

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

**PROSPECTUS**

**FOR  
LESOTHO GOVERNMENT TREASURY  
BONDS**

**Tenor: 7 Years**

**Coupon Interest Rate: 10.50%**

**Issue No: LS000A3LTAP0**

**Value: M103 million**

**Redeemable on: February 12, 2031**

**AGENT: Central Bank of Lesotho**

**DATE: 1 February 2024**

## **PROSPECTUS**

### **LESOTHO GOVERNMENT TREASURY BOND: LS000A3LTAPO**

7 Years, 10.50% 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: 21<sup>st</sup> February 2024
2. Amount of Auction Offering: Subject to Government needs
3. Date of Redemption: 12<sup>th</sup> February 2031
4. Tenor: 7 Years
5. Coupon Interest Rate: 10.50%
6. Interest payment: Interest will be paid semi-annually
7. Listing: listed
8. Issuer: Government of Lesotho
9. Issuing and Settlement: Central Bank of Lesotho
10. Mode of Issuing: Auction
11. Purpose: Facilitating economic activity and enhancing growth by financing the construction of the Lesotho Petroleum Fund Head Quarters.
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.

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## **B: DEFINITIONS**

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<b>“Central Bank of Lesotho”</b>	Means the Central Bank of Lesotho established under the CBL Act.
<b>“CBL Act”</b>	Means the Central Bank of Lesotho Act of 2000.
<b>“Bondholder”</b>	Refers to the person whose name is entered as a holder of bonds in the bond register.
<b>“Bonds”</b>	Refers to Government of Lesotho 7 years Treasury bond bearing 10.5% coupon rate and maturing on 12 February 2031.
<b>“Books Closed Period”</b>	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.
<b>“Banking or Business Day”</b>	Refers to any day other than Saturday, Sunday or official public holiday in the Kingdom of Lesotho.
<b>“Conditions”</b>	Means these terms and conditions set out herein.

<b>“Coupon Rate”</b>	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.
<b>“Initial Issue”</b>	Means the initial issue of bonds by the Government of Lesotho
<b>“Interest Payment Dates”</b>	August 21, 2024, February 19, 2025 August 20, 2025, February 18, 2026, August 19, 2026, February 17, 2027 August 18, 2027, February 16, 2028, August 16, 2028, February 14, 2029, August 15, 2029, February 13, 2030, August 14, 2030, February 12, 2031,
<b>“Interest Period”</b>	Means the period from the previous coupon date up to the last day before the next coupon payment date per the coupon payment dates.
<b>“Interest Rate”</b>	Means 10.50%.
<b>“Issue Date”</b>	Means the February 21 <sup>st</sup> , 2024
<b>“Issuer”</b>	Means the Government of Lesotho
<b>“Issue”</b>	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.
<b>“Last Day to Register”</b>	Means 15:00hrs on the last day prior to an auction date.
<b>“Redemption Date”</b>	Refers to the maturity date on which a bond’s face value is paid together with outstanding coupon. This will be the date of February 12, 2034.

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

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## **C: TERMS AND CONDITIONS OF THE ISSUE**

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### **Issue**

Government of Lesotho 10.50%, 7-year Treasury bond 21/02/2024 bearing **ISIN: LS000A3LTAPO** with maturity on the February 12, 2031.

### **Authorisation**

The issue was authorised by the Minister of Finance and Development Planning the repayment of the capital amount and interest will be charged against the Government of Lesotho on behalf of the Petroleum Fund.

### **Purpose of the Issue**

The funds will be used to fund the construction of the Petroleum Fund Headquarters.

### **Interest**

A coupon of 10.50% per annum will be paid semi-annually until February 12, 2031. Coupon payment dates are as prescribed above under “interest payment dates” in the definitions section. However, the Government of Lesotho reserves the right to adjust the dates to accommodate unforeseen occurrences.

The register will be closed 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 as per the Central Securities Depository system to the bank account of the bondholder.

### **Redemption of Capital**

The principal amount will be redeemed on the 12<sup>th</sup> February 2031. At the end of redemption period, re-registration of the bondholders will be done to reflect changes in the holding details for respective bondholders.

### **Register of Bondholders**

Central Bank of Lesotho will act as an agent and the transfer secretary of this issue and will keep a register which, amongst others, will;

- Be kept by the Central Bank of Lesotho 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 be used to register such transfers between bondholders who are will be recorded as participants in the system.

### **Duties and Taxes**

Lesotho Treasury bonds are transferrable free of stamp duty while interest paid will be subject to a withholding tax at the rate of 10% and 15% for residents and non-residents respectively.

### **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 re-purchase the bond at any time on willing buyer willing seller basis.

### **Method of Issue**

The bond shall be issued through the Dutch auction method and a uniform pricing system will be used during allocation.

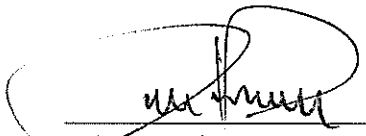
### **Settlements**

Settlement will take place electronically on a T+0 basis through the commercial banks.

### **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 8<sup>th</sup> day of February 2024

  
A.R. Matlanyane (PhD.) 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](http://www.centralbank.org.ls).
- It is the responsibility of the investors to obtain their results from the CBL.

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

### **The Central Bank of Lesotho**

#### **Physical Address**

Cnr Airport and Moshoeshoe Roads  
Maseru Central  
Lesotho

#### **Website:**

#### **Postal Address**

P.O. Box 1184  
Maseru 100  
Lesotho

**[www.centralbank.org.ls](http://www.centralbank.org.ls)**

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