

## GOVERNMENT OF THE REPUBLIC OF FIJI

### PROSPECTUS FOR ISSUES OF FIJI GOVERNMENT INFRASTRUCTURE BONDS

(Authorised by Parliament via 2018-2019 Appropriation Act 2018 on 12 July, 2018 the raising of domestic loans totalling \$630,776,552.80 for approved capital expenditure by the Fijian Government ('Government') during August 2018 to July 2019)

#### **1. Purpose**

The proceeds of the bonds will provide part of the \$1,852,246,734.74 required to finance the approved Government capital expenditures during August 2018 to July 2019 which include, but are not limited to:

- Upgrade of various Roads;
- Upgrading of Ports, Jetties and Airports;
- Rural Electrification Project;
- Divisional Development Projects;
- Repair and Upgrade of Public Buildings, Water Supplies and Sewer Lines;
- Drainage, Dredging Works and Bridge Construction;
- Upgrade of school buildings and equipment; and
- Upgrade and maintenance of hospitals and purchase of new machines and equipment.

For more details and a breakdown of the capital expenditure, refer to the 2018 - 2019 Budget Estimates.

#### **2. Auction Calendar**

A tentative schedule of issues of Fiji Government Infrastructure Bonds ('Bond or Bonds') in the 2018 – 2019 financial year is attached to the Prospectus.

#### **3. Issuance Method**

The Bonds will be made available to the market by means of auction or any other method as determined by the Government.

The issuing of Bonds by auction will be on a yield basis and bids must be expressed to a maximum of two decimal places (e.g. 9.0%, 9.01%). Decimal points beyond two places will be disregarded.

The Government will be at liberty from time to time to issue Bonds fungible, respectively, with any outstanding series of Bonds. Any such new issuances, which are reopening of existing Bonds, will have the same Maturity Date, Coupon Rate and Security Identification Code but different issue date and usually a different settlement price.

#### 4. Competitive and Non-Competitive Tenders

Tenders will be received on a competitive or non-competitive basis as follows:-

**Competitive Tenders** will be accepted for a minimum nominal amount of \$10,000 and for multiples of \$1,000. Each tender must be made on the form attached to the Prospectus.

**Non-Competitive Tenders** will be accepted for a minimum nominal amount of \$1,000 and for multiples of \$1,000 up to a maximum amount of \$100,000 limited to one tender only per maturity. These tenders will be accepted at the weighted average yield of accepted competitive tenders only.

#### 5. Lodgement of Tenders

All tenders must be lodged at the Reserve Bank of Fiji (**‘the Bank’**), Pratt Street, Suva and placed in the special tender box at the “Enquiries” counter at Tower 2 of the Bank. Details on the opening hours for lodgement of tenders will be published in the Notices of Issuance.

#### 6. Payment of Tenders

A bank cheque for the full Face value of the amount tendered for, must accompany all tender forms lodged. Such cheque is to be made payable to the Bank.

Successful bidders are required to settle their bids by the issue date. If the settlement amount for an accepted tender exceeds the Face Value, the successful bidder is to settle the difference by 12.00pm on the issue date. If, however, the settlement amount is lower than the Face value, then any excess payment will be refunded on the issue date.

For reopened Bond issues, the settlement amount will include the face value and accrued interest on the existing Bond either from the original date of issuance of Bond in case no interest has been paid yet or from the date of last coupon payment to the issuance date.

Note that the settlement for the successful tenders will be on ‘dirty price’ basis. Payment by the successful bidders on reopened Bonds will be the sum of the clean price plus accrued interest on the existing Bonds:

Settlement Price=Clean Price + Accrued Interest

#### 7. Allotment

**Competitive Tenders:** Allotments will be made in ascending order of percentage yield tendered. The Government reserves the right to accept tenders less than or in excess of the amount in the invitation to tender.

In the event of a shortfall in allotments, the Bank may accept for its own account the balance of Bonds not allotted by tender at the weighted average yield for accepted and

allotted competitive tenders. However, if no competitive bids are allotted, the Bank may use the yield for the relevant maturities as per the latest yield curve published by the Bank.

Letters of allotment will be despatched on **the issue date** together with:-

- a) refund cheques (for the difference in the nominal amount tendered);
- b) cheques for unsuccessful tenders.

**Non-Competitive Tenders:** Will be allotted in full.

Registered Bond certificates will be issued within thirty days of the payment for the auction.

## **8. Interest Payments**

Interest is calculated on the Face Value of the Bonds and payable by the Bank every six months over the duration of the Bond. Interest due will be paid by the Bank directly into the Bondholder's nominated commercial bank account through the FIJICLEAR payment system. In the case of joint Bondholders, interest will be paid to the person first named on the tender form. Bondholders may liaise directly with their commercial banks to confirm receipt of funds.

The first Interest payment will be for a full semi interest annual period. If the Interest date is not a working day, payment will be made on the next business day without payment of additional interest.

Interest will cease to accrue on the Bonds from the Maturity Date.

The Registered Bond Certificate must be presented to the Bank for payment at maturity. Bondholders are also required to notify the Bank of any changes in address or contact details without delay to assist with the above.

## **9. Registration and Transfer of Ordinary Bonds**

Bonds can be registered in the name of one, two or three individuals, or of corporate bodies, but not in the name of unincorporated trusts, clubs, societies etc.

No notice of any trust, expressed, implied or constructive, in respect of any Bond shall be entered on the Register, or be received by the registering authority.

Transfer of Fiji Bonds must be in multiples of \$1,000. Forms of transfer are obtainable from the Bank. The Bank shall not be required to make transfer during a period of 14 days preceding any interest payment date.

**10. Trustee Investment**

A Bond is an authorised investment for trustees in Fiji.

**11. Security**

The Bond and interest payable on the Bond are a charge on and payable out of the Consolidated Fund of Government.

**12. Public Debt**

The domestic debt for Government Bonds amounted to \$3,762,987,500 on 31 July 2018.

**13. Public Debt**

A tender form is attached to this Prospectus.

**14. Income Tax**

Interest is subject to normal tax and should be included in returns of income submitted to the Chief Executive Officer of the Fiji Revenue and Customs Service (FRCS).

**15. Stamp Duty**

Issues and Transfers of Fiji Government Bonds will be free of stamp duty imposed by Government.

**16. Tender Cancellation or Postponed**

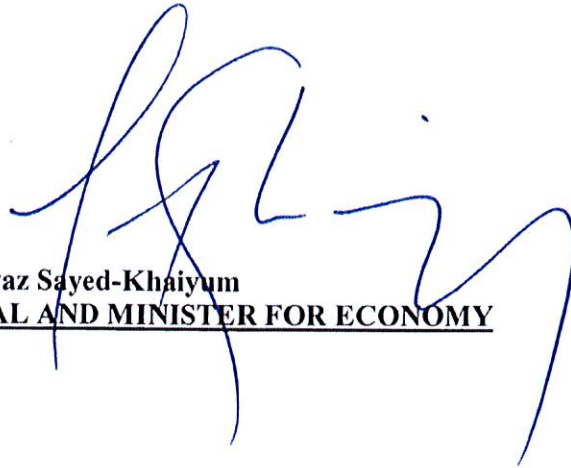
The Government reserves the right to cancel or postpone a tender by reason of any circumstance.

**17. Over Subscriptions**

The Government reserves the right to accept tenders in excess of the amount specified in this invitation to tender, within the limits for loan raising laid down by the Parliament.

**18. Registry**

The Registry of the Bonds will be at the office of the Bank in Suva, Fiji.  
All the amounts in this Prospectus are expressed in Fijian Currency.



**Aiyaz Sayed-Khaiyum**  
**ATTORNEY-GENERAL AND MINISTER FOR ECONOMY**

Date: ~~13/10/18~~ August 2018

## Annex 1

### I. Reopening of Bond Issue

Reopening a Bond issue is issuing additional amounts of a previously issued Bond. Reopened Bonds have the same maturity date and interest rate as the original bonds, but they are sold on different dates and usually at a different price.

### II. Formula to Calculate Price per \$100

$$PRICE = \left[ \frac{\text{redemption}}{\left(1 + \frac{yld}{\text{frequency}}\right)^{\left(N + \frac{DSC}{E}\right)}} \right] + \left[ \sum_{k=1}^N \frac{100 \times \frac{\text{rate}}{\text{frequency}}}{\left(1 + \frac{yld}{\text{frequency}}\right)^{\left(k + \frac{DSC}{E}\right)}} \right] - \left( 100 \times \frac{\text{rate}}{\text{frequency}} \times \frac{A}{E} \right)$$

↓ where:

- ↓ DSC = number of days from settlement to next coupon date.
- ↓ E = number of days in coupon period in which the settlement date falls.
- ↓ N = number of coupons payable between settlement date and redemption date.
- ↓ A = number of days from beginning of coupon period to settlement

$$DSR = E - A$$

$$T1 = 100 \cdot \frac{\text{rate}}{\text{frequency}} + \text{redemption}$$

$$T2 = \frac{yld}{\text{frequency}} \cdot \frac{DSR}{E} + 1$$

$$T3 = 100 \cdot \frac{\text{rate}}{\text{frequency}} \cdot \frac{A}{E}$$

$$Price = \frac{T1}{T2} - T3$$

To determine the dirty (gross) price (SETTLEMENT PRICE) of a security, one would need to derive the amount to be settled and accrued interest has to be added.

The amount of accrued interest is for any settlement is:

**Accrued Interest = Amount of next coupon due \* (number of days between settlement date and previous coupon date) / (number of days between next coupon date and previous coupon date)**

Settlement Price is therefore the price of the bond calculated using PRICE ()+ Accrued Interest.

No difference between the dirty (gross) price and the clean price occurs, if the settlement date is the issuance date or any coupon payment date.