

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

PROSPECTUS

FOR

LESOTHO GOVERNMENT TREASURY
BONDS

Tenor: 5 Years

Coupon Interest Rate: 9%

Value: 150 Million Maloti

Issue No: LS000A1A1T16

AGENT: Central Bank of Lesotho

DATE: 2010 October 01

PROSPECTUS

LESOTHO GOVERNMENT TREASURY BOND

5 Years, 9% Coupon Interest 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: | 2010 October 20 |
| 2. | Amount of Auction Offering | M 150,000,000.00 |
| 3. | Date of Redemption | 2015 October 20 |
| 4. | Tenor | 5 Years |
| 5. | Coupon Interest Rate | 9% |
| 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: | Market development |
| 13. | Price per LSL 100 | Quoted at premium, par or discount to three decimal places. |
| 14. | Registrar: | Central Bank of Lesotho |
| 17. | Tax: | Discount and interest will be subject to the prevailing withholding tax rates. |
| 19. | Rediscounting: | After 3 years and 9 months |
| 20. | 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. |
| 21. | Defaulters: | May be suspended from subsequent auctions |

22. Right to Accept Applications: Central Bank of Lesotho reserves the right to allot the application in part or reject in total at its discretion.
23. 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 holder of bonds in the bond register
“Bonds”	Refers to GoL 5 year Treasury bond bearing ISIN LS000A1A1T16
“Books Closed Period”	Refers to 30 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
“Initial Issue”	Means the initial issue of bonds by the GoL
“Interest Payment Dates”	2011 April 20 Wednesday, 2011 October 20 Thursday, 2012 April 20 Friday, 2012 October 22 Monday, 2013 April 22 Monday, 2013 October

21 Monday, 2014 April 21 Monday,
2014 October 20 Monday, 2015 April
20 Monday and 2015 October 20
Tuesday

“Interest Period”

Means the six month period up to the
last day before the next interest
payment date

“Interest Rate”

Means 9%

“Issue Date”

Means the 20th of October 2010

“Issuer”

Means the Government of Lesotho

“Issue”

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 issuing new bonds

“Last Day to Register”

Means 1500hrs on the last day prior
to books closed period

“Redemption Date”

Means Monday the 20th October 2015

“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 registers of bondholders
kept by transfer secretary

“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%, 5 year Treasury bond 20th/10/2010 bearing ISIN **LS000A1A1T16**. The bond will bear the bond code **LS305**.

Authorisation

The issue was approved by the Minister of Finance and Development Planning 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 the needs of the government.

Interest

A coupon of 9% per annum will be paid semi-annually till the 20th October 2015.

Coupon payment dates will be as described above under interest payment dates under the definitions section.

The registers will be closed fifteen (15) 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 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 paid on 20th October 2015. No redemption will be made prior to the redemption period.

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

This issuer shall require the transfer secretary to keep such a register.

The register will;

- Be kept by the transfer secretary
- Contain names, addresses, bank account numbers of the bondholders
- Show the principal amount of the bonds it represents
- Show registration dates for the bondholders
- Be closed from each book closed date till the next interest date

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 owner of bonds registered under that bondholder's name in the register.

Trading and Transfers

The bonds can be traded.

Bonds are transferred by way of written instrument, and this written instrument has to be signed by both parties engaged in the sale.

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 and registration charges.

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.

Repurchase of Bonds

The issuer shall have the right to purchase the bond at any time.

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 to 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 26th day of November 2010



Dr. Timothy Thahane

Minister of Finance and Development Planning

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 7 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 in excess of M100, 000. 00 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 placed in the tender box at the Central Bank of Lesotho in accordance with the prescribed trading regulations.
- 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. The Central Bank of Lesotho reserves the right to re-open or buy back this security.

29. The Central Bank of Lesotho will rediscount securities provided they have been held for at least 75% of original tenor.

30. Day Count for coupon payment will be **Actual/365**.
31. 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 amount of the loan at any time prior to the redemption date subject to the Local Loans Act of 2001.
32. Additional copies of these prospectus are available from:

The Central Bank of Lesotho

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Postal Address

Cnr Aiport and Moshoeshoe Roads
 Maseru Central
 Lesotho

P.O. Box 1184
 Maseru 100
 Lesotho

Website:

www.centralbank.org.ls

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