

# PROSPECTUS FOR THE ISSUANCE OF THE GELEPHU MINDFULNESS CITY NATION BUILDING BOND

29 April 2025

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered on issuing this Gelephu Mindfulness City Nation Building Bond ("GNBB") as required by the Companies Act and in line with the relevant regulations of the Regulatory Authorities.

## 1. General Information

|                                    |                                                                                                                                                                    |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Name of the Company</b>         | Gelephu Investment and Development Corporation (GIDC)                                                                                                              |
| <b>Registered Office</b>           | 346 Chhimchukha Zur Lam 2 NW, Motithang, Thimphu, Bhutan                                                                                                           |
| <b>Bankers/Brokers</b>             | Bank of Bhutan (BoB), Bhutan National Bank (BNB), Royal Insurance Corporation of Bhutan Limited (RICBL), Bhutan Development Bank Limited (BDBL), Digital Kidu (DK) |
| <b>Custodian</b>                   | Royal Securities Exchange of Bhutan Limited (RSEBL)                                                                                                                |
| <b>Registration/License Number</b> | U20240729BHU0770                                                                                                                                                   |

## 2. Objective of the Issuance of the GNBB

The Gelephu Mindfulness City ("GMC"), a Special Administrative Region in southern Bhutan, was announced by His Majesty the King Jigme Khesar Namgyel Wangchuck on 17 December, 2023. It embodies His Majesty's vision to position Bhutan as a South Asian economic hub through investments in green energy, infrastructure, and education, fostering sustainable growth and future-ready industries.

The Gelephu Investment and Development Corporation (GIDC), GMC's investment arm, operates under a Royal Charter to drive economic development by leveraging Bhutan's green energy potential and developing key infrastructure, including an international airport. With an estimated initial cost of USD 500 million, the airport will establish Gelephu as a gateway to South Asia and Southeast Asia. GMCA and GIDC seek strategic Bhutanese partnerships to co-create a sustainable economy and build industries of the future.

## 3. Particulars of Offer

| <i>Issue price per Unit</i>   | <i>No of Offers</i> | <i>Opening date</i> | <i>Closing date</i> | <i>Allotment date</i> | <i>Securities for the bond</i>      |
|-------------------------------|---------------------|---------------------|---------------------|-----------------------|-------------------------------------|
| <i>Face value of Nu. 1000</i> | 2,000,000           | 02/05/2025          | 31/05/2024          | 03/06/2025            | <i>Secured by GMCA's Guarantee.</i> |



#### 4. Terms of the Bond, Coupon Rate, and Interval of Payment

| Term     | Coupon/Interest Rate | Coupon Payment Interval | Payment of Coupon Amount |
|----------|----------------------|-------------------------|--------------------------|
| 10 years | 10.00 %              | Annually                | 200,000,000.00           |

The minimum size shall be 10 units for individual investors.

#### 5. Waiver of Tax

The coupon amount will be exempted for the purpose of Personal Income Tax (PIT) in Bhutan/GMC.

#### 6. Redemption

GIDC shall create a corporate bond redemption reserve of an amount equivalent to the issue size of corporate bond issued. The redemption reserve of 25% of the corporate bond in the form of fixed deposit or any other form of investments shall be created annually, in the last four years of the corporate bond tenure, as prescribed by the Corporate Bond Regulation.

#### 7. Basis of Allotment

The allotment of GNBB shall be done on 'equal allocation method' basis. The un-allotted amount shall be refunded within 30 working days without interest thereon.

#### 8. Listing of Bond

The bond will be listed at RSEBL as per the section 31 of the regulations for the public issue of corporate bond 2024. The bond can also be accessed via National Digital Identity (NDI). The bond will be listed within 15 working days after allotment.

#### 9. Placement

The allotment shall be through public offerings to Bhutanese individual investors.

#### 10. Trading Restrictions and Conditions for Premature Redemption

Premature redemption of the bond is not permitted. Following registration with the RSEBL, investors may trade the bond in the secondary market, subject to the condition that such trading is only allowed after the completion of one year from the date of allocation. Additionally, institutional investors shall be restricted from purchasing the bond in the secondary market.





## 11. Lock-in Period

There will be a lock-in period of five (5) years, during which neither the bond issuer nor the bondholder shall have the right to redeem the bonds.

## 12. Right to Redeem

Redemption by the bond issuer will only occur at the end of the bond tenure.

## 13. Risk Factors

All investment instruments carry a certain amount of risk. You should carefully consider all of the information in this Prospectus and, in particular, the risks described below, prior to making an investment decision with respect to the GNBB. The risks described below are not the only risks that may affect the Issuer or the GNBB. You should also note that certain of the statements set forth below constitute forward-looking statements. Additional risk factors which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance or prospects of the Issuer could be materially and adversely affected. In such cases, the ability of the Issuer to comply with their respective obligations under the GNBB may be adversely affected and the Bondholders may lose all or part of their investments in the GNBB. In general, investing in the securities of issuers in emerging market countries, such as Bhutan, involves risks not typically associated with investing in the securities of issuers in countries with more developed economies and regulatory regimes.

### (i) Risks Relating to Bhutan

The risks of investing in Bhutan include but are not limited to the following:

#### (1) May not be successful in implementing its strategies

Infrastructure projects and renovation or redevelopment of existing infrastructure in the GMC region is capital intensive. The availability of adequate financing is crucial to the ability of the GMCA to complete its development projects according to plan. There may not be sufficient internal funds available for development, redevelopment or renovation and it may not be able to raise enough funds for such activities. If the GMCA does not have adequate resources to finance the development projects, the GMC prospects could be materially and adversely affected. This may affect the returns on your investment.

#### (2) Destabilizing events in other parts of the world could affect Bhutan's economy.

Natural disasters, wars, terrorist attacks, riots, pandemics, civil commotions and other events beyond the Issuer's control have increased the uncertainty of global economic prospects in general. The Issuer cannot assure you that further terrorist acts or other destabilizing events will not occur in the future. In addition, although such acts and events have not targeted or directly affected Bhutan or its assets, the Issuer cannot assure you that they will not do so in the future. Any terrorist attack, natural disaster or other such event including damage to Bhutan's infrastructure could have a material adverse effect on its economy and adversely affect trading in the GNBB.

### (ii) Risks relating to GNBB

The risks of investing in the GNBB include but are not limited to the following:

#### (1) Counter-party risk

This refers to the potential that the Issuer may default on their contractual obligation. The GNBB is issued by GIDC.

#### (2) Market risk



This refers to the risk of losses arising from movements in market variables like prices and rates. The Issuer will pay principal and interest on GNBB in Ngultrum.

### **(3) Liquidity risk**

This refers to potential risk to convert the GNBB into cash in the secondary market. The Investors are advised to carefully examine their financial position before committing to the investment.

GNBB when issued will constitute a new issue of (un)secured securities and shall be listed on the RSEBL. The Issuer cannot assure investors that a trading market for the Bonds shall be active. GNBB could trade at prices that may be higher or lower than the offering price depending on many factors, including, among others:

- i. the time remaining to the redemption of the Bonds;
- ii. the number of GNBB outstanding;
- iii. prevailing interest rates;
- iv. political and economic developments in Bhutan;
- v. financial, economic, political or other conditions, performance and prospects of Bhutan; and
- vi. the market conditions for similar securities.

The investors may not be able to sell GNBB readily or at prices that will enable investors to realize the anticipated yield. The investors should not purchase GNBB unless you understand and can bear the risk that the GNBB may not be readily saleable, that the value of such GNBB will fluctuate over time, that such fluctuations may be significant and that you may lose all or a substantial portion of the purchase price of GNBB.

### **(4) Rating risk**

The GNBB is not rated by any credit rating agency. Unrated bonds have not undergone an independent credit assessment, which means there is no formal evaluation of the Issuer's ability to meet its financial obligations, including interest payments and principal repayment.

## **14. Present Capital Structure of the Company**

Authorized Capital: Nu. 84,000,000

Issued and Paid-Up Capital: Nu. 84,000

## **15. Eligibility of the Bondholders**

Only Bhutanese individuals residing in Bhutan are eligible for subscription of these bonds.

## **16. Governing Law**

This Bond shall be governed by, and construed in accordance with, the laws of Gelephu Mindfulness City (GMC), without regard to its conflicts of law principles. Notwithstanding the foregoing, the issuance, offer, sale, and distribution of the Bonds to citizens of Bhutan shall comply with all applicable laws, regulations, and requirements of Bhutan, including, but not limited to, bond regulations, tax regulations, and any other laws or regulations that may apply to the offering or sale of Bond to persons in Bhutan.





The parties agree that any legal action or proceeding arising out of or in connection with this Bond shall be brought exclusively in the courts of Bhutan, and each party irrevocably submits to the jurisdiction of such courts. Notwithstanding the governing law of GMC, the procedural rules of Bhutan shall apply to any such action or proceeding.

#### 17. Financial Highlights

Since GIDC is unable to provide its financial highlights for the past three years, its credibility, as required under the Bond Regulations, will be backed by a *guarantee* from GMCA. This guarantee will reinforce GIDC's financial standing, ensuring confidence among stakeholders and compliance with regulatory requirements.

#### 18. Particulars of the Board of Directors of GIDC

| Name                  | Designation                           |
|-----------------------|---------------------------------------|
| Joichi Ito            | Managing Director, GMCA (Chairperson) |
| Dasho Chhewang Rinzin | Managing Director, DGPC               |
| Leki Wangmo           | Secretary, Ministry of Finance        |
| Jigme Tenzing         | Secretary, GovTech Agency             |
| Ujjwal Deep Dahal     | Interim CEO, GIDC                     |

#### 19. Details of the Previous Bonds issued, if any.

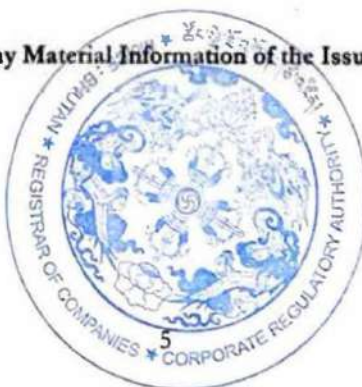
No bonds issued before.

#### 20. Sole Manager to the Issue (Broker, Underwriter, Issue Manager)

Bank of Bhutan Limited (BOBL), Bhutan National Bank (BNB), Royal Insurance Corporation of Bhutan Limited (RICBL) & Bhutan Development Bank Limited (BDBL), Digital Kidu (DK).

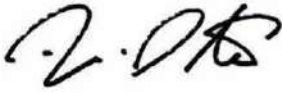
#### 21. Other Information (Litigations or any Material Information of the Issuer)

None.



## 22. Declaration

We hereby declare that most of the relevant provisions of the Companies Act and the Prudential Regulation 2024 issued by the Royal Monetary Authority and Royal Securities Exchange have been complied with and no statement made in the Prospectus is contrary to the provisions of the Companies Act.



Joichi Ito

Chairperson, GIDC Board



Ujjwal Deep Dahal

Interim CEO, GIDC

