

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

PROSPECTUS

**FOR
LESOTHO GOVERNMENT TREASURY
BONDS**

Tenor: 15 Years

Coupon Interest Rate: 13%

Issue No: LS000A3LK4K0

Value: M5 billion

Redeemable on: 04 August 2038

AGENT: Central Bank of Lesotho

DATE: 31 July 2023

PROSPECTUS

LESOTHO GOVERNMENT TREASURY BOND

15 Years, 13% 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: 2023 August 23rd
2. Amount of Auction Offering: Subject to Government needs
3. Date of Redemption: 2038 August 04th
4. Tenor: 15 Years
5. Coupon Interest Rate: 13%
6. Interest payment: Interest will be paid semi-annually
7. Listing: Maseru Securities Market
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: The Central Bank will rediscount the bond as a last resort if an investor has held the security for 75% of its term and at least 5 business days Prior to maturity date of the security.
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 15 years Treasury bond bearing 13% coupon rate and maturing on August 04 2038.
“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
“Coupon Payment Dates”	2024 February 21, 2024 August 21, 2025 February 19, 2025 August 20, 2026 February 18, 2026 August 19, 2027 February 17, 2027 August 18, 2028 February 16, 2028 August 16, 2029 February 14, 2029 August 15, 2030 February 13, 2030 August 14, 2031 February 12, 2031 August 13, 2032 February 11, 2032 August 11, 2033 February 09, 2033 August 10, 2034 February 08, 2034 August 09, 2035 February 07, 2035 August 08 2036 February 06, 2036 August 06 2037 February 04, 2037 August 05 2038 February 03, 2038 August 04
“Coupon Period”	Means the period from the previous coupon date up to the last day before the next coupon payment date per the coupon payment dates.
“Coupon Rate”	Means 13%.
“Issue Date”	Means the 23 rd August 2023
“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 15:00hrs 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 date of 04 th August 2038.
“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 13%, 15-year Treasury bond 23/08/2023 bearing **ISIN: LS000A3LK4K0** with maturity on the 04th August 2038.

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 13.00% per annum will be paid semi-annually until the 04th August 2038. 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 fifteen 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 on the 04th August 2023. At the end of redemption period, re-registration of the bondholders will be done to reflect changes in the holding details for respective bondholders.

Repurchase of Bonds

The issuer shall have the right to purchase the bond at any time on willing buyer willing seller basis.

Method of Issue

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

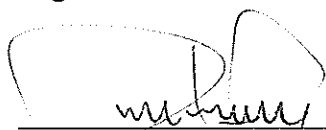
Settlements

Settlement will take place electronically on a T+0 basis through the settlement agents.

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 04 day of August 2023



A.R. Matlanyane (Ph.D) MP
Minister of Finance and Development Planning

20. Advantages of Lesotho Treasury Bonds

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

21. 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.

22. 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.
23. The Central Bank of Lesotho reserves the right to reject, in part or in whole the auction without giving any explanation
24. Day Count for coupon payment will be **Actual/Actual**
25. 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.
26. Additional copies of these prospectus are available from:

The Central Bank of Lesotho

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Cnr Airport and Moshoeshoe Roads
Maseru Central
Lesotho

Postal Address

P.O. Box 1184
Maseru 100
Lesotho

Website:

www.centralbank.org.ls

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