentage of the face value or principal. This is stated on a prospectus when a bond is issued.
“Initial Issue”	Means the initial issue of bonds by the Government of Lesotho

“Interest Payment Dates”

2016 April 19, 2016 October 18,
2017 April 18, 2017 October 17,
2018 April 17, 2018 October 16,
2019 April 16, 2019 October 15,
2020 April 14, 2020 October 13,
2021 April 13, 2021 October 12,
2022 April 12, 2022 October 11,
2023 April 11, 2023 October 10,
2024 April 09, 2024 October 09,
2025 April 08, 2025 October 08.

“Interest Period”

Means the period from the previous coupon date up to the last day before the next coupon payment date as per the coupon payment dates.

“Interest Rate”

Means 9.0 %

“Issue Date”

Means the 20th October 2015

“Issuer”

Means the Government of Lesotho

“Issue”

Means this bond which is subject to the Local Loans Act of 2001, the Ministry of Finance may decide to increase the amount of the loan at any time prior to the redemption date by creating or issuing additional bonds

“Last Day to Register”

Means 1500hrs on the last day prior to an auction date

“Redemption Date”

Refers to the maturity date on which a bond’s face value is paid together with outstanding coupon. This will be the dates of 10th October 2023, 09th October, 2024 and 08th October 2025.

“Principal Amount”

Means the amount owing by the issuer of this bond

“Central Securities Depository” (CSD)	Means an electronic system used for safekeeping of securities
“Registers”	Means the official list of bondholders and details pertaining to their holdings kept by transfer secretary either in electronic format or otherwise.
“Registered”	Means to have been entered in the Register
“Settlement Agent”	Any institutions eligible to perform electronic settlement of both funds and securities on behalf of market participants
“Settlement Date”	T+0 following an auction, successful participants are required to settle immediately for the bonds that they have been allotted.
“Transfer Secretary”	Means the CBL
“Local Loans Act”	Means the Local Loans Act of 2001

C: TERMS AND CONDITIONS OF THE ISSUE

Issue

Government of Lesotho 9.0%, 10 year Treasury bond 20/10/2015 bearing **ISIN: LS000A1Z8466** with split maturities on the 10th October 2023, 09th October 2024 and 08th October 2025 respectively.

Authorisation

The issue was authorised by the Minister of Finance and the repayment of the capital amount and interest will be charged against the Government of Lesotho.

Purpose of the Issue

The funds will be used to fund Fiscal needs of the Government of Lesotho.

Interest

A coupon of 9% per annum will be paid semi-annually till the 08th October 2025. Coupon payment dates will be as described above under interest payment dates under the definitions section. However, the Government of Lesotho reserves the right to adjust the dates to accommodate unforeseen occurrences at the time of issuance.

The registers will be closed thirty seven days before the coupon payment dates in order to determine the bondholders that are eligible to receive interest. Interest will cease to accrue on the bond from redemption date and such interest will be paid as per the definition of banking or business day above.

Interest will be paid in the currency of the Kingdom of Lesotho (LSL) on the coupon payment date to the rightful bondholder by electronic transfer into the accounts of the bondholders as kept in the Central Securities Depository system. Interest paid will be subject to a withholding tax at the rate of 10% and 15% for residents and non-residents respectively.

Redemption of Capital

The Principal amount of the loan will be redeemed as follows

- | | |
|---------------------------|--------------------------------|
| a) First redemption date | 10 th October 2023; |
| b) Second redemption date | 09 th October 2024; |
| c) Third redemption date | 08 th October 2025. |

One third of the principal amount of the loan will be paid on the 10th October 2023, after which no further interest will accrue on the paid amount. The second and the last third of the principal amount of the loan will be paid on the 09th October 2024 and 08th October 2025 respectively. At the end of redemption period, re-registration of the bondholders will be done to reflect changes in the holding details for respective bondholders.

No redemption will be made prior to the redemption dates as provided above. The principal will be paid on a business day as defined above. Payment will be made electronically into the accounts of the bondholders.

Register of Bondholders

CBL will act as an agent and the transfer secretary of this issue and will keep a register which will;

- Be kept by CBL at CBL's known location
- Contain names, addresses, bank account numbers of the bondholders
- Show the principal amount of the bonds it held by the bondholders
- Show registration dates for the bondholders
- Be managed according to its rules and procedures as the case may be.

The transfer secretary shall upon a written instruction by a bondholder, amend details contained in the register. The issuer will only recognize a bondholder as the rightful owner of bonds as per the register.

Trading and Transfers

This bond is tradable and transferable. Bonds are transferred by way of written instruction, and this written instruction has to be signed by both parties engaged in the sale while their secondary trading will follow rules and procedures in terms of Capital Markets Regulations of 2014.

No transfers will be in effect during the books closed period and the transfer secretary will retain the written instrument following a registered transfer. The CSD will also be used to register such transfers between bondholders who are listed as participants in it.

Stamp Duty

Lesotho Treasury bonds are transferrable free of stamp duty.

Title to Bonds

The issuer shall deem for all purposes that the person reflected in the Register as the holder of bonds to be the true owner of those bonds.

Rediscounting of Bonds

The bonds can be rediscounted with the CBL provided that they have been held for at least 75% of their maturity period.

Method of Issue

The bond is issued through a Dutch auction and a uniform pricing system is used.

Settlements

Settlement will take place electronically on a T+0 basis through the settlement agents. Settlement agents will be subject to the electronic procedures as prescribed by the CSD Dealing Agreement.

Governing Law

Unless stated otherwise, the bonds shall be subject to and governed by the Laws of the Kingdom of Lesotho.

Signed at Maseru on the 15 day of October 2015



Dr. Mamphono Khaketla
Minister of Finance

D. GENERAL INFORMATION

24. **Advantages of Lesotho Treasury Bonds**

- They are transferable and negotiable
- They can be pledged as collateral
- The rate of return is competitive

25. **Auction Process**

- A press release will be issued no less than 10 days before each auction, announcing the auction date, size of issue, coupon rate and other terms and conditions
- Bids can be placed at the CBL (for non-participants in the CSD) or online for participants in the CSD both for their own account and for their clients. Bids worth M100, 000. 00 and above are classified as competitive while those between M5, 000. 00 and M100, 000. 00 are non-competitive bids. For non-participants in the CSD, all bids **must** be filled on tender form CBL/TBR/1 available at the Central Bank of Lesotho, Maseru.
- The overall results of the auction will be published in the press, displayed at CBL website: www.centralbank.org.ls.
- It is the responsibility of the investors to obtain their results from the CBL and/or own commercial bank.

26. **Payment and Settlement Procedures**

- Central Bank of Lesotho will debit commercial banks on the auction date for their own successful bids and on behalf of their clients.
- If settlement or coupon payment or redemption date falls on a public holiday or non-business day, value date shall be the next business day.

27. The Central Bank of Lesotho reserves the right to reject, in part or in whole the auction without giving any explanation

28. Day Count for coupon payment will be **Actual/Actual**

29. The loan or parts thereof will be issued as and when required by the Government of Lesotho at appropriate yields to maturity. The Minister may decide to increase the principal amount of the issue through re-opening at any time prior to the redemption date subject to the Local Loans Act of 2001.
30. Additional copies of these prospectus are available from:

The Central Bank of Lesotho

Physical Address

Postal Address

Cnr Aiport and Moshoeshoe Roads

P.O. Box 11104

Maseru Central

Maseru 100

Lesotho

Lesotho

Website:

www.centralbank.org.ls

Contact Persons

Mr. Bohlale Phakoe

Mr. Thabang Mohloki

(+266) 22232031

(+266) 222322410

Mr. Thabo Makafane

Mr. Tjoetsane Nthontho

(+266)22232103

(+266) 22232241

Mr. Motebang Mphi

(+266) 22232101