

The Subscription List will close on or before the 16th instant.

PERUVIAN GOVERNMENT $7\frac{1}{2}\%$ (GUANO) LOAN OF 1922.

OFFER AT
£95 per cent.

OF

£1,250,000 STERLING BONDS TO BEARER.

Issued in accordance with Laws Nos. 4545 and 4574 of the 18th November, 1922, and the 11th December, 1922, respectively, in order to provide funds for the repayment of certain outstanding European liabilities and for the general purposes of the Government.

The Bonds will be in denominations of £1,000, £500 and £100, with Coupons attached for the half-yearly interest payable on 1st June and 1st December in every year.

Principal and Interest of the Bonds are payable in London in Pounds Sterling, free from all Peruvian Taxes whatsoever, whether present or future.

The Loan is redeemable at par on or before 1st June, 1948, by means of an accumulative Sinking Fund of $1\frac{1}{2}$ per cent. per annum, to be applied yearly in purchasing Bonds when the price is at or below par, exclusive of accrued interest, or in drawing Bonds at par when the price is above par, exclusive of accrued interest. The redemption of the Bonds by means of the Sinking Fund will commence on 1st June, 1924. The Government reserves the right to redeem the outstanding portion of the Loan on 1st June, 1933, or on any interest date thereafter, at 105 per cent., upon giving six months' previous notice.

BARING BROTHERS & CO., LIMITED,

AND

J. HENRY SCHRODER & CO.

offer for public subscription the above-mentioned £1,250,000 Bonds, at £95 per cent., payable as follows:—

£5 per cent. on Application.

£10 „ „ „ Allotment.

£25 „ „ „ 6th February, 1923.

£25 „ „ „ 20th March, 1923.

£30 „ „ „ 18th April, 1923.

£95 per cent.

Payment of Principal and Interest of the Loan is the direct obligation of the Republic of Peru and is secured by:—

(a) The General Bond of the Government

(b) A first charge on the Revenue derived from the Tax of 2.50 Soles (1 Sol at par of exchange equals 2s.) which is levied on every one per cent. of nitrogen contained in a ton of 920 kilogrammes net of all Guano sold for consumption in Peru. The Government has undertaken that the said Tax shall be maintained throughout the currency of the Loan, and that the proceeds thereof shall be paid every week to the Bankers' Agents in Peru

(c) The deposit with the Bankers' Agents of more than 50 per cent. of the Shares of the Compania Administradora del Guano.

The Compania Administradora del Guano, which was formed in the year 1909, now operates in pursuance of Law No. 3069 of 1919, with a Capital of £P200,000, of which more than 50 per cent. is held as security for this Loan by the Bankers. One of the permanent Directors of the Company is nominated by the Government, and the Bankers are entitled to nominate three permanent British Directors and to use their majority vote at elections for the appointment of the remaining Directors. This Company is the only channel through which the Government sells Guano to the agriculturists in Peru; the General Bond of the Government provides that the Government shall not assume direct administration or collection of the Guano Tax during the currency of this Loan, and that the Company alone shall be entitled to collect this Tax until this Loan has been redeemed.

It is provided by Law No. 3069 that the Company shall sell Guano at a price calculated to provide (1) the before-mentioned tax of 2.50 Soles, (2) a sum sufficient to cover all expenses connected with the extraction of the Guano, freights, insurance, duties, administration charges, &c., and (3) a sum sufficient to pay a dividend of 10 per cent. per annum on the capital invested.

The published Balance Sheets of the Company show that the yield from the now existing Tax has been as follows:—

1919/1920	..	£P168,298	equal at the present exchange of 18s. 4d. per £P to	£154,273
1920/1921	..	£P197,660	„ „ „ „	£181,188
1921/1922	..	£P201,433	„ „ „ „	£184,646

In special cases a rebate of one-half of the Tax is given to certain agriculturists, but the above figures give the yield of the Guano Tax after this rebate has been allowed.

At the present rate of exchange the value of 2.50 Soles is approximately 4s. 7d., and it has been provided by Law No. 4574 that the Tax may be increased by the Company proportionately to any depreciation in the Peruvian exchange.

The General Bond provides that when the Bankers shall consider that the funds in their hands from the revenue of the Tax are in excess of the amount required for the service of the Loan for the next ensuing period of twelve months they shall from time to time return such excess to the Company.

The amount required annually for the service of this Loan is .. £112,500

Payment in full may be made under discount at the rate of $1\frac{1}{2}$ per cent. per annum on allotment or on the date of any subsequent instalment.

Scrip Certificates, to which will be attached a Coupon payable on 1st June, 1923, representing interest at the rate of $7\frac{1}{2}$ per cent. per annum on the several instalments from their dates of payment, will be issued in due course in exchange for the Allotment Letters.

The Scrip Certificates after payment of the last instalment will be exchanged in due course for Definitive Bonds with Half-yearly Coupons attached. The first full Coupon will be payable on 1st December, 1923.

Failure to pay any instalment when due renders all previous payments liable to forfeiture and the allotment to cancellation.

In case no allotment be made the deposit will be returned without deduction. If a smaller amount be allotted than that applied for the difference will be appropriated towards the amount payable on allotment.

Application will be made to the Committee of the Stock Exchange, London, for permission to deal after allotment. An official quotation will be applied for in due course.

A copy of the General Bond securing the Loan with the form of Definitive Bond can be seen at the Office of SLAUGHTER & MAY, 18, Austin Friars, E. C., during business hours on any day while the List is open.

Prospectuses and Forms of Application may be obtained from BARING BROTHERS & Co., LTD., and J. HENRY SCHRODER & Co.; also from CAZENOVE & AKROYDS, 43, Threadneedle Street, E.C., and W. GREENWELL & Co., 2, Finch Lane, E.C.

LONDON, 13th December, 1922.