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LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC RC NO : 2001093

OFFER FOR SUBSCRIPTION (BY WAY OF A BOOKBUILD)
OF

UP TO **₦20,000,000,000**

SERIES II: 7 YEAR [●]% FIXED RETURN FORWARD-IJARAH LEASE SUKUK DUE 2030

(Offered to Qualified Institutional Investors and High Net Worth Investors, as defined by SEC Rules)

UNDER THE ₦1,000,000,000,000 (ONE TRILLION NAIRA) DEBT AND HYBRID INSTRUMENTS ISSUANCE PROGRAMME

OFFER PRICE: ₦1,000 PER UNIT
(Payable in full on acceptance)

BOOKBUILD OPENS: [●] 2023

BOOKBUILD CLOSES: [●] 2023

THIS PRICING SUPPLEMENT HAS BEEN ISSUED IN COMPLIANCE WITH PART XV OF THE INVESTMENTS AND SECURITIES ACT NO. 29 OF 2007 (AS AMENDED) (THE "ISA" OR THE "ACT"), RULE 279 UNDER PART F OF THE RULES AND REGULATIONS OF SEC, 2013 (AS AMENDED) ("SEC RULES"), THE LISTING REQUIREMENTS OF THE FMDQ SECURITIES EXCHANGE LIMITED ("FMDQ") AND THE REGULATIONS OF NIGERIAN EXCHANGE LIMITED ("NGX") IN CONNECTION WITH THE LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC (THE "ISSUER") SERIES II SUKUK ISSUANCE OF UP TO ₦20,000,000,000 (TWENTY BILLION NAIRA) (THE "SERIES II SUKUK"), UNDER THE ₦1,000,000,000,000 (ONE TRILLION NAIRA) DEBT AND HYBRID INSTRUMENTS ISSUANCE PROGRAMME (THE "PROGRAMME") ESTABLISHED BY LAGOS STATE GOVERNMENT (THE "STATE" OR THE "ORIGINATOR").

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THE SERIES II SUKUK DESCRIBED HEREIN ARE ISSUED ON AND ARE SUBJECT TO THE TERMS AND CONDITIONS CONTAINED IN THE SHELF PROSPECTUS AS AMENDED AND/OR SUPPLEMENTED BY THE TERMS AND CONDITIONS CONTAINED IN THIS PRICING SUPPLEMENT. THE REGISTRATION OF THE SHELF PROSPECTUS AND THIS PRICING SUPPLEMENT SHALL NOT BE TAKEN TO INDICATE THAT THE COMMISSION ENDORSES OR RECOMMENDS THE SECURITIES WHICH FORM THE SUBJECT MATTER HEREOF OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THE SHELF PROSPECTUS OR THIS PRICING SUPPLEMENT. THE SHELF PROSPECTUS IS VALID FOR AN INDEFINITE PERIOD UNTIL DETERMINED BY THE COMMISSION, ACCORDING TO RULES 279 (3) (5) (II) OF THE SEC RULES (SUNDRY AMENDMENTS, APRIL 2015).

A COPY OF THIS PRICING SUPPLEMENT HAS BEEN DELIVERED TO THE COMMISSION FOR REGISTRATION. THIS PRICING SUPPLEMENT CONTAINS PARTICULARS IN COMPLIANCE WITH THE REQUIREMENTS OF THE COMMISSION, THE APPLICABLE LAWS AND THE LISTING REQUIREMENTS OF THE RELEVANT SECURITIES EXCHANGE FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE SERIES II SUKUK BEING ISSUED HEREUNDER. AN APPLICATION HAS BEEN MADE TO THE FMDQ AND/OR THE NGX FOR THE ADMISSION OF THE SERIES II SUKUK TO THE DAILY QUOTATION LIST AND/OR DAILY OFFICIAL LIST RESPECTIVELY. THE SERIES II SUKUK ALSO QUALIFY AS A SECURITY IN WHICH TRUSTEES MAY INVEST UNDER THE TRUSTEE INVESTMENTS ACT (CHAPTER T22) LAWS OF THE FEDERATION OF NIGERIA, 2004.

THE ISSUER AND THE ORIGINATOR ACCEPT RESPONSIBILITY FOR THE ACCURACY OF INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT AND DECLARE THAT HAVING TAKEN REASONABLE CARE TO ENSURE THAT THE INFORMATION CONTAINED HEREIN IS, TO THE BEST OF THEIR KNOWLEDGE, IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION AND THAT SAVE AS DISCLOSED HEREIN, NO OTHER SIGNIFICANT NEW FACTOR, MATERIAL MISTAKE OR INACCURACY RELATING TO THE INFORMATION INCLUDED IN THIS PRICING SUPPLEMENT AS AMENDED AND/OR SUPPLEMENTED FROM TIME TO TIME HAS ARISEN OR HAS BEEN NOTED, AS THE CASE MAY BE, SINCE THE PUBLICATION OF THE SHELF PROSPECTUS, AS AMENDED AND/OR SUPPLEMENTED FROM TIME TO TIME. FURTHERMORE, THE MATERIAL FACTS CONTAINED HEREIN ARE TRUE AND ACCURATE IN ALL MATERIAL RESPECTS AND THE STATE CONFIRMS THAT, HAVING MADE ALL REASONABLE ENQUIRIES, TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THERE ARE NO MATERIAL FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT CONTAINED HEREIN MISLEADING OR UNTRUE. IT IS A CIVIL WRONG AND A CRIMINAL OFFENCE UNDER THE ISA TO ISSUE A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. INVESTORS ARE ADVISED TO NOTE THAT LIABILITY FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS PRICING SUPPLEMENT IS PROVIDED FOR IN SECTIONS 85 AND 86 OF THE ISA.

INVESTORS MAY CONFIRM THE CLEARANCE OF THIS PRICING SUPPLEMENT AND REGISTRATION OF THE SERIES II SUKUK ISSUED HEREUNDER WITH THE SECURITIES AND EXCHANGE COMMISSION BY CONTACTING THE COMMISSION ON SEC@SEC.GOV.NG OR +234(0)94621100; +234(0) 94621168.

LEAD ISSUING HOUSE / BOOKRUNNER



RC 1078362

JOINT ISSUING HOUSES / BOOKRUNNERS



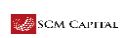
RC 1381308



RC 286096



RC 739441



RC 499243



RC 1031358

SHARI'AH ADVISER



RC 1078362

THIS PRICING SUPPLEMENT IS DATED THE [●] DAY OF [●] 2023

This Pricing Supplement will be available on the following websites throughout the Validity Period

www.lagosstate.gov.ng; www.lotuscapital.com; www.chapelhilldenham.com; www.sec.gov.ng

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1. DEFINITIONS AND GLOSSARY

Unless the context otherwise requires, the following expressions shall have the meanings respectively assigned to them.

“Agusto & Co”	Agusto & Co Limited
“Allocated Lands”	The lands allocated to LASGIS SPV Plc under the Letter of Allocation for the construction of the Road.
“Allotment Date”	The date on which the Sukuk is allotted to successful bidders
“Allotment”	The issuance of Sukuk to successful bidders pursuant to this Pricing Supplement
“Applicant” or “Participant” or “Subscriber”	A Qualified Investor who offers to purchase the Sukuk and submits Commitment Form(s) to the Book Runner(s)
“Board”	Board of Directors of the Issuer
“Bidder”	Any Qualified Investor, as defined by SEC Rules, who makes a bid pursuant to the terms of this Pricing Supplement
“Book”	The collation of all bids received from Qualified Investors in respect of the Sukuk, indicating the value of the bids and the respective allocation
“Book Runner(s)”	The Issuing House(s) duly appointed by the Issuer to maintain the Book in respect of the Sukuk being sold by way of Book Building
“Book Building”	As defined in Rule 321 of the SEC Rules, a process of price and demand discovery through which the Bookrunner(s) seeks to determine the price at which securities should be issued, based on the demand from Qualified Investors.
“Business Day”	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
“CBN”	Central Bank of Nigeria
“CBN Sukuk Guidelines”	CBN guidelines for “Granting Liquid Asset Status to Sukuk Instruments Issued by State Government” published in October 2016.
“CDSA”	Consolidated Debt Service Account, the dedicated account created pursuant to the Enabling Law for the purposes of servicing the State’s public financing obligations
“Certificates or Sukuk Certificates”	Investment certificates of equal value issued by the Issuer/Trustee, representing the undivided beneficial ownership interest in the Trust Assets held by a Sukukholder, subject to the terms of the Declaration of Trust and the Conditions
“Certificate of Completion”	LSMWI’s Certificate of Completion and the Trustees’ Certificate of Completion
“Construction Agency Agreement”	Agreement between the Issuer/Trustee and the Originator for the appointment of Contractors to construct and deliver the Road to the Issuer/Trustee
“Construction Contract”	Contracts entered or to be entered into by the Originator in relation to the Projects
“Contractors”	An entity appointed by the Originator to execute any part of the Projects pursuant to a Construction Contract
“CSD”	Central Securities Clearing Systems Plc or FMDQ Depository Limited

“Debt and Hybrid Instruments Issuance Programme” or “DAHI Issuance Programme” or “the Programme”	The ₦1,000,000,000 (One Trillion Naira) Debt and Hybrid Instruments Issuance Programme that has been registered by the State pursuant to which the State may issue Series or Tranches of sukuk and other securities, from time to time, up to a maximum aggregate outstanding value of which shall not exceed ₦1,000,000,000 (One Trillion Naira).
“Declaration of Trust” or “Declaration of Trust Deed”	The Deed of Declaration of Trust between the Issuer, and the Delegate Trustees, supplementing or modifying the provisions of the Programme Trust Deed with regards to the issuance of Series II under the Programme and empowering the Delegate Trustees to hold, administer and manage the Sukuk trust.
“Delegate Trustees”	FBNQuest Trustees Limited, Sterling Asset Management and Trustees Limited, STL Trustees Limited, United Capital Trustees Limited, UTL Trust Management Services Limited or any other Trustee that may be appointed under the Declaration of Trust; and “Delegate Trustee” means any of them.
“Dissolution Date”	The date corresponding with the Maturity Date, on which the Dissolution Distribution Amount is paid by the Issuer to the Sukukholders.
“Dissolution Distribution Amount”	The final Purchase Price for the Lease Assets payable as specified in the “ <i>Purchase Schedule</i> ” (See Schedule III on pages [36 & 37] of this Pricing Supplement). When used in relation to “ <i>Events of Default</i> ”, the term shall be construed to mean the outstanding Rental (if any) and the outstanding Purchase Price.
“DMO Lagos”	The Debt Management Office of the Lagos State Government of Nigeria
“Enabling Law”	The Lagos State Bonds, Notes and other Securities Issuance Law, 2008
“Events of Default”	All such events as are defined under the Declaration of Trust
“FGN”	Federal Government of Nigeria
“FMDQ”	FMDQ Securities Exchange Limited
“Master Forward Lease Ijarah Agreement”	The agreement dated [●] to be entered into between the Issuer/Trustee as Lessor and the Originator as Lessee, for the lease of Lease Assets
“GCR”	Global Credit Ratings Company Limited
“GDP”	Gross Domestic Product
“High Net-Worth Investors” or “HNI”	Has the meaning assigned to it in the SEC Rules
“IGR”	Internally Generated Revenue
“IPSAS”	International Public Sector Accounting Standards
“ISA”	Investment and Securities Act, 2007 (as amended)
“IFSI”	Islamic Financial Services Industry
“ISPO”	Irrevocable Standing Payment Order
“Issue Date”	The date on which the Series II Sukuk are issued and when accrual of the Rental on the Sukuk commences as specified in this Pricing Supplement
“Issue Price”	The price at which the Sukuk are issued as specified in this Pricing Supplement

“Issue Proceeds Account”	The non-interest account with the Receiving Banks to which the Subscription Amount received from the Sukukholders shall be remitted
“Issuer” or “Issuer/Trustee” or “LASGIS SPV Plc”	Lagos State Infrastructure Sukuk SPV Plc
“Issuing Houses”	The Lead Issuing House/Book Runner and the Joint Issuing Houses/Book Runners
“Joint Issuing Houses”	Chapel Hill Denham Advisory Limited, Capital Asset Limited, CardinalStone Partners Limited, SCM Capital Limited and Stanbic IBTC Capital Limited
“Lagos State ” or the “State”	Lagos State Government of Nigeria
“Lead Issuing House”	Lotus Financial Services Limited
“Lease Assets” or “Road”	The road to be leased by State from the Issuer as more particularly described in Schedule 1 of the Master Forward Lease Ijarah Agreement
“Lessee”	Lagos State Government
“Lessor”	Lagos State Infrastructure Sukuk SPV Plc
“Letter of Allocation”	The document by which the State, through the Permanent Secretary, Ministry of Works and Infrastructure, allocates to the Issuer / Trustee the Allocated Lands for construction of the Road.
“LFSL”	Lotus Financial Services Limited
“LSMWI”	Lagos State Ministry of Works and Infrastructure
“Maturity Date”	The date that is seven years from the Issue Date
“Moratorium Period”	The twenty-four (24) month period from the Issue Date after which the State will commence the purchase of the Lease Assets and payment of the Purchase Price as a Promisor under the Purchase Undertaking.
“NGX”	Nigerian Exchange Limited
“NIBSS”	Nigerian Inter-Bank Settlement System
“OTC”	Over-the-Counter
“Obligor”	Lagos State Government
“Originator”	Lagos State Government
“Participant(s)”	Qualified Investors who intend to, and have the capacity to purchase the Sukuk, and who submit the duly completed application form during the offer period.
“Participation Amount”	The amount indicated on Commitment Form by a Participant
“Paying Agent”	The Registrar or such other agents through whom payments due on the Sukuk shall be made as and when due
“Payment”	Payments made or to be made by the Lessee to the Lessor pursuant to the Master Forward Lease (Ijarah Agreement) (and the Purchase Undertaking Deed, including Rentals and Purchase Price / Dissolution Distribution Amount, as applicable).
“PenCom”	National Pension Commission
“Pension Reform Act”	Pension Reform Act 2014

“Periodic Distribution Amount”	The periodic payments made by the Issuer to the Sukukholders which consists of the Rental and the Purchase Price (after the Moratorium Period) as provided in this Pricing Supplement.
“PIT”	Personal Income Tax
“Pricing Supplement”	This pricing supplement which sets out the terms and conditions that are applicable to the Series II Sukuk.
“Purchase Undertaking Deed”	The Deed Poll made by the Originator (as Promisor), undertaking to purchase the Lease Assets from the Issuer/Trustee
“Programme Trust Deed”	The Trust Deed amongst Lagos State and the Joint Delegate Trustees on or about the date of the Shelf Prospectus, as may be amended, supplemented or restated from time to time together with the Deed of Adherence executed by the Issuer/Trustee dated on or about the date of this Pricing Supplement.
“Purchase Price” or “Principal Amount”	The price for the purchase of portions of the Lease Assets in accordance with the Purchase Schedule in the Purchase Undertaking.
“Qualified Institutional Investor”	An investor defined in the SEC Rules
“Qualified Investors”	Qualified Institutional Investors and High Net-Worth Investors
“Receiving Banks”	Lotus Bank Limited, Jaiz Bank Limited, Taj Bank Plc, Sterling Bank Plc (Sterling Alternative Finance, the non-interest business of Sterling Bank), or any other non-interest bank appointed by the Originator under the Series
“Record Date”	Twenty-one (21) days before a Periodic Distribution Date;
“Redemption Amount”	The aggregate principal amount outstanding at any time in respect of the Sukuk
“Rental”	The fixed rate of [•]% per annum on the outstanding Lease Asset
“Reporting Accountant”	Ernst & Young or any other entity that may be appointed as Reporting Accountant
“Registrar”	Meristem Registrars & Probate Services Limited or any other entity so appointed by the Issuer
“Rental Payment Date”	The date for the payment of the Rental as set out in the Rental Payment Schedule occurring every 6th (sixth) and 12th (twelfth) month of each year.
“Rental Payment”	The payment by the State as Lessee to the Issuer for the use of the Lease Assets as specified in this Pricing Supplement and the Master Forward Lease Ijarah Agreement
“SEC” or “The Commission”	Securities & Exchange Commission
“SEC Rules”	The Rules and Regulations of the Securities & Exchange Commission (2013 as amended) issued pursuant to the ISA as may be amended from time to time.
“Service Agency Agreement”	The Agreement between the Issuer and the Lagos State Government, under which the Issuer appoints Lagos State Government as service agent in respect of the major maintenance of the Lease Assets.
“Shari’ah”	Islamic law based on the teachings of the Qur’an and the traditions of the Prophet Muhammad (S.A.W).
“Shari’ah Adviser”	Lotus Financial Services Limited.

“Shari’ah Advisory Agreement”	The agreement between the Lagos State Government and Lotus Financial Services Limited to act as Shari’ah Adviser on the Transaction
“Shelf Prospectus” or “Prospectus”	The document dated [●] issued by the State in accordance with the SEC Rules, which details the aggregate size and broad terms and conditions of the Instruments to be issued under the Programme.
“Sinking Fund Account”	The designated account jointly held and maintained by the Delegate Trustees for the benefit of the Sukukholders to which funds from the CDSA and payments from the ISPO will be remitted for the payment of the Periodic Distribution Amounts to Sukukholders
“Subscription Amount”	The amount indicated on the application form.
“Sukuk” or “Series II Sukuk”	Sukuk of equal value issued by the Issuer in dematerialized form, which evidences undivided ownership to the Lease Assets and/or usufruct and/or rights to the receivables from the said Lease Assets and/or usufruct subject to the terms of the Declaration of Trust Deed and Sukuk shall be construed accordingly.
“Sukukholder” or “Holder”	The person in whose name a Sukuk Certificate is registered and whose name is, for the time being, entered into the Register and reflected in the records of the Registrar and the CSD as the registered holder of a Sukuk (including those entered as joint holders).
“Sukuk Proceeds”	The unit of the Sukuk multiplied by the Issue price of the Series.
“The Constitution”	The Constitution of the Federal Republic of Nigeria 1999 (as amended).
“Transaction Documents”	All the agreements and documents which are to be prepared or executed in connection with the Series II Sukuk, including but not limited to: 1. Construction Agency Agreement; 2. Programme Trust Deed; 3. Declaration of Trust Deed; 4. Master Forward Lease (Ijarah) Agreement; 5. Letter of Allocation; 6. Pricing Supplement; 7. Shelf Prospectus; 8. Purchase Undertaking Deed; 9. Service Agency Agreement; 10. Shari’ah Advisory Agreement; and 11. Vending Agreement.
“Trust Assets”	1. the Lease Assets; 2. all of the Trustee’s ownership rights, title, interest and benefit, present and future, in, to and under the Lease Assets; 3. the interest, rights, title, benefits and entitlements, present and future, of the Sukukholders represented by the Issuer/Trustee in, to and under the Lease Assets and any proceeds from the Periodic Distribution Amount and/or Dissolution Distribution Amount; 4. all of the Trustee’s ownership rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (excluding: (i) any representations given by the LASG either as Originator or Obligor to the Trustee and the Delegate Trustees pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee or the Delegate Trustees in any of the Transaction Documents; and (ii) the covenant given to the Trustee pursuant to the Deed; 5. all of the Trustee’s rights, title, entitlement interest and benefit, present and future, in and to the Transaction Documents to which it is a party;

6. the rights of the Trustee to any cash (as defined in the Pricing Supplement) in any of its bank accounts (and any profit or income earned on such cash) and any other amounts held by any agent on its behalf, and the rights and interests of the Trustee in any assets held by the Originator on trust for it, which are attributable to, arise from, or are in any way connected with the Sukuk;
7. any eligible investments made, (and the returns or rentals thereon), which are attributable to, arise from, or are in any way connected with the Sukuk;
8. any other assets, rights, Cash or investments of the Trustee as may be specified in the Pricing Supplement;
9. all moneys standing to the credit of the Issue Proceeds Account from time to time which are held by the Delegate Trustees upon trust absolutely for the Sukukholders *pro rata* according to the nominal amount of Sukuk held by each Sukukholder in accordance with the terms herein and the Conditions; and
10. any proceeds arising from the sale of any of the assets comprised in (a) to (l) and any assets representing the same.

“Usufruct Period”	The period commencing from the date the Lease Assets are delivered to the Lessee and ending on the Maturity Date; in which rentals are deserved
“VAT”	Value Added Tax

2. PARTIES TO THE OFFER

THE ISSUER - BOARD OF DIRECTORS OF LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

Dr. Rabiul Onaolapo Olowo

Director

(Lagos State Government)

Mrs. Alake Rukayat Sanusi

Director

(Lagos State Debt Management Office)

Mr. Adekunle Olakitan Awojobi

Director

(FBNQuest Trustees Limited)

Mrs. Olufunke Oluseyi Aiyepola

Director

(UTL Trust Management Services Limited)

Mrs. Funmilayo Tomilola Ekundayo

Director

(STL Trustees Limited)

Mr. Moyosore Jubril Onigbanjo SAN

Company Secretary

(Lagos State Government)

Address:

Lagos State Infrastructure Sukuk SPV Plc

5 ASSBIFI Road

Alausa

Ikeja, Lagos

Email: dmo@lagosstate.gov.ng

THE ORIGINATOR - REPRESENTATIVES OF THE LAGOS STATE EXECUTIVE COUNCIL

Mr. Babajide Olusola Sanwo-Olu

Governor

Dr. Rabiul Onaolapo Olowo

Honourable Commissioner for Finance

Mr. Moyosore Jubril Onigbanjo SAN

Attorney-General and Honourable Commissioner for Justice

Dr. Shefiu Abiodun Muritala

Accountant-General to the State

Address:

Lagos State Debt Management Office

5 ASSBIFI Road

Alausa

Ikeja, Lagos

PROFESSIONAL PARTIES TO THE SUKUK ISSUANCE

LEAD ISSUING HOUSE / BOOKRUNNER:

Lotus Financial Services Limited

1B Udi Street
Osborne Foreshore Estate
Ikoyi, Lagos

JOINT ISSUING HOUSES / BOOKRUNNERS:

Chapel Hill Denham Advisory Limited

10 Bankole Oki Street
Ikoyi
Lagos

CardinalStone Partners Limited

5 Okotie Eboh Street
Ikoyi
Lagos

Stanbic IBTC Capital Limited

I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

DELEGATE TRUSTEES:

FBNQuest Trustees Limited

10 Keffi Street
South-West Ikoyi
Lagos

STL Trustees Limited

30 Marina
Lagos Island
Lagos

UTL Trust Management Services Limited

ED Building (2nd floor)
47 Marina
Lagos

SOLICITORS TO THE ISSUE:

Banwo & Ighodalo

48 Awolowo Road
Ikoyi
Lagos

Capital Assets Limited

Bookshop House (9th Floor)
50/52 Broad Street
Lagos

SCM Capital Limited

Nigerian Exchange Group (19th Floor)
2/4 Customs Street
Lagos

Sterling Asset Management and Trustees Limited

62 Adetokunbo Ademola Street
Victoria Island
Lagos

United Capital Trustees Limited

Afriland Towers (3rd & 4th Floors)
97/105 Broad Street
Lagos

SHARI'AH ADVISER:

Lotus Financial Services Limited

1B Udi Street
Osborne Foreshore Estate
Ikoyi, Lagos

Alliance Law Firm

71 Ademola Street
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SOLICITORS TO THE ISSUER:

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6 Broad Street
Lagos

DELEGATE TRUSTEES ADVISED BY:
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26 Catholic Mission Street
Lagos

Olaniwun Ajayi LP
Plot L2, 401 Close
Banana Island
Lagos

The Metropolitan Law Firm
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Federal Capital Territory

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26 Catholic Mission Street
Lagos

Chapel Hill Denham Securities Limited
10 Bankole Oki Street
Ikoyi
Lagos

Nigerian Stockbrokers Limited
Knight Frank Building (6th Floor)
24 Campbell Street
Lagos

Sigma Securities Limited
11 Awolowo Road
6th Floor, Suite 13
Ikoyi
Lagos

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39 Awolowo Road
Ikoyi
Lagos

Taj Bank Limited
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Central Business District
Abuja

REGISTRARS:

Meristem Registrars & Probate Services Limited
213 Herbert Macaulay Way
Yaba, Lagos

Web: www.meristemng.com
Email: contact@meristemng.com
Tel: 0700-MERISTEM

Bancorp Securities Limited
UNTL House (3rd Floor)
1 Davies Street
Lagos

Lead Securities and Investments Limited
Plot 281 Ajose Adeogun Street
Victoria Island
Lagos

Readings Investment Limited
26 Keffi Street
Ikoyi
Lagos

REPORTING ACCOUNTANT:

Ernst & Young
UBA House (10th Floor)
57 Marina
Lagos

Lotus Bank Limited
30A Adetokunbo Ademola Street
Victoria Island
Lagos

Sterling Bank Plc (Sterling Alternative Finance)
Sterling Towers
20 Marina road
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RATING AGENCIES:

Agusto & Co. Limited
UBA House (5th Floor)
57 Marina
Lagos

Global Credit Ratings Co. Limited
Ark Towers (10th Floor)
17 Ligali Ayorinde Street
Victoria Island
Lagos

3. INDICATIVE TIMELINE

The dates provided below reflect principal events of the Series II Sukuk offer and are indicative only. The dates are subject to change, without notice, by the Issuing Houses in consultation with the Issuer.

Date	Activity	Responsibility
[•]	Receive SEC clearance of the Pricing Supplement and approval to commence Book build	Issuing Houses
[•]	Commence Book build	Issuing Houses / Bookrunners
[•]	Conclude Book build	Issuing Houses / Bookrunners
[•]	Determine Rental and aggregate principal amount of Sukuk to be issued	Issuing Houses / Bookrunners
[•]	Dispatch Allocation Confirmation Notices to successful investors	Issuing Houses / Bookrunners
[•]	Update Offer documents and file with the SEC	Issuing Houses
[•]	Obtain SEC's 'No-Objection' and clearance to convene signing ceremony	Issuing Houses / Bookrunners
[•]	Hold Signing Ceremony/Allotment of Sukuk	All Parties
[•]	Effect payment of Participation Amounts to Receiving Banks	Applicants
[•]	Remit net Sukuk proceeds to the Issuer	Receiving Banks
[•]	File executed Offer documents and the Basis of Allotment with SEC	Issuing Houses
[•]	Receive SEC 'No Objection' to the Basis of Allotment	Issuing Houses
[•]	Publish Allotment Announcement	Issuing Houses
[•]	Credit Depository accounts of investors / allottees	Registrars
[•]	Obtain approval for listing of the Sukuk	Issuing Houses / Stockbrokers
[•]	Listing of the Sukuk on FMDQ and/or NGX	Issuing Houses / Stockbrokers
[•]	File Post Allotment Report with SEC	Issuing Houses

4. PROFILE OF DIRECTORS AND COMPANY SECRETARY OF THE ISSUER

Dr. Rabi Olowo - Director

Dr. Rabi Olowo is the Honourable Commissioner for Finance of Lagos State. He holds a B.Sc. (Hons) (Accounting) (2006) from Kogi State University, MBA (Finance) (2012) from the University of Lagos, MSc Accounting & Finance (Robert Gordon University, Aberdeen, UK - 2020) and a PhD (Forensic Accounting) (2019) from Charisma University, British West Indies, TCI. He is a Chartered Accountant (ICAN), Certified Internal Controls Auditor (CICA), Certified Fraud Examiner (CFE), Chartered Tax Practitioner (ACIT) and ACCA Certified in International Financial Reporting Standards (IFRS) and International Public Sector Accounting Standards (IPSAS). He is a Fellow of the Chartered Institute of Management Accountants (CIMA) in the UK. He began his professional career with Zenith Bank PLC as a Senior Supervisor (2007-2010) and later moved to GlaxoSmithKline (GSK) where he worked in various capacities as Senior Finance Officer, Corporate Reporting Manager, Business Finance Unit Controller, Internal Audit Manager, Head of Internal Audit, Head of Independent Business Monitoring etc. with project immersion across Africa, Middle East & Europe (2010-2018). He joined FrieslandCampina WAMCO Nigeria PLC as Chief Audit Executive (2018-2019). Dr. Rabi Olowo is an Adjunct Faculty of many Professional Association and Academic Institution, teaching Financial Management and Forensic Accounting Courses including Lagos State University. He served as Chair of UK-Based Chartered Institute of Management Accountants (CIMA) in Nigeria (2018 - 2019).

Mrs. Alake Rukayat Sanusi - Director

Mrs. Alake Sanusi is the Permanent Secretary of the Lagos State Debt Management Office. She holds a B.A Degree in English (1991) from Lagos State University and followed it up with an MBA (Banking & Finance) from Enugu State University of Technology in 2002. She started her career in the Banking sector with over seventeen (17) years wealth of experience in stockbroking, Investment Banking and Channels Management in the Financial sector before joining the Lagos State Civil Service in year 2012 as a Deputy Director in the Administration & Human Resource cadre. She worked briefly in Public Service Office, Ministry of Establishments and Training, Civil Service Commission as well as State Treasury Office and was later deployed to Debt Management Office in August, 2013 as Director, Debt Management. She was Director, Public Finance, and Debt Management Department under Office of Finance and continued in the same position when the Directorate was upgraded to a full-fledged Ministry, a post she held till her appointment as Permanent Secretary in the State in September, 2021. She has made significant strides since joining Lagos State Public Service one of which was leading the team that facilitated several bond issuance programmes, most especially, Series 3 programme III ₦100 billion bond issuance, and recently, ₦137.328 billion bond issuance, the largest sub-national issuance in Sub-Saharan Africa. Mrs. Sanusi has also facilitated several financing programmes for the State's economic, physical and social Infrastructure as well as restructuring initiatives and programmes for the State. She is an Associate Member of Certified Pension Institute of Nigeria (CPIN), a Chartered Stockbroker and Fellow, Institute of Corporate Administration.

Mr. Adekunle Olakitan Awojobi - Director

Mr. Kunle Awojobi is the Managing Director of FBNQuest Trustees Limited, a wholly owned subsidiary of FBN Holdings Plc, a company with over 42 years in trusteeship business, licensed by the Securities and Exchange Commission (SEC). He holds a B.SC (Hons.) in Economics with a First Class from Ogun state University (Now Olabisi Onabanjo University). He is a seasoned Chartered Accountant with over 31 years' experience in the financial services sector. He is a Fellow of the Chartered Institute of Accountants of Nigeria (FCA), Associate Nigerian Institute of Management, Associate Certified Fraud Examiner and Member Institute of Internal Auditors. He has at different times attended programs at The Wharton School, London Business School, Lagos Business School as well as several Euromoney programs including Euro-money Bond & Fixed Income Academy, Real Estate Finance Programme, Corporate Finance Programme and Bond Programme and several Trustees Essential Courses. He has spent the last 20 years in different managerial roles in core Trust business. He joined FBNQuest Trustees as Manager, Operations and subsequently transited to head the Capital Markets & Investments function. He has also served as Head Operations and Chief Financial Officer (CFO). He is currently the Managing Director. Prior to joining FBNQuest Trustees, he had stints with KPMG Audit, Texaco Nigeria Plc, and CarnaudMetalBox Nigeria Plc (Now Nampak Plc) in diverse roles straddling Audit, Operations and Finance. Adekunle currently Chairs the Board of Epe Resorts & Spa Limited. He sits on the board of FBNQuest Capital Limited, JDI Investments Limited (Novotel Hotel, Port Harcourt), First Dependants Nigeria Limited, Anchorage Leisures Limited (Radisson Blu Anchorage Hotel, Lagos).

Mr. Awojobi was a Board member of UACN Property Development Company Plc from 2012 to 2021. As the CEO of one of Nigeria's foremost Trust Companies, Adekunle has been involved in capital market transactions of differing complexity and sizes, FGN Sukuk issuances, sub-national bond issuance, corporate bond issuance, project finance, syndicated lending, and collective investment schemes, the combined value of which is in excess of US\$12 billion.

Mrs. Olufunke Oluseyi Aiyepola - Director

Mrs. Funke Aiyepola is the Managing Director of UTL Trust Management Services Limited. She studied Law at the University of Ife (now Obafemi Awolowo University) before proceeding to the Nigerian Law School. She holds an MBA from the Pan African University and has over thirty (30) years of Banking/Trusteeship experience, having worked in the Legal Department of Union Bank of Nigeria Plc and as Head of Trust Services, Union Trustees Limited. She was a Director of UBN Insurance Brokers Limited, EX OFFICIO of the Association of Corporate Trustees and is a Council Member of the Association of Investment Advisers and Portfolio Managers.

Mrs. Funmilayo Tomilola Ekundayo - Director

Mrs. Funmi Ekundayo is the Managing Director of STL Trustees Limited. She is an alumna of the prestigious Harvard Business School (General Management Programme) and a member of the Institute of Chartered Secretaries & Administrators United Kingdom, (ACIS) (2005). She holds a Bachelor of Law degree (LL.B.) (1995) and Master of Laws degree from the University of Lagos (LL.M) (1998). She is a member of the Nigerian Bar Association and also a Fellow of the Institute of Chartered Secretaries & Administrators of Nigeria (FCIS) and a Member of the Governing Council of the Institute. She is also the Immediate Past President of the Association of Corporate Trustees of Nigeria and a Fellow of the Institute of Directors, Nigeria (FIOD) (2022). She joined STL Trustees (Formerly Skye Trustees Limited) as an Assistant General Manager, Business Development, from where she rose to become the MD/CEO of the Company. She has distinguished herself in her area of core competence as a seasoned trust specialist engaging in the structuring of complex corporate finance, legal and trust instruments.

Mr. Moyosore Jubril Onigbanjo SAN - Company Secretary

Mr. Moyo Onigbanjo is the Honourable Commissioner for Justice and Attorney-General of Lagos State. He holds a Bachelor of Law (LL. B) (Hons) from Obafemi Awolowo University (1988) and was called to the Bar in 1989. Mr. Onigbanjo was conferred with the rank of Senior Advocate of Nigeria in September 2013. He commenced his career with Akin Delano & Co. as Managing Associate (1989-1990) and has also worked at Prof. A.B. Kasunmu's Chambers (1991-1995), L.A. Adeniji & Co as a Managing Partner (1996-1999), and M. J. Onigbanjo & Co. as a Founding Partner (1999-2019).

5. SUMMARY OF THE OFFER

The following are the final terms of the Series II Sukuk that are the subject of this Pricing Supplement. These terms and conditions are only applicable to this Issue.

1. **Issuer:** Lagos State Infrastructure Sukuk SPV Plc (“LASGIS SPV Plc” or the “SPV”)
2. **Originator:** Lagos State Government
3. **Authorisation:** LASGIS SPV Plc Board resolution dated November 18, 2022
LASGIS SPV Plc Shareholder resolution dated November 18, 2022
Lagos State Executive Council Resolution dated September 9, 2022
Lagos State House of Assembly Resolution dated October 4, 2022
4. **Description of the Sukuk:** 7 Year [●]% Fixed Return Forward-Ijarah Lease Sukuk due 2030
5. **Series Number:** II
6. **Aggregate Nominal Amount:** Up to ₦20,000,000,000.00 (Twenty Billion Naira)
7. **i) Issue Price:** At par ₦1,000.00 (One Thousand Naira) per unit of the Sukuk
ii) Rental: [●]% per annum
iii) Return Basis: Fixed Return
8. **i) Gross Proceeds:** ₦20,000,000,000.00
ii) Net Proceeds: ₦[19,547,835,500.00]¹
9. **Minimum Participation Amount:** Minimum of ₦10,000,000.00 (i.e. 10,000 units at ₦1,000.00 / unit) and multiples of ₦1,000.00 thereafter. Bids below the Minimum Participation Amount will be disregarded unless they form part of a cumulative bid from the investor that is, in aggregate, greater than the Minimum Participation Amount. Final allotment to respective bidders may be less than Minimum Participation Amount if bids must be pro-rated for any reason.
10. **Denomination:** ₦1,000.00 (One Thousand Naira)
11. **i) Issue Date:** [●], 2023
ii) Rental Payment Commencement Date: Rental shall accrue from the Issue Date and the first payment made on [●], 2023
12. **Tenor:** 7 years
13. **Maturity Date:** [●], 2030
14. **Redemption:** The Sukuk will be redeemed through the gradual Purchase of the Lease Assets during the Sukuk Period.
15. **Redemption Basis:** Payment of the Purchase Price / Amortised redemption of Principal Amount from the Issue Date following the expiration of the Moratorium Period.
16. **Moratorium Period:** Twenty-Four (24) months from the Issue Date of the Series II Sukuk, following which the Lessee shall commence the gradual purchase of the Lease Assets and payment of the Purchase Price.

¹ Following deduction of the sum of ₦[452,164,500.00], being the offer costs which represent [2.26]% of the Issue proceeds

17. **Status of the Sukuk:** The Sukuk evidences an undivided beneficial ownership interest in the Trust Assets and are direct, unsubordinated, unsecured and limited recourse obligations of the Issuer and rank *pari passu*, without any preference or priority, among all the existing obligations of the Issuer.
- The Sukuk qualifies:
- (i) as an instrument in which Trustees may invest under the Trustees Investment Act, Cap T22, LFN 2004;
 - (ii) as an instrument in which Pension Funds may invest in under the Pension Reform Act, 2014;
 - (iii) as an instrument in which banks may invest in under the Central Bank of Nigeria Act, 2007; and
 - (iv) as liquid assets for banks for the purposes of computing liquidity ratios.
- Sukuk issued by a State Government which meets the criteria for liquid asset status shall be eligible for repurchase transactions in accordance with the CBN Sukuk Guidelines.
- An application will be submitted to the CBN for the conferment of Liquidity Status on the Sukuk, following the completion of the issuance process in accordance with the CBN Sukuk Guidelines. However, once the Sukuk is allocated to Subscribers, Sukuk may not be traded until the Delegate Trustees confirms the commencement of construction of the Lease Assets to the relevant Exchanges.
18. **Listing:** FMDQ and/or NGX
19. **Method of Distribution:** By way of a Bookbuild to Qualified Investors, as defined in the SEC Rules
20. **Use of Proceeds:** See “*Use of Proceeds*” in Schedule I on page [34] of this Pricing Supplement
21. **Funding Structure:** The Series II Sukuk obligations will be serviced from the CDSA and an ISPO. The State will appropriate the sum of ~~N~~55,640,562.00 (Fifty-Five Million, Six Hundred and Forty Thousand, Five Hundred and Sixty-Two Naira Only) from the CDSA, immediately upon the issuance of the Series II Sukuk, for purposes of the payment of the Rentals under the Sukuk. The amount appropriated from the CDSA shall increase to ~~N~~293,030,940.00 (Two Hundred and Ninety-Three Million, Thirty Thousand, Nine Hundred and Forty Naira Only), following the expiration of the Moratorium Period to cover the payment of the Purchase Price.
- The CDSA is a dedicated internally segregated savings account established under the provisions of the Enabling Law, for purposes of servicing all of Lagos State’s public financing obligations. The Enabling Law provides for the creation of the CDSA by the Lagos State Government, into which a minimum of 15% of the State’s IGR will be deposited on a monthly basis.
- The sum of ~~N~~55,640,562.00 (Fifty-Five Million, Six Hundred and Forty Thousand, Five Hundred and Sixty-Two Naira Only) will be transferred monthly from the CDSA to the Sinking Fund Account managed by the Delegate Trustees to the Issue. The sum shall be increased to ~~N~~293,030,940.00 (Two Hundred and Ninety-Three Million, Thirty Thousand, Nine Hundred and Forty Naira Only), following the expiration of the Moratorium Period on the commencement of the payment of the Purchase Price.
- In addition, Lagos State has obtained an ISPO in the sum of ~~N~~200,000,000 (Two

Hundred Million Naira) monthly, for purposes of servicing the Rental obligations and payment of the Purchase Price under the Series II Sukuk. The ISPO will become effective immediately upon the issuance of the Series II Sukuk.

22. Event of Default:

Any of the conditions, events or acts provided in “*Terms and Conditions of the Sukuk*” [14] (*Events of Default*) of the Declaration of Trust Deed, being events upon the happening of which the Sukuk may be redeemed in full and Purchase Price (and any accrued but unpaid Periodic Distribution Amount) under the Series II Sukuk are payable on demand by the Delegate Trustees.

The Trustee will have the right under the Purchase Undertaking to require the State to purchase all of the Trustee's ownership interests, rights, title, benefits and entitlements in, to and under the Lease Assets.

PROVISIONS RELATING TO RENTALS PAYABLE

23. Fixed Return Sukuk Provisions:

- i) Periodic Distribution:** Periodic payments made by the Issuer to the Sukukholders, which consists of the Rental and the Purchase Price (after the Moratorium Period) as provided in this Pricing Supplement.
- ii) Distribution Payment Date(s):** Semi-annual payments, payable in arrears in the 6th and 12th month of each year from the Issue Date up to and including the Maturity Date, of both the Rental and Purchase Price.
- iii) Rental Amount(s):** Please refer to the “*Rental Payment Schedule*” (Schedule II on page 35 of this Pricing Supplement).
- iv) Business Day Convention:** Modified following Business Day: Where a Distribution Payment Date falls on a non-Business Day, such payment shall be postponed to the next day, which is a Business Day provided that if such a Business Day falls into the next calendar month, such Distribution Payment Date shall be brought forward to the immediately preceding Business Day.
- v) Day Count Fraction:** Actual / Actual
- vii) Other terms relating to method of calculating rental for the Sukuk:** Not Applicable

PROVISIONS RELATING TO REDEMPTION

24. Optional Early Redemption:

- i) Call Option:** Not Applicable
- ii) Put Option:** Not Applicable

25. Scheduled Amortization: Applicable to the Purchase Price after the Moratorium Period

26. Scheduled Periodic Distribution / Dissolution Dates: Each 6th (sixth) and 12th (twelfth) month in each year commencing on [●], following the expiration of the twenty-four (24) months from the Issue Date (being the end of the Moratorium Period), until and including the Maturity Date.

27. **Dissolution Distribution Amount:** On the Maturity Date, the Dissolution Amount shall be the outstanding Rental and the portion of the Purchase Price then outstanding. Please refer to the “*Rental Payment Schedule and Purchase Schedule*” (Schedule II and III on page 35 to 37 of this Pricing Supplement).

DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS

28. **Form of Sukuk:** Electronic registration on the CSD
29. **Form of Dematerialized Trust Certificates:** Registered dematerialized form
30. **Delivery:** Delivery after payment following clearance by the SEC
31. **Registrar:** Meristem Registrars & Probate Services Limited
32. **Depository:** CSCS and/or FMDQ-D
33. **Clearing System:** CSCS and/or FMDQ Clear Limited
34. **Delegate Trustees:** FBNQuest Trustees Limited, Sterling Asset Management and Trustees Limited, STL Trustees Limited, United Capital Trustees Limited, and UTL Trust Management Services Limited or any other trustee that may be appointed under the Declaration of Trust.
35. **Record Date:** No Sukukholder may require the transfer of a Sukuk to be registered during the period that is twenty-one (21) days preceding each Rental Payment Date.
36. **Trading and Settlement:** The Sukuk will trade OTC on FMDQ and/or NGX, subsequent to the commencement of construction of the Leased Assets. The Sukuk will settle through the Nigeria Inter-Bank Settlement System (NIBSS) and the CSD.
37. **Selling Restrictions:** Strictly to Qualified Investors in line with SEC Rules.
38. **Payment Agent:** Meristem Registrars & Probate Services Limited
39. **Issuing House(s) / Bookrunner(s) (as defined in the Vending Agreement):** Lotus Financial Services Limited, Chapel Hill Denham Advisory Limited, Capital Asset Limited, CardinalStone Partners Limited, SCM Capital Limited and Stanbic IBTC Capital Limited
40. **Stockbrokers:** MBC Securities Limited, Bancorp Securities Limited, Chapel Hill Denham Securities Limited, Lead Securities and Investment Limited, Nigerian Stockbrokers Limited, Readings Investment Limited and Sigma Securities Limited
41. **Other terms or special conditions:** See “*Terms and Conditions*” on page [52] to [64] of this Pricing Supplement.

GENERAL PROVISIONS APPLICABLE TO THE SUKUK

42. **Originator’s Rating:** Aa-, Agosto & Co. / AA-, GCR
43. **Issue Rating:** Aa, Agosto & Co.
44. **Taxation:** See “*Tax Considerations*” on page [67] of the Shelf Prospectus and page [42] of this Pricing Supplement.
45. **Risk Factors:** See “*Risk Factors*” on page [48] to [54] of the Shelf Prospectus and “*Sukuk - Specific Risk Factors*” on page [43] to [45] of this Pricing Supplement.

46. **Governing Law:** The Sukuk will be governed by, and construed in accordance with the laws of the Federal Republic of Nigeria, as well as the Islamic law of commercial jurisprudence as interpreted by the CBN FRACE.
47. **Oversubscription** In the event that the number of bidders at the highest acceptable rental exceeds the amount of Sukuk available in the Series II Issuance, the State may either increase the amount available by up to 15% of the size (or such amounts as may be permitted by the SEC), so that all the Sukuk bids can be allotted, or a minimum number of Sukuk can be issued on a pro-rata basis to each successful bidder provided that there are sufficient projects of an equal amount, quality and characteristics of the Lease Assets to be financed with the oversubscription.
48. **Underwriting:** Not Applicable
49. **Limited Recourse:** Each Certificate of the Sukuk will represent an undivided ownership interest in the Trust Assets. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets. Sukukholders have no recourse to any assets of the Issuer/Trustee (and/or its directors, officers or agents in their capacity as such) (other than the relevant Trust Assets) or the Delegate Trustees or any of their respective directors, officers, employees or agents in respect of any shortfall in the expected amounts from the Trust Assets to the extent the Trust Assets have been exhausted, following which all obligations of the Issuer/Trustee shall be extinguished
50. **Indebtedness:** As at the date of the audited financial statement for the year ended 31 December 2021, the total debt position of the Originator amounted to ₦1,164,871,843,000.00 (One Trillion, One Hundred and Sixty-Four Billion, Eight Hundred and Seventy-One Million, Eight Hundred and Forty-Three Thousand Naira). This consists of the State's internal loans (Naira denominated borrowings) and external loans (long term foreign currency borrowings), and the principal amounts of bonds in issue.
51. **Summary of Financials (Audited):** See “*Historical Financial Information*” of the Originator on page [65] to [70] of this Pricing Supplement.

6. DECLARATION BY THE ISSUER

LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

RC NO: 2001093

18th November, 2022

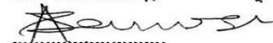
The Director General
Securities and Exchange Commission
272/273 Samuel Adesujo Ademulegun Street
Central Business District
Abuja

ISSUER DECLARATION UNDER THE RULES AND REGULATIONS OF THE COMMISSION

1. We, the Lagos State Infrastructure Sukuk SPV Plc are proposing to issue a N20,000,000,000:00 (Twenty Billion Naira Only) Ijarah (Lease) Sukuk for the construction and rehabilitation of the Eleko Section of the Eti-Osa Lekki Expressway as described in the Pricing Supplement and other Transaction Documents ("the Proposal").
2. We confirm that having made all reasonable enquiries, and to the best of our knowledge and belief, there is no false or misleading statement contained in, or material omission from, the information that is provided to the adviser(s)/expert(s) or to the Commission in relation to the above Proposal.
3. We declare that we are satisfied that after having made all reasonable enquiries that the Proposal is in full compliance with the following:
 - a) The Sukuk Guidelines;
 - b) The SEC rules and regulations;
 - c) The Trust Deed
4. We declare that the Company has not—
 - a. been convicted or charged with any offence under the securities laws, or other laws involving fraud or dishonesty in a court of law since incorporation;
 - b. been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange prior to the submission.
5. We declare the following in accordance with the Sukuk Guidelines:
 - a) The Proposal does not result in a significant change in the business direction or policy of the Issuer; and
 - b) The Proposal is not a related-party transaction.
6. We declare that we will ensure continuous compliance with the requirements and conditions imposed by the Commission in relation to the above Proposal and agree that we will continuously submit annual audited financial statements and other documents required by the Commission under the Sukuk Guidelines.
7. We undertake to provide to the Commission all such information as the Commission may require in relation to the Proposal from time to time.

The above Declaration has been signed by Directors of the Issuer under the authority granted by a resolution of Issuer dated [●] November 18, 2022

Yours faithfully,



Name: AWAKE SANUSI
Designation: DIRECTOR
Name of Issuer: Lagos State Infrastructure Sukuk SPV Plc
Date: 18th November 2022



Name: Funmi Ekundayo
Designation: DIRECTOR
Name of Issuer: Lagos State Infrastructure Sukuk SPV Plc
Date: 18th November 2022




**PRINCE ABDUL-MUJIB
ADETOKUNBO MUMUNI**
Legal Practitioner & Notary Public
28, Joseph Str, Lagos Island

7. DECLARATION BY THE ORIGINATOR



18th November, 2022

The Director General
Securities and Exchange Commission
272/273 Samuel Adesujo Ademulegun Street
Central Business District
Abuja.

LAGOS STATE GOVERNMENT (ORIGINATOR) DECLARATION UNDER THE RULES AND REGULATIONS OF THE COMMISSION

1. We, the Lagos State Government of Nigeria are proposing to issue a ₦20,000,000,000:00 (Twenty Billion Naira Only) Ijarah (Lease) Sukuk for the construction and rehabilitation of the Eleko Section of the Eti-Osa Lekki Expressway through the Lagos State Infrastructure Sukuk SPV Plc as the Issuer ("the Proposal").
2. We confirm that having made all reasonable enquiries, and to the best of our knowledge and belief, there is no false or misleading statement contained in, or material omission from, the information that is provided to the adviser(s)/expert(s) or to the Commission in relation to the above Proposal.
3. We declare that we are satisfied that after having made all reasonable enquiries that the Proposal is in full compliance with the following:
 - a) The Sukuk Guidelines;
 - b) The SEC rules and regulations;
 - c) The Trust Deed
4. We declare that we have not—
 - a) been convicted or charged with any offence under the securities laws, or other laws involving fraud or dishonesty in a court of law since incorporation;
 - b) been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange prior to the submission.
5. We declare the following in accordance with the Sukuk Guidelines:
 - a) The Proposal does not result in a significant change in the business direction or policy of the Issuer; and
 - b) The Proposal is not a related-party transaction.
6. We declare that we will ensure continuous compliance with the requirements and conditions imposed by the Commission in relation to the above Proposal and agree that we will continuously submit annual audited financial statements and other documents required by the Commission under the Sukuk Guidelines.
7. We undertake to provide to the Commission all such information as the Commission may require in relation to the Proposal from time to time.

The above Declaration has been signed by officers of the Lagos State Government under the authority granted by a resolution of the Lagos State Government Executive Council dated September 9, 2022.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'RABIU OLOWO'.

Name: **DR. RABIU OLOWO**
Designation: Honourable Commissioner for Finance
Name of Originator: Lagos State Government of Nigeria
Date: **25th November, 2022**

A handwritten signature in blue ink, appearing to read 'MR. MOYSORE ONIGBANJO'.

Name: **MR. MOYSORE ONIGBANJO**
Designation: Attorney-General of Lagos State
Name of Originator: Lagos State Government of Nigeria
Date: **25th November, 2022**



A handwritten signature in blue ink, appearing to read 'PRINCE ABDUL-MUJIB ADETOKUNBO MUMUNI'.

**PRINCE ABDUL-MUJIB
ADETOKUNBO MUMUNI**
Legal Practitioner & Notary Public
28, Joseph Str, Lagos Island

8. MATERIAL ADVERSE CHANGE STATEMENT

LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

RC No: 2001093

November 30, 2022

The Director-General
Securities & Exchange Commission
Plot 272/273 Samuel Adesujo Ademulegun Street
Central Business District
Abuja, Federal Capital Territory

MATERIAL ADVERSE CHANGE STATEMENT ON LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC SERIES II SUKUK ISSUANCE OF UP TO ₦20,000,000,000 (TWENTY BILLION NAIRA) ("SERIES II SUKUK")

Except as disclosed in this Pricing Supplement, there has been no material adverse change in the financial position or prospects of the Lagos State Infrastructure Sukuk SPV Plc (the **Issuer**) and no significant change in the financial or trading position of the Issuer.

In addition, during the twelve (12) calendar months immediately preceding the date of filing an application with the Securities & Exchange Commission for the registration of this Pricing Supplement, the Issuer did not breach any terms and conditions in respect of borrowed monies, which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies.

The Issuer accepts responsibility for the information contained in this Pricing Supplement, which, contains all information that is material in the context of the Series II Sukuk Issuance.

SIGNED for and on behalf of the Issuer, Lagos State Infrastructure Sukuk SPV Plc:



Dr. Rabiul Olowo
Director



Mr. Moyosore Onigbanjo
Company Secretary



5, ASSBIFI ROAD, CENTRAL BUSINESS DISTRICT, ALAUSA, IKEJA, LAGOS

9. ABOUT LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

9.1. Introduction

Lagos State Infrastructure Sukuk SPV Plc is a public limited liability company incorporated in Nigeria on the 17th day of November 2022. LASGIS SPV Plc is wholly owned by the Lagos State Government, with its registered office at 5, ASSBIFI Road, Alausa, Ikeja, Lagos, Nigeria.

LASGIS SPV Plc was established as a special purpose vehicle to act solely for participating in the transactions contemplated by the Shelf Prospectus, this Pricing Supplement and other Transaction Documents stated in this Pricing Supplement.

The authorized and issued share capital of LASGIS SPV Plc is ~~₦~~2,000,000.00 divided into 2,000,000 ordinary shares of ~~₦~~1.00 each, all of which have been issued at par and are held as follows:

Name	Ordinary Shares Held	Shareholding (%)
Debt Management Office	1,999,999	99.99%
Dr. Rabiun Onaolapo Olowo	1	0.01%
Total Shareholding	2,000,000	100%

The principal objectives of Lagos State Infrastructure Sukuk SPV Plc are set out in clause 3 of its Memorandum of Association and, amongst other things, include the raising of capital through the issuance of Sukuk, and other similar instruments, in order to finance the construction of the Lease Assets. To satisfy this objective, the Issuer will enter into agreements and undertakings necessary for the performance of its obligations under the transaction contemplated in the Shelf Prospectus and this Pricing Supplement.

The Issuer has no prior operating history or business and will not have any substantial liabilities other than in connection with the issue of the Sukuk. The Issuer's activities are restricted by the terms of the Declaration of Trust, and other related Transaction Documents, as applicable.

9.2. Directors and Company Secretary

Name	Principal Occupation	Business Address
Dr. Rabiun Onaolapo Olowo	Honourable Commissioner for Finance, Lagos State	5 ASSBIFI Road, Alausa, Ikeja, Lagos
Mrs. Alake Rukayat Sanusi	Permanent Secretary, Lagos State Debt Management Office	5 ASSBIFI Road, Alausa, Ikeja, Lagos
Mr. Adekunle Olakitan Awojobi	Trustee	10 Keffi Street, South-West Ikoyi, Lagos
Mrs. Olufunke Oluseyi Aiyepola	Trustee	2nd floor, ED building, 47 Marina, Lagos
Mrs. Funmilayo Tomilola Ekundayo	Trustee	30 Marina, Lagos Island, Lagos
Mr. Moyosore Jubril Onigbanjo SAN	Attorney-General and Honourable Commissioner for Justice, Lagos State	5 ASSBIFI Road, Alausa, Ikeja, Lagos

9.3. Indebtedness

The Issuer has no indebtedness as at the date of this Pricing Supplement other than that which the Issuer has incurred or shall incur in relation to the Sukuk contemplated herein.

9.4. Employees

The Issuer has no employees and is not expected to have any in the future.

9.5. Subsidiaries

The Issuer has no subsidiaries.

9.6. Material Contracts

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts or engaged in any material activities other than that incidental to the issuance of the Sukuk.

9.7. No Material Adverse Change

Since the date of the Issuer's incorporation, there has been no material adverse change, or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of the Issuer.

9.8. Financial Information

Since the date of incorporation, no financial statements of the Issuer have been prepared. The Issuer's fiscal year will end on 30 April of each year.

9.9. Claims and Litigation pertaining to the Issuer

The Issuer is not, and has not been since its incorporation, engaged in any litigation or arbitration proceedings which may have or have had during such period a significant effect on its respective financial position and, as far as the Issuer is aware, no such litigation or arbitration proceedings are pending or threatened.

9.10. Corporate Governance

The Issuer is registered as a public limited company as required under securities regulations in Nigeria. The Issuer is a non-operating entity, therefore most of the provisions set out in the Nigerian Code of Corporate Governance, 2018 may not be applicable to it. Nevertheless, the Issuer will to the extent possible comply with the Nigerian Code of Corporate Governance, 2018 and all relevant laws and regulations in Nigeria.

9.11. Declarations

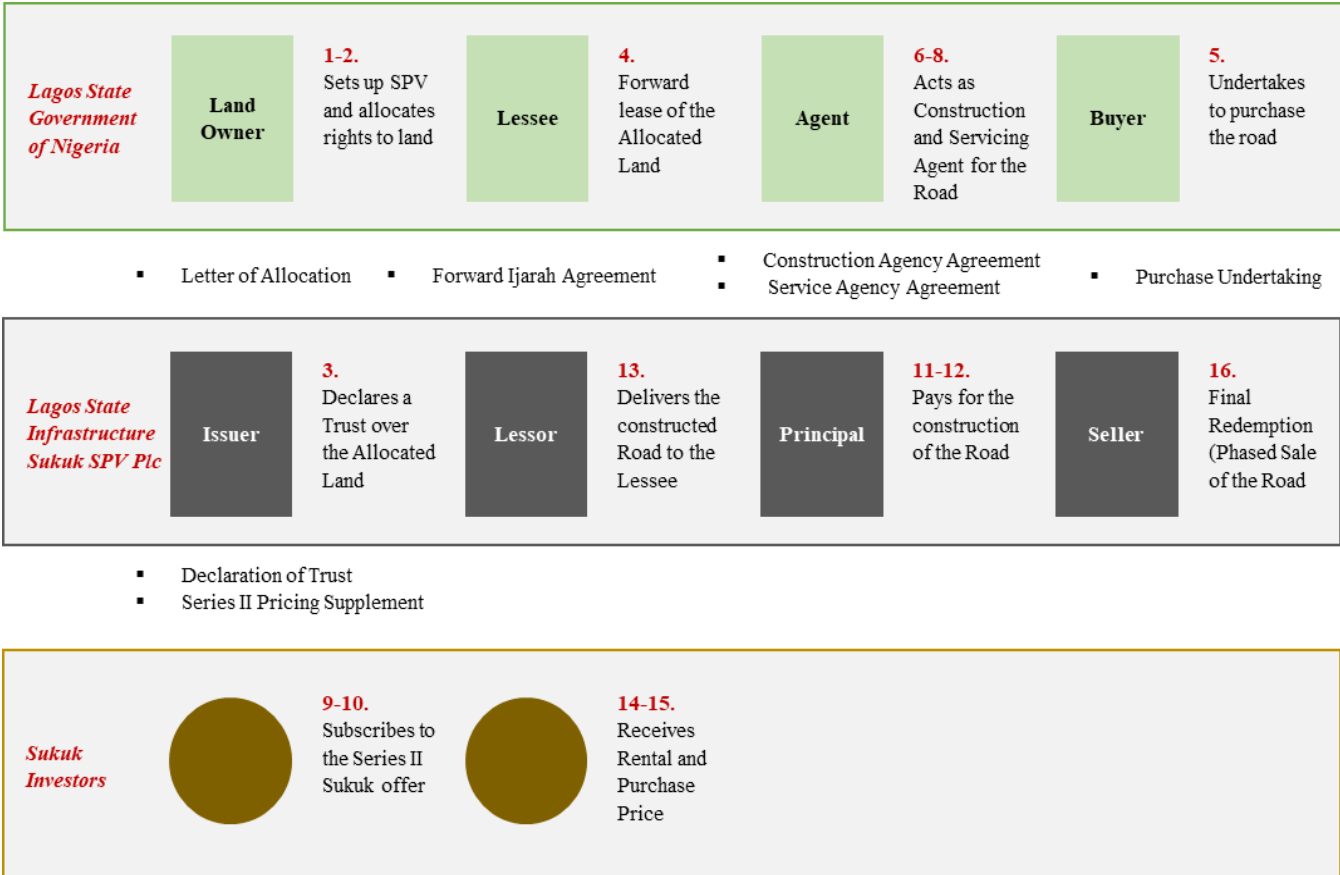
Except as otherwise stated in this Pricing Supplement:

- a. No shareholder or director has been involved in a petition under bankruptcy or insolvency laws filed (and not struck out);
- b. No shareholder or director has obtained a conviction in a criminal proceeding or has been named subject of pending criminal proceedings relating to fraud or dishonesty; and
- c. No director has been the subject of any order, judgement or ruling of any court or competent jurisdiction or regulatory body relating to fraud or dishonesty limiting their capabilities to act as a director or employee of a financial institution and engaging in any type of business practice or activity.

10. SUKUK STRUCTURE OVERVIEW

10.1. Structure Diagram

Below is a broad schematic illustration of the Series II Sukuk structure, process flow, key contracts and parties:



10.2. Key Steps

Lagos State Infrastructure Sukuk SPV Plc (the “Issuer”) has been set up as a SPV established by Lagos State Government (“Lagos State” or the “Originator”) for the specific purpose of a sukuk issuance. The Board of Directors of the Issuer shall comprise of the Lagos State’s representatives and the Delegate Trustees.

Transaction Documents such as Master Forward Lease (Ijarah) Agreement and Purchase Undertaking Deed will be executed at the relevant stages of the transaction. Lagos State shall provide an ISPO and CDSA to secure rentals and payment of the Purchase Price, as per regulatory requirements.

1. LAGOS STATE sets up the Issuer as a SPV to issue Sukuk for the development of the Allocated Lands.
2. LAGOS STATE issues a Letter of Allocation to the Issuer.
3. The Issuer declares a trust over the Allocated Lands for the benefit of the Sukukholders under a Declaration of Trust Deed and appoints Delegate Trustees to carry out its functions as trustees.
4. LAGOS STATE executes a Master Forward Lease (Ijarah) Agreement with the Issuer to lease the Allocated Lands to be constructed by the Issuer.
5. LAGOS STATE signs a unilateral Purchase Undertaking to gradually purchase the Road constructed on the Allocated Lands from the Issuer through the life of the Sukuk.

6. The Issuer executes a Construction Agency Agreement with LAGOS STATE, acting through the Lagos State Ministry of Works and Infrastructure (the “LSMWI”), to appoint Contractors to construct and supervise the construction of the Road.
7. The Delegate Trustees appoint project consultants to certify the construction works done by the Contractors.
8. The Issuer also executes a Service Agency Agreement with LAGOS STATE, acting through the LSMWI, to undertake major repairs of the Lease Assets throughout the Sukuk period.
9. The Issuer invites investors to subscribe to the Sukuk for the construction of the Road. The Issuer will issue investment certificates to investors as evidence of their ownership interest in the Road to be constructed.
10. The Issuer will hold the proceeds of the Sukuk in an issue proceeds account.
11. The Contractors will construct the Road in milestones. Upon completion of a milestone, the Contractor will send a notice of milestone completion, certified by the LSMWI, to the Issuer and the Delegate Trustees.
12. The Issuer will issue payment instructions to the bank in accordance with agreed milestones or payment schedules .
13. Upon completion of the construction of the Road, the Issuer (as Lessor) will send a notice of project delivery to LAGOS STATE (as Lessee) in line with the Master Forward Lease (Ijarah) Agreement. The Lessee will take delivery of the completed and constructed Road.
14. LAGOS STATE will make periodic rental payments for the use of the entire road in the first two years of the Sukuk. Thereafter, the LASG will increase the periodic payments to cover the purchase price for relevant sections of the road from the Issuer as well as rental payments for the outstanding portion of the road available for lease or that have not been purchased. The payments will be made into the Sinking Fund Account managed by the Delegate Trustees.
15. The Registrars, as paying agents, will transfer the periodic payments to Sukukholders according to the payment schedule in the Master Forward Lease (Ijarah) Agreement and the Purchase Undertaking Deed.
16. At the maturity of the Sukuk, the Sukuk is fully redeemed through the final payment of any outstanding purchase amount.

11. SHARI'AH COMPLIANCE

11.1. Extract of Shari'ah Compliance Certificate from the Financial Regulation Advisory Council of Experts (FRACE)



STATEMENT OF CERTIFICATION BY THE FINANCIAL REGULATION ADVISORY COUNCIL OF EXPERTS (FRACE) OF THE CENTRAL BANK OF NIGERIA ON LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC - OF UP TO N20,000,000,000 SERIES II FORWARD IJARAH AND PROGRESSIVE SALE SUKUK ISSUANCE ("SERIES II SUKUK"), 2022

The Financial Regulation Advisory Council of Experts (FRACE) of the Central Bank of Nigeria has reviewed the structure and transaction documents of the Lagos State Infrastructure Sukuk SPV Plc of up to N20,000,000,000 Series II Forward Ijarah and Progressive Sale Sukuk Issuance ("Series II Sukuk") 2022.

The Sukuk proceeds shall be used to finance the construction of roads on lands allocated by the Lagos State Government, and subsequent lease of the roads across a 7 year period based on a Master Forward Ijarah Agreement between the Sukuk Issuer as Lessor and Lagos State Government as Lessee, followed by a successive and progressive purchase of the roads based on Purchase Undertaking by the Lagos State Government.

FRACE reviewed the transaction documents of the Sukuk issuance which consist of:

- i. Pricing Supplement;
- ii. Shelf Prospectus;
- iii. Programme Trust Deed;
- iv. Declaration of Trust Deed
- v. Master Purchase Undertaking Deed
- vi. Master Forward Ijara (Lease) Agreement;
- vii. Service Agency Agreement;
- viii. Construction Agency Agreement
- ix. Letter of Allocation,
- x. Statement of Issuer's Shariah Certification

FRACE approves the structure as being in conformity with the terms and conditions of a Master Forward Ijarah (Lease) Agreement, with provision for successive and progressive sale of the Sukuk assets predicated by the Master Purchase Undertaking..

FRACE also resolves that the Lagos State Forward Ijarah/Progressive Sale Sukuk may only be listed for trading on relevant exchanges, **after the commencement of the construction of the roads**. This is in order to create a pool of assets that could be freely traded, while avoiding the prohibition of dealing in interest-based transactions arising out of exchange of the same currency not at par.

We hereby certify the Sukuk is in conformity with established Shari'ah principles and issue this certification to confirm the same And Allah knows best.

1. Sheikh Shariff Ibrahim Saleh Al Husaini (Chairman)
2. Dr. Bashir Aliyu Umar (Deputy Chairman)
3. Prof. Abdul-Razzaq Abdul-Majeed Alaro (member)
4. Dr. Mohammed B. Arbouna (member)
5. Sheikh Abdullahi Garba U. Ogbede (member)
6. Prof. Dr. Mohamad Akram Laldin (member)
7. Prof. Usman Muhammad Shu'aib (member)



Dated this 29th Day of December 2022

11.2. Extract of Shari'ah Compliance Certificate from the Shari'ah Advisers



**PROPOSED LAGOS STATE GOVERNMENT NGN20BN FORWARD IJARAH SUKUK THROUGH THE LAGOS STATE
INFRASTRUCTURE SUKUK SPV PLC**

STATEMENT OF SHARI'AH CERTIFICATION BY THE SHARI'AH BOARD OF LOTUS FINANCIAL SERVICES LIMITED

Bismillahi Rahman Al Raheem.

Alhamdulillah Rabbil Aa'lamin, wassalatu wassalam a'la sayyidina Muhammad, wa 'ala ahlihi wa sahbihi ajma'in

The Shariah Board of Lotus Financial Services Limited has reviewed the following documents and contracts presented to the Board in connection with the proposed N20bn Forward Ijarah Sukuk issuance by the Lagos State Government of Nigeria.

1. Letter of Allocation;
2. Declaration of Trust;
3. Construction Agency Agreement;
4. Service Agency Agreement;
5. Forward Ijarah (Lease) Agreement;
6. Purchase undertaking; and
7. Sukuk Pricing Supplement

Following our review of the documents, we are of the view that the structure of the transaction and the documents presented to us are compatible with the principles of Islamic Shari'ah.

Basis of Our Opinion

Investment Sukuk

Investment sukuk are certificates of equal value representing undivided shares in ownership of assets, usufruct and services. Investment sukuk can be in the form of certificates of ownership of usufructs of described future assets associated with forward Ijarah contract.

Forward Ijarah

The four schools of Fiqh agree that it is permissible to contract on a usufruct of an asset that does not exist as long as this asset can be given a full contractual description and will physically exist in a definite future date. This is because Ijarah itself is a contract on a usufruct that will be utilised in the future and not at the time of contracting.

Advance Rental

The sukukholders may collect rental before the lease assets come into existence and the usufruct becomes available. However, such payment are advance rentals for the period when the usufruct is made at the disposal of the lessee after the asset will come into existence and are delivered to the lessee. If the asset does not come into existence before the maturity of the sukuk, such advance rent will not be deserved by the sukukholders and becomes noncompliant.

Purchase of Lease Asset by the Lessee

It is permissible for the Lessee in a forward ijarah sukuk to purchase the asset under lease in piecemeal during the life of the sukuk. The construction of the assets must have started before purchase commences. The Lessee shall cease to pay rental on any portion of the asset it purchased.

Undertaking to Purchase the Lease Asset

It is permissible for the Lessee to give a unilateral and irrevocable undertaking to purchase the Lease Asset in favor of the Lessor as a form of assurance to the Lessor. This undertaking is a promise (wa'ad) by the Lessor under the Shari'ah. Failure to fulfil the promise will entitle the sukukholders to full compensation.

Listing and Trading

It is permissible to list and trade in the sukuk after construction of the assets had physically commenced. Construction will transform the subscription of investors to asset and any trade conducted will represent transfer of the ownership interest in the asset.

Conclusion

Based on the foregoing, we provide this fatwah that the Lagos State Government may issue the sukuk through a Special Purpose Vehicle, lease the road to be constructed with the sukuk from the Special Purpose Vehicle which represents the sukukholders, pay advance rent to sukukholders before the roads come into existence, and purchase the constructed roads from the Special Purpose Vehicle gradually until the maturity of the sukuk in accordance with the aforementioned documents in the form reviewed by us.

And Allah knows best.

Issued this 21st of November 2022

Signed:

1. Professor Dr Monzer Kahf (Chairman)



2. Dr. Marjan Muhammad (Member)



11.3. Profile of the Shari'ah Advisers

Lotus Financial Services Limited

Lotus Financial Services Limited (“LFSL”) is a full-service Financial Advisory Services company, duly registered with the SEC as corporate investment advisers and issuing house. LFSL is a subsidiary of Lotus Capital Limited (Lotus) - an investment firm that has operated for over sixteen (16) years, which was set up with the specific objective of meeting the ethical investment needs of individuals, businesses, and organizations across West Africa. Lotus has acted as a financial adviser to the Federal Government of Nigeria on three (3) of its Sukuk issuances and was the Adviser to the Osun State Government on its debut Sukuk issuance in Nigeria. The Lotus Shari'ah Board also certified, as Shari'ah-compliant, the first non-interest real estate investment trust in the Nigeria, amongst other securities.

Lotus boasts of an extensive global network in the Islamic finance industry and has relationships with a broad range of resources from Shari'ah advisers, Islamic finance trade organizations, global standard-setting bodies, bankers, and multi-lateral agencies. Lotus is a member of the Islamic Finance Services Board (IFSB) and is considered the industry expert with local and practical hands-on experience in deploying non-interest products in Nigeria. Lotus was appointed as a consultant to the Technical Committee on Alternative Finance (TCAF), which has representatives from the CBN, the Infrastructure Concession Regulatory Commission (ICRC), the SEC, the Ministry of Justice and the Federal Mortgage Bank of Nigeria. Lotus has also facilitated capacity development programmes for the Debt Management Office, Pension Fund Operators Association of Nigeria and other organisations on non-interest finance.

Lotus has made indelible footprints in the Nigerian capital market over the past decade as a result of the support of an accomplished board, experienced management team and reputable Shari'ah advisory board which consists of:

Professor Dr. Monzer Kahf

Professor Monzer Kahf is the Chairman of Lotus Shari'ah Board and he has over 30 years of experience in Islamic finance, banking and economics. Presently, he is Professor of Islamic finance and Economics in the Ph.D. program of the School of Economic and Management, the Istanbul Zaim University, Istanbul, Turkey. He was a Professor of Islamic finance at the M.Sc. program in the Qatar Faculty of Islamic Studies and at the Yarmouk University in Jordan. He is also a chairman \ member of the Shari'ah Board of several Islamic financial institutions in Europe and Africa. Based in California, USA, Prof. Kahf is also a private consultant, professional trainer and lecturer, in Islamic banking, finance and economics.

Between 1985 to 1999, Prof. Kahf served as an Economist, Senior Economist and then, head of the Research Division of the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB), Jeddah, Saudi Arabia. He delivers professional training and consults for international and national banks, finance and investment institutions and specialists, legal advisors, etc. in Islamic finance, banking and economics across the USA, Canada, UK, Switzerland, Germany, Turkey, Egypt, South Africa, Trinidad and Tobago, Kuwait, United Arab Emirates, Bahrain, Iran, Malaysia Indonesia and Singapore.

Prof. Kahf also provides expert opinions to courts in disputes related to Islamic finance and has developed several training modules in Islamic banking and finance, Zakah, Trusts (Awqaf) and Islamic economics in general. In addition to his experience as a lecturer, he also served as a Professor of Islamic Economics and Banking in the graduate program of Islamic economics and banking, School of Shari'ah, Yarmouk University, Jordan. He has written 34 books and presented over 100 published articles (both in English and Arabic) on Trusts (Awqaf), Zakah, Islamic finance and banking and other areas of Islamic economics, in conferences and seminars across the world.

Prof. Kahf holds a Ph.D. in Economics from the University of Utah, Salt Lake City, Utah (1975), a High Diploma in Social and Economic Planning from, UN Institute of Planning, Damascus, Syria (1967) and also a B. A, Business from University of Damascus, Damascus, Syria, (1962) where he won the President of Syria Award for best University Graduating Student. He also received the Islamic Development Bank (IDB) Prize for Islamic Economics in 2001. He speaks English, Arabic and French.

Dr. Marjan Binti Muhammed

Dr. Marjan is a member of the Shari'ah Board of Lotus. She attended the International Islamic University Malaysia where she obtained her B.Sc. (Hons) degree in Islamic Revealed Knowledge and Heritage (Fiqh and Usul-l-Fiqh) in 1998. She had her M.Sc. and Ph.D. also in Islamic Revealed Knowledge and Heritage (Fiqh and Usul-l-Fiqh) in 2001 and 2005 respectively.

She has worked at the International Shari'ah Research Academy for Islamic Finance from 2013 to date, where she has held several roles ranging from Head of Research Quality Assurance Office, Senior Researcher, and currently Director of Research. She has tutored at the Faculty of Law and Shari'ah at the Universiti Sains Islam Malaysia, with specialization in issues of Ijtihad (Intellectual Reasoning), Islamic Jurisprudence (Usul al-Fiqh), Islamic Laws of Transaction (Fiqh al-Muamalat) and Islamic Criminal Laws (Fiqh al-Jinayah). She has also served on different Shari'ah boards, including MBSB Bank Berhad, RHB Islamic Berhad, Maybank Islamic Berhad, SME Bank Berhad, and she is currently on the Shari'ah board of Bank Negara Malaysia. Dr. Marjan has published articles in both international and local journals and has produced several research papers on Islamic finance.

12. DESCRIPTION OF THE ISSUE

Lagos State Government has established and registered its 4th (fourth) Programme - The ₦1,000,000,000,000.00 (One Trillion Naira) Debt and Hybrid Instruments Issuance Programme) by way of a Shelf Prospectus dated [●]. Further to this Programme, the State is embarking on the Series II issuance of up to ₦20,000,000,000.00 (Twenty Billion Naira) 7-Year [●]% Fixed Return Forward-Ijarah Lease Sukuk due 2030, through a special purpose vehicle, Lagos State Infrastructure Sukuk SPV Plc. The Series II Sukuk shall be constituted by the Series II Declaration of Trust.

SCHEDULE I - USE OF PROCEEDS

The estimated net issue proceeds of the Series II Sukuk - being ₦[19,547,835,500.00], following the deduction of the offer costs of ₦[452,164,500] representing [2.26]% of the gross issue proceeds - will be utilized for project below:

S/N	Ministries, Departments and Agencies (MDAs)	Project Description	Total Project Cost (₦)	Amount to be Funded from Sukuk (₦)	Estimated Completion Period	Current Completion Level (%)	% Funded by Series II Sukuk	Expected Completion Level after applying Sukuk Proceeds (%)
A	Ministry of Works and Infrastructure	Construction / Rehabilitation of 3.42km of the Awoyaya section of Eti-Osa / Lekki / Epe Expressway	19,547,835,500.00	19,547,835,500.00	Seven (7) Months	0%	100%	100%
	Sub-Total		19,547,835,500.00	19,547,835,500.00				
	Transaction Costs			452,164,500.00				
	Total		19,547,835,500.00	20,000,000,000.00				

The proceeds of the Series II Sukuk will be used to fund the construction of the Awoyaya section of Eti-Osa / Lekki / Epe Expressway. The construction of the Eti-Osa / Lekki / Epe Expressway will be in fulfilment of Lagos State's drive to improve the transportation sector. The 3.42km stretch of the El Section from Greensprings School to Bethel Church (Ch 16+710 to Ch 20+130) has been specifically set aside from the general rehabilitation of the expressway such that the proceeds of the Sukuk can be utilized for the scope of works on this section until its completion. **Proceeds received from the sukuk issuance would be used to construct the aforementioned Awoyaya section over an estimated period of seven (7) months²**, accordingly, ownership of the relevant section of the Eti-osa / Lekki / Epe Expressway lies with the Sukukholders. The Originator - Lagos State - will make rental payments based on a Master Forward Lease (Forward Ijarah) Agreement.

The Issuer will commence periodic rental payments to the Sukukholders [6] months after the Allotment Date. The rental payment to Sukukholders will commence prior to the delivery of the Lease Assets and use by Lagos State. These payments represent advance rental for the use of the Lease Assets when they become available. Lagos State as the Lessee has undertaken to gradually purchase portions of the Lease Assets from the Issuer until the Lease Assets are completely purchased at maturity of the Sukuk. In accordance with the Purchase Undertaking, the Lessee will commence the gradual purchase of the Lease Assets upon the expiration of the Moratorium Period.

² Refers to the estimated time of project completion from the date of disbursement from Sukuk proceeds.

SCHEDULE II - RENTAL PAYMENT SCHEDULE

PERIOD	RENTAL PAYMENT DATES	RENTAL (RM)	LENGTH RENTED ³ (M)	LOCATION ⁴
Payment 1	[●]	[●]	3,420	16+710-20+130
Payment 2	[●]	[●]	3,420	16+710-20+130
Payment 3	[●]	[●]	3,420	16+710-20+130
Payment 4	[●]	[●]	3,420	16+710-20+130
Payment 5	[●]	[●]	3,420	16+710-20+130
Payment 6	[●]	[●]	3,184	16+946-20+130
Payment 7	[●]	[●]	2,929	17+201-20+130
Payment 8	[●]	[●]	2,654	17+476-20+130
Payment 9	[●]	[●]	2,357	17+773-20+130
Payment 10	[●]	[●]	2,036	18+094-20+130
Payment 11	[●]	[●]	1,689	18+441-20+130
Payment 12	[●]	[●]	1,314	18+816-20+130
Payment 13	[●]	[●]	909	19+221-20+130
Payment 14	[●]	[●]	472	19+658-20+130
Total		[●]		

The table above indicates the semi-annual payments due to Sukukholders during the tenor of the Issue, reflecting the Rentals of [●]% per annum. During the Moratorium Period, Rental payments of RM[●] will be made semi-annually on each Rental Payment Date.

³ The figures will be updated subsequent to the book-building once a clearing rental rate has been determined

⁴ Same as above

SCHEDULE III - PURCHASE SCHEDULE

PERIOD	PAYMENT DATES	PURCHASE PRICES (₦)	PERCENTAGE TO PURCHASE ⁵	LENGTH TO PURCHASE (M) ⁶	LOCATION TO PURCHASE (CH) ⁷
Payment 1	[●]	0.00	0.0%	0	0
Payment 2	[●]	0.00	0.0%	0	0
Payment 3	[●]	0.00	0.0%	0	0
Payment 4	[●]	0.00	0.0%	0	0
Payment 5	[●]	[●]	6.9%	236	16+710-16+946
Payment 6	[●]	[●]	7.5%	255	16+946-17+201
Payment 7	[●]	[●]	8.1%	275	17+201-17+476
Payment 8	[●]	[●]	8.7%	297	17+476-17+773
Payment 9	[●]	[●]	9.4%	321	17+773-18+094
Payment 10	[●]	[●]	10.0%	347	18+094-18+441
Payment 11	[●]	[●]	11.0%	375	18+441-18+816
Payment 12	[●]	[●]	11.8%	405	18+816-19+221
Payment 13	[●]	[●]	12.8%	437	19+221-19+658
Payment 14	[●]	[●]	13.8%	472	19+658-20+130
+ Ownership Expense where applicable	[●]				
Total		20,000,000,000.00 (+ Ownership Expense where applicable)	100%	3420	

As indicated in the above table, after the Moratorium Period, the State will commence the gradual purchase of sections of the road. Following the expiration of the twenty-four (24) month Moratorium Period, the sum of ₦[●], representing both the Purchase Price and accruing Rental, will be paid semi-annually on each Rental Payment Date.

The State will appropriate the sum of ₦55,640,562.00 (Fifty-Five Million, Six Hundred and Forty Thousand, Five Hundred and Sixty-Two Naira Only) from the CDSA, immediately upon the issuance of the Series II Sukuk, for purposes of the payment of the Rentals under the Sukuk. The amount appropriated from the CDSA shall increase to ₦293,030,940.00 (Two Hundred and Ninety-Three Million, Thirty Thousand, Nine Hundred and Forty Naira Only), following the expiration of the Moratorium Period to cover the payment of the Purchase Price. This means that Rentals will be paid on the road only in the first two (2) years and Rentals will not be paid on any part of the road purchased after the moratorium period.

⁵ The figures will be updated subsequent to the book-building once a clearing rental rate has been determined

⁶ Same as above

⁷ Same as above

In addition, Lagos State has obtained an ISPO in the sum of ₦200,000,000.00 (Two Hundred Million Naira) monthly, for purposes of servicing the Rental obligations and payment of the Purchase Price under the Series II Sukuk. The ISPO will become effective immediately upon the issuance of the Series II Sukuk.

Thus, the total monthly appropriation into the Sinking Fund Account (from CDSA and ISPO) will be ₦255,640,562.00, which shall be increased to ₦493,030,940.00, following the expiration of a 24 (twenty-four) month Moratorium Period.

13. LAGOS STATE TRANSPORTATION LANDSCAPE

Lagos State has a territorial land area of 3,577km², with the lagoon and waterways in the city covering up to 22% of the city's land mass (787km²), making Lagos the smallest state in Nigeria by land mass. The State is a wetland with rain falling for 8 - 9 months in a year, and has a dominant swamp forest vegetation.

The population of the Lagos State was officially placed at 9.01 million during the last census conducted in 2006. However, with the population estimated to have grown to over 22 million, Lagos State has the highest urban population in Africa, and is the sixth (6th) largest city in the world, with an estimated population density of 6,150 residents per square kilometer - the highest of any city in Nigeria. The population of Lagos is projected to exceed 40 million by 2050.

While Nigeria's political capital is in Abuja, Lagos State identifies as Nigeria's economic, financial, and commercial nerve centre, and by extension a key hub in West Africa. With a GDP estimated at ₦26.587 trillion in 2021, Lagos accounts for 15.3% of the Nigeria's GDP, largely attributable to the dominant corporate activities, as well as the presence of the largest tech-cluster on the continent.

Lagos State, a megacity, is not free from the transportation challenges that come with its status. The underdeveloped nature of the city's waterways and rail system, ensures that road is the predominant means of transportation. Lagos is estimated to have a road network that extends to over 10,000 kilometers; a significant improvement from the 5,200 kilometers of road existing at the turn of the century. An estimated 1.6 million cars ply the roads daily on the city's road coverage of 2.8km per square kilometer, and 0.45 kilometers / 1,000 people, highlighting the need for immense improvement in the State's transportation infrastructure.

Accordingly, over the last two decades, Lagos State Government has been committed to delivering significant enhancements in the city's transportation infrastructure, including (but not limited to) developments along the Lekki-Epe Expressway, Lekki / Ikoyi Link Bridge, Pen Cinema Bridge, Agric Isawo Road, the International Airport Road, and the Regional and Ibeju Lekki-Epe Roads, together with over 10,000 kilometers of road networks, ramps and junction improvements across the city.

The visionary launch of the Lagos Metropolitan Area Transport Authority (LAMATA) by the State in 2002 relegated the highly fragmented, privately-owned, public transport system, most notably, the 14-seater yellow buses. The introduction of LAMATA emphasized the State's commitment to transforming the transportation system of the city and creating a world-class integrated transport system.

The State also launched the Lagos Strategic Transport Master Plan (LSTMP) in 2008; a blueprint for revamping the transportation system in the State. LSTMP served as a roadmap for Lagos State to modernize its transportation system with; 6 rail lines, 1 monorail, 14 Bus Rapid Transit (BRT) corridors, and 20 water routes. This plan also birthed the Lagos State Waterways Authority (LASWA), which led to the revitalization of the operations of the Lagos State Ferry Services Company (LFSC) to reopen the Lagos waterways. LASWA, established in 2008, is a resource hub for all marine matters, and is charged with monitoring and ensuring compliance of waterway operators.

As a direct impact of the dynamic leadership of the State, Lagos boasts over 550 Bus Rapid Transit (BRTs), with an average daily ridership of over 200,000 passengers. The BRT scheme is estimated to have transported over 350 million passengers in the last 7 years, relieving the overstretched transportation system of the State. One notable project that greatly eased the transportation flow in the State is the 13.65 kilometers Oshodi-Abule-Egba BRT corridor which was commissioned in August 2021 and boasts an e-ticketing system and modern bus stations.

Transportation remains a key pillar of Governor Babajide Sanwo-Olu's development agenda under T.H.E.M.E.S (Traffic Management and Transportation, Health and Environment, Education and Technology, Making Lagos a 21st Century Economy, Entertainment and Tourism, and Security and Governance).

14. NON-INTEREST FINANCE

Introduction

Although the modern practice of Non-Interest Finance is built on Islamic Commercial Jurisprudence, it also has universal principles which promote justice, fairness, and social good in financial transactions.

Non-interest Finance, has developed over time into a significant subset of the financial services industry, with global industry assets estimated at US\$3.06 trillion and reckoned to be growing at an annual rate of 17% as stated by the Islamic Finance Development Report (IFDI 2021).

The Non-interest banking sector is estimated to have grown by 6.5% in 2021 to US\$2.1 trillion according to the IFSI Stability Report 2022, hence representing 68.7% of industry assets. The banking segment continues to be systemically significant in 15 countries, with 80.2% of global non-interest banking assets concentrated in the top five jurisdictions in terms of assets, notably in Malaysia. The size of the non-interest banking assets is forecast to grow in the near term with increased digitalization of financial services, and merger and acquisition activities.

The non-interest capital market segment had an estimated size of US\$930.3 billion in 2021, accounting for 30.5% of global non-interest finance assets. The Sukuk sub-segment accounts for 83.4% of the non-interest capital market segment assets with an estimated value of US\$775.7 billion. Sukuk assets are estimated to have grown by 12.5% in 2021, supported by a stable global risk appetite and good external conditions. Notably, improvements in the issuing process and global acceptance for national and subnational issuances has also spurred major interest in corporate issuances.

The development recorded in the industry over the years has been supported by global standard setting bodies such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the OIC Fiqh Academy, and the Islamic Finance Services Board (IFSB) among others. Owing to these frameworks, Sukuk, the industry's most prominent instrument, has hence developed into a tool for financing significant infrastructure development around the world.

Sukuk Issuances around the World

Sukuk are, “certificates of equal value representing undivided shares in ownership of tangible assets, usufruct, and services or (in the ownership of) the assets of a particular project or a specific investment activity” as defined by AAOIFI.

According to the International Islamic Financial Market (IIFM) 2022 Report, the sukuk market has grown to become one of the fastest emerging alternative-finance instruments and is increasingly being used by governments, government-held entities, and corporations among others`.

Sovereign States have continuously tapped the Sukuk market to fund infrastructure projects, with sukuk issuances increasing every year for the last six years. With issuances rising by 4% to \$185.4 billion in 2021 according to the IFSI Stability Report 2022, Saudi Arabia maintained its 2020 status as the largest new issuer in the market. The Saudi government in a bid to diversify its budget deficit funding in 2017 launched a Sukuk Issuance Program, a move that has ramped up sukuk issuance in the country. Saudi Arabia hence accounted for 33.5% of global sukuk issuances (corporate and sovereign) in 2021, with Malaysia accounting for 25.7%.

With the appetite for non-interest instruments among ethically-conscious investors fueling the demand for sukuk, another key driver is the transparency that usually accompanies a sukuk issuance. This is further supported by the asset-linked nature of sukuk.

Select Sukuk issuances outside Nigeria

Issuer	Amount (US\$'mn)	Structure	Issue Date
The Republic of Senegal	541	Ijarah	2022
The Republic of Indonesia	3,000	Green Sukuk Al-Wakala	2021
Saudi Aramco Global	6,000	Ijarah / Murabaha hybrid	2021
Government of Malaysia	1,300	Wakala	2021
The Republic of Mali	285	Ijarah	2018
Africa Finance Corporation	100	Murabaha	2017
The Togolese Republic	251	Ijarah	2015
The Republic of Cote d'Ivoire	245	Ijarah	2015
World Bank	500	Murabaha	2014
Goldman Sachs	500	Wakala	2014
Saudi Electricity Company	1,250	Ijarah	2012

Non-Interest Finance in Nigeria

Non-Interest Finance has gained significant acceptance in local climate with supportive regulations and policies from the Central Bank of Nigeria, Securities and Exchange Commission, National Pension Commission, and National Insurance Commission among other primary industry regulators. Origin of Non-Interest Finance in Nigeria can be traced back to 1991, with the CBN's prescription of the Banks and Other Financial Institutions Act (BOFIA), a move aimed at increasing the resilience of Nigeria's financial system.

Nigeria trails peers in the non-interest finance space, with the market still in its infancy, it was valued at US\$2.30 billion at the end of 2021, representing 0.52% of the nation's GDP in the period. Nigeria's non-interest finance assets hence account for just 0.08% of the market's global assets, ranking 13th on the Islamic Finance Development Indicator in 2021.

Since the passage of BOFIA in 1991, industry participants have sought to develop the non-interest space in Nigeria, while enjoying strong support from regulators. On the capital market segment, Lotus Capital launched the first non-interest mutual fund in the country in 2008. This development opened up the space as more ethical funds followed suit. With growing interest in non-interest instruments, regulatory role became a key requirement for development of the market, nudging SEC to launch its 10-year Non-Interest Capital Market Master Plan in 2015. This master plan was aimed at creating a framework for boosting the development of the non-interest capital market in Nigeria. As at 2022, there are 10 ethical non-interest funds with assets in excess of ₦35 billion.

In 2011, the non-interest banking sector in Nigeria also took shape as the CBN licensed Jaiz to become the first Non-Interest Bank in Nigeria, with Stanbic IBTC getting a license to operate a non-interest banking window. Non-Interest Banking assets were estimated to have grown to US\$732 million at the end of 2021, with non interest banking becoming a significant part of the Nigerian banking ecosystem. The non-interest banking market has grown to include three full-fledged non-interest banks and two conventional banks with non-interest banking windows. The CBN has continued to maintain a primary role in the development of non-interest finance in Nigeria through its Financial Regulation Advisory Council of Experts (FRACE) which is charged with advising the apex regulator on matters relating to Islamic Commercial Jurisprudence.

To tap into the growth recorded in the non-interest finance sector, NAICOM licensed Noor Takaful in 2016 as the first non-interest insurance company in Nigeria. The non-interest insurance sub-sector has since 2016 experienced modest growth, with four licensed Takaful – non-interest insurance – companies as at 2022. In furtherance to that, in 2019, PENCOT released guidelines for ethical non-interest finance pension fund in line with the growing appetite for the product among pension contributors. This created the framework for the Pension Fund VI that was subsequently created by Pension Fund Administrators. This fund aimed at investing Pension assets of interested contributors in non-interest ethical assets.

With all the advancements recorded in non-interest finance in Nigeria, Sukuk continues to be the most important non-interest finance instrument in the country, with the first sukuk issuance in Nigeria in 2013 by the Osun State government which was structured by Lotus Financial Services Limited setting the scene for an alternative source of project funding.

Sukuk Issuances in Nigeria

Following the enactment of regulations on sukuk issuance by the Securities and Exchange Commission in 2013 - which was in response to an identifiable need and demand for the non-interest financing instrument - the Sukuk market in Nigeria took-off as the first sukuk issuance in the country by the Osun State Government followed in the same year. The state approached the sukuk market with a ₦10 billion sukuk issuance to finance the construction of schools in the state. This offer was oversubscribed by 1.14x.

The Federal Government of Nigeria, recognizing the significant demand for the non-interest instrument among the investing public subsequently issued the first sovereign sukuk in the country in 2017. This issuance with ₦100 billion on offer had a demand of ₦105 billion. To-date the Federal Government has issued four sukuk, raising a total of ₦612 billion from the non-interest market for infrastructure projects. The transparency in use of issuance proceeds that comes with sukuk - with the projects the proceeds are invested in being there for investors to see - led to increased demand in subsequent sukuk issuances, with the second, third, and fourth federal government issuances recording a 1.32x, 5.46x, and 4.46x oversubscriptions respectively.

Sovereign and SEC-Registered Sub-national Sukuk Issued in Nigeria

Issue	Issuance Year	Offer (₦'bn)	Bid (₦'bn)	Amount Raised (₦'bn)	Tenor (Years)
Osun State Sukuk	2013	10.00	11.40	11.40	7
FGN Sukuk 2024	2017	100.00	105.00	100.00	7
FGN Sukuk 2025	2018	100.00	132.00	100.00	7
FGN Sukuk 2027	2020	150.00	669.00	162.56	7
FGN Sukuk 2031	2021	250.00	865.00	250.00	10

Asides the sovereign and sub-sovereign sukuk issuances, we have also witnessed a growing interest among corporate organizations in the non-interest debt market, using sukuk as an alternative source of funding for capital projects. Family Homes made history by issuing the first public corporate sukuk. The company raised a cumulative ₦30 billion in two tranches running from 2021 to 2022 with a seven year 13% ijarah, as the first tranche of ₦10 billion recorded a 2.1x oversubscription. Shortly after the Family Homes issuance, One Watt Solar set another milestone by issuing the first Green Sukuk in Nigeria, raising ₦1 billion on a seven-year instrument in 2021. It also bears mentioning that there has been a myriad of private sukuk issuances from both sub-sovereign and corporate organizations, with some issuers electing to do a private raise. This attests to the diverse use of the non-interest instrument and increased adoption of the product among issuers and investors alike.

In Nigeria, the most common type of sukuk is the Sukuk Al-Ijarah (Lease Contract), with only recent issuances of Sukuk Al-Murabaha (Cost Plus Contract), and Sukuk Al-Mudaraba (Partnership Contract). Nevertheless, there is a good likelihood of other forms of sukuk in the Nigerian non-interest finance market, especially in the face of growing demand for sukuk in the country.

Sukuk Standards and Regulation in Nigeria

The Securities and Exchange Commission maintains a rich framework for public sukuk issuances in the country. This framework is built on the success recorded by the CBN's Financial Regulation Advisory Council of Experts (FRACE). Most local regulations take guidance from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Islamic Financial Services Board (IFSB), as well as the OIC Fiqh Academy among others.

Asides the Central Bank of Nigeria and Securities and Exchange Commission, other regulators continue to build regulatory framework and monitor compliance of industry participants. Notable among them are the National Insurance Commission and the National Pension Commission. The Nigerian Exchange Limited (NGX) and FMDQ Securities Exchange have also created frameworks for public listing of Sukuk.

15. TAX CONSIDERATIONS

The summary below does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective investor in the Series II Sukuk. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attached to a subscription or purchase of the Series II Sukuk. Tax considerations that may be relevant to a decision to acquire, hold or dispose of the Series II Sukuk and the tax consequences applicable to each actual or prospective purchaser of the Series II Sukuk may vary. Any actual or prospective purchaser of the Series II Sukuk who intends to ascertain his/her tax position should seek independent professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Series II Sukuk, bearing in mind his/her peculiarities.

Neither the Issuer nor the Originator nor their advisers shall be liable to any subscriber or purchaser of the Series II Sukuk in any manner for placing reliance upon the contents of this section. Except as otherwise indicated, this summary only addresses Nigerian tax legislation, as in effect and in force at the date hereof, as interpreted and applied by the courts or tax authorities in Nigeria, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Pursuant to the Non-Interest Finance (Taxation) Regulations No 77 of 2022, the returns earned from Sukuk will be treated in the same manner as interest earned on bonds by the tax authorities. Thus, profit payments made to Sukukholders are subject to withholding tax at the applicable rate of 10%. Note however, that such payment is deemed to be franked investment income and should not suffer any further tax incidence. This implies that, this income will be treated as tax exempt income in the record of the Sukukholder since they have been subject to tax at source.

By virtue of the Finance Act, 2020 which expressly excludes securities from the definition of goods under the VAT Act, the proceeds realized from a disposal of the Sukuk will not be liable to VAT. However, commissions payable to the CSD for stock exchange transactions will be subject to VAT following the expiration of the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014.

Furthermore, by virtue of the Personal Income Tax (Amendment) Act 2011, securities issued by State Governments are generally exempt from personal income tax (PIT). However following the expiration of the exemption granted by the Minister of Finance under a Notice titled the Personal Income Tax Exemption of Holders of Bonds and Short-Term Government Securities Notice (dated 2 January 2012) and further to a Notice by the State titled Payment of Personal Income Tax on Profit from Bonds and Short-Term Government Securities (dated 28th June 2022), PIT is now applicable on income derived and interest earned by individuals and non-limited liability entities resident in Lagos State from bonds and short-term securities in accordance with the Personal Income Tax (Amendment) Act 2004 with effect from January 2, 2022, except for securities issued by the Federal Government of Nigeria.

The Capital Gains Tax Act, Chapter C1 LFN 2004 (as amended) ("CGT Act") provides that any gain paid, used or enjoyed in or in any manner or form transmitted or brought to Nigeria shall be treated as being derived from Nigeria for the purposes of the CGT Act. However, by virtue of the Finance Act 2021, there is no capital gains tax payable upon the disposal of any Nigerian government securities.

16. SUKUK - SPECIFIC RISK FACTORS

Investors should carefully consider all the information in this Pricing Supplement, including the following risk factors, and any other risk factors that may be set out in the Shelf Prospectus on page [48] to [54], before deciding to invest in the Series II Sukuk. Neither the Issuer, Originator nor the Issuing House(s) or any of the advisers involved with the issuance of the Series II Sukuk are in a position to express a view on the likelihood of any risk occurring. Investors should also consult with an independent financial adviser before investing. The risks described below and in the Shelf Prospectus are not exhaustive and may change from time to time; the Issuer and Originator disclaims any responsibility for advising prospective investors of such risks. Any of the following risks or the risk in the Shelf Prospectus as it relates to the State could result in a material adverse effect on the Issuer and/or Originator's financial condition, results of operations and ability to service obligations, including the Series II Sukuk. Additional risks and uncertainties not currently known or currently considered immaterial may also materially and adversely affect the Issuer and/or Originator. This Pricing Supplement is based upon current legislation and tax practice and any changes in the legislation or in the levels and bases of, and reliefs from, taxation may affect the value of the investment. The risk factors listed under a single heading may not provide a comprehensive view of all risks relevant to the subject to which the heading relates. In addition, the risk factors described below are not ordered by reference to materiality or importance to the Issuer and/or Originator's financial condition, results of operations and ability to service obligations, including the Series II Sukuk.

16.1. Risks related to the Issuer / Trustee

The Issuer / Trustee is a special purpose vehicle with no material assets and will depend on receipt of payments from the State to make payments to Sukukholders. The Issuer/Trustee is incorporated under the laws of the Federal Republic of Nigeria as a public limited liability company. The Issuer/Trustee will not engage, in any business activity other than the issuance of the Series II Sukuk and the acquisition of Trust Assets as described herein, acting in the capacity as Trustee. The Issuer/Trustee's only material assets, which will be held on trust for Sukukholders, will be the Trust Assets in respect of the Certificates issued, including the obligation of the State to make payments to it under the Transaction Documents. Therefore, the Issuer/Trustee is subject to the same risks that affect the State to the extent that those risks limit the State's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents. The ability of the Issuer/Trustee to pay amounts due on Certificates is dependent upon receipt by the Issuer/Trustee from the State of amounts to be paid pursuant to the relevant Transaction Documents, which may not be sufficient to meet all claims under the Certificates and the relevant Transaction Documents.

16.2. The Certificates are limited recourse obligations of the Issuer/ Trustee

The Certificates are not debt obligations of the Issuer/Trustee, instead, each Certificate represents an undivided ownership interest in the Trust Assets. Recourse to the Issuer/Trustee is limited to the Trust Assets and the proceeds of the Trust Assets are the sole source of payments on the Certificates. Upon the occurrence of an Event of Default, the sole rights of the Issuer/Trustee and/or the Delegate Trustees (acting on behalf of the Sukukholders) will be against the Originator to perform its obligations under the Transaction Documents. Sukukholders will have no recourse to any assets of the Issuer/ Trustee (other than the Trust Assets), the Delegate Trustees, or (to the extent that it fulfils all of its obligations under the Transaction Documents) the Originator in respect of any shortfall in the expected amounts due on the Certificates. Sukukholders will also not be able to petition for, institute or join any other person in, instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Issuer /Trustee, the Delegate Trustees, the Originator or any of their respective directors, officers, employees or agents as a consequence of any shortfall or otherwise.

The Originator is obliged to make certain payments under the Transaction Documents directly to the Delegate Trustees or the Issuer Trustee, and the Delegate Trustees will have direct recourse against the Originator to recover such payments due under the Transaction Documents. After enforcing or realising the rights in respect of the Trust Assets and distributing the net proceeds of such Trust Assets in accordance with the relevant Transaction Documents, the obligations of the Delegate Trustees in respect of the Certificates shall be satisfied, neither the Delegate Trustee nor any Sukukholder may take any further steps against the Issuer /Trustee or the Originator to recover any further sums in respect of the Certificates and the right to receive any such sums unpaid shall be extinguished.

Furthermore, under no circumstances shall the Delegate Trustees or any Sukukholder have any right to cause the sale or other disposition of any of the Trust Assets other than as contemplated in the Transaction Documents. The sole right of the Sukukholders against the Issuer/Trustee and the Originator shall be to enforce their obligations under the Transaction Documents.

16.3. Shari'ah non-compliance risk

While the Sukuk is to remain Shari'ah compliant at all times until maturity, there are however different views in Islamic commercial jurisprudence which could mean that the Sukuk may be considered Shari'ah compliant to some and not others. The Sukuk is structured by Shariah advisers with expertise in Islamic finance, under the guidance of their Shari'ah board in conformity with regulatory guidelines.

The structure adopted for the Sukuk is in compliance with international standards prescribed by bodies such as the Council of the Islamic Fiqh Academy of the Organization of Islamic Conference (OIC), Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Islamic Financial Services Board (IFSB) and the Institute of Islamic Liquidity Management (IILM). The Shari'ah Advisory Board of Lotus Financial Services Limited and Financial Regulation Advisory Council of Experts have each issued a ruling in respect of the Certificates and the related structure and mechanism described in the Transaction Documents and their compliance with Shari'ah principles. However, a ruling is only an expression of the view of the relevant Shari'ah advisory board based on its experience in the subject and is not a binding opinion. There can be no assurance as to the Shari'ah permissibility of the structure or the issue and the trading of the Certificates will be deemed to be Shari'ah compliant by any other Shari'ah board or scholars.

None of the Originator, the Issuer/Trustee, the Issuing Houses, other professional advisers on the transaction, or the Delegate Trustees makes any representation as to the Shari'ah compliance of the Series II Sukuk and Qualified Investors are reminded that, as with any Shari'ah views, differences in opinion are possible. Potential investors should obtain their own independent Shari'ah advice as to whether the Transaction Documents and any issue of Certificates will meet their individual standards of compliance and should also make their own determination as to the future tradability of the Certificates on any secondary market. Questions as to the Shari'ah permissibility of the Transaction Documents or the tradability of the Certificates may limit the liquidity and adversely affect the market value of the Certificates.

16.4. Changes in regulations may affect the Sukuk

Sukuk are governed by the laws of the Federal Republic of Nigeria and applicable Islamic law of commercial transactions, and are issued based on the existing legal framework as at the date of this Pricing Supplement. The State has, to the extent necessary, obtained regulatory clarification from relevant fiscal and monetary authorities as regards the status of the Sukuk. However, there are no precedents on how the laws would be applied by the courts.

It is equally possible that there would be future changes in Nigerian law, administrative practices or judicial decisions; the impact of which may not be quantifiable or predetermined at present. Nevertheless, Nigerian securities laws have been generally stable in the last decade and a material change that may affect the Sukuk appears unlikely, although there is no assurance that this will continue to be the case throughout the tenor of the Sukuk.

16.5. Rate of Return Risk

Although the Sukuk has a fixed rate of return based on the rental income due on the Lease Assets, changes in conventional interest rates may adversely affect the price of the Sukuk on the relevant exchanges. In a high interest rate environment, investors seeking a yield higher than the fixed rate on the Sukuk will offer a lower price on the relevant stock or securities exchange. Consequently, the yield on the Sukuk may fall below the rate unless the Sukuk is held until maturity.

16.6. A secondary market may not develop or be maintained for the Certificates

There is no assurance that a secondary market for the Certificates will develop or, if it does develop, that it will provide the Sukukholders with liquidity of investment or that it will continue for the life of the Certificates. Therefore, Qualified Investors may not be able to sell their Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Furthermore, the State and its related entities are not restricted from purchasing the Certificates. The secondary market liquidity of the Certificates may be adversely affected if, and to the extent that, they intend to adopt a buy and hold strategy in respect of the Certificates. Accordingly, the purchase of the Certificates is suitable only for investors who can bear the risks associated with a lack of liquidity in the Certificates and the financial and other risks associated with an investment in the Certificates.

16.7. Risk factors relating to the Allocated Lands

No investigation or enquiry will be made and no due diligence will be conducted in respect of any Allocated Lands whereupon the Lease Assets are constructed. Only limited representations will be obtained from the State in respect of the Allocated Lands.

16.8. Default and Enforcement Risk

This Pricing Supplement has provisions for the termination of the Certificates in the event of a default by the Originator. If the State fails to pay the rentals on the Master Forward Lease (Ijarah) Agreement, the Sukukholders can exercise the right to nullify the contract and enforce the provisions of the Purchase Undertaking or institute an action against the State enforce its obligations which could be time consuming and costly. Furthermore, if the Obligor fails to pay the purchase/principal amount, the Sukukholders can exercise the right to take legal action and force the Obligor to buy the Lease Assets.

In the event that the State fails to perform its obligations under the Purchase Undertaking Deed or the relevant Transaction Documents, then the potential remedies available to the relevant Trustee(s) include obtaining an order for specific performance of the State's obligations or a claim for damages. There is no assurance that a court will provide an order for specific performance which is a discretionary matter. No assurance is provided on the level of damages which a court may award in the event of a failure by the State to perform its obligations set out in the Purchase Undertaking, the Master Forward Lease (Ijarah) Agreement and the other Transaction Documents to which it is a party.

16.9. Risk factors relating to the Lease Assets

The proceeds of the Sukuk will be used to construct/rehabilitate the Road, which will be leased to Lagos State. The Issuer, on behalf of the Sukukholders, is responsible for ensuring that the Road is built. The Issuer as Lessor of the Roads will also be responsible for its major maintenance and has employed the State as its Service Agent to undertake this activity. The State as Service Agent will be reimbursed for any expenses related to the service from the amounts raised by the Issuer through the sale of the Lease Assets. As a result, there is a risk that the Sukukholders will receive less than the Dissolution Distribution Amount due to the reimbursement to the Service Agent if this is not recovered from the sale of the Lease Assets at maturity. In addition, if the Contractors fail to construct/rehabilitate the Road, the legitimacy of the rent paid to Sukukholders will be compromised. The Delegate Trustees will therefore engage the services of a project monitoring consultant to supervise the road construction/rehabilitation, and contractors will be paid based on milestones. This is also another risk that the sukukholders will bear.

APPENDIX I - SCHEDULE OF ORIGINATOR'S ASSETS

S/N	Project Name	Location	Length (m)	Budget Amount (₦)	Scope of Work	Contractor Name
1	Eti Osa / Lekki / Epe Expressway	Awoyaya Section	3,420	19,547,241,250.00	up to pavement finishes	Craneburg Construction Co. Limited
	Total			19,547,835,500.00		

APPENDIX II - AUTHORISATION OF THE SERIES II SUKUK

Extract of the Lagos State Infrastructure Sukuk SPV Plc Shareholder Resolution

LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT 2020
PUBLIC COMPANY LIMITED BY SHARES
RESOLUTION OF THE SHAREHOLDERS OF
LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC
RC No: 2001093

At the Extra-ordinary Meeting of the Shareholders of Lagos State Infrastructure Sukuk SPV Plc (the "Company") duly convened and held at 5 ASSBIFI Road, Central Business District, Alausa, Ikeja, Lagos, Nigeria on November 18, 2022 the following resolutions were proposed and duly passed:

1. "That the Company be and is hereby authorized to raise capital of up to ₦20,000,000,000.00 (Twenty Billion Naira) (Sukuk Issue Size) through the issuance of forward lease ijarah sukuk ("Sukuk") in compliance with Shari'ah principles, and on such terms, conditions and prices as may be approved by the Lagos State Government ("Originator");
2. That subject to the approval of the Securities and Exchange Commission (SEC), the Company is hereby authorized to take up excess funds, in an amount not exceeding 15% of the value of the Sukuk Issue Size or such other maximum limit approved by the SEC in the event of an over-subscription; and to issue Sukuk corresponding to such increased amount to the relevant subscribers, on the same terms and conditions;
3. That any two (2) Directors of the Company, for the time being, one of which shall be a representative of the Originator or where a representative of the Originator is unavailable, any two (2) Directors of the Company (each an "Authorized Signatory"), be and are hereby authorized to do all acts necessary to give effect to the above resolution and to negotiate, finalize, execute, sign and deliver on behalf of the Company, all such documents, agreements, notices and other documents (together with such amendments) as may be necessary or incidental to the Sukuk, including but not limited to the:
 - a. Declaration of Trust Deed
 - b. Forward Ijarah (Lease) Agreement
 - c. Construction Agency Agreement
 - d. Service Agency Agreement
 - e. Purchase Undertaking
4. That each Authorized Signatory be and is hereby authorised to take such further actions and perform or do all such other acts or things in connection with the issuance of the Sukuk and to give effect to the above resolution."

Dated this 18th day of November 2022

NAME:
DIRECTOR

NAME:
DIRECTOR/SECRETARY

PRINCE ABDUL-MUJIB
ADETOKUNBO MUMUNI
Legal Practitioner & Notary Public
28, Joseph Str, Lagos Island



Extract of the Lagos State Infrastructure Sukuk SPV Plc Board Resolution

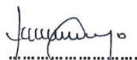
LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

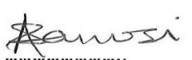
THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT 2020
PUBLIC COMPANY LIMITED BY SHARES
RESOLUTION OF THE BOARD OF DIRECTORS OF
LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC
RC No: 2001093

At the Meeting of the Board of Directors of Lagos State Infrastructure Sukuk SPV Plc (the "Company") which was duly convened and held at 5 ASSBIFI Road, Central Business District, Alausa, Ikeja, Lagos on November 18, 2022 the following resolutions were proposed and duly passed:

1. "That, subject to obtaining all requisite approvals from applicable regulatory authorities, the Company be and is hereby authorized to raise capital of up to ₦20,000,000,000.00 (Twenty Billion Naira) (Sukuk Issue Size) through the issuance of forward lease Ijarah sukuk ("Sukuk") in compliance with Shari'ah principles, and on such terms, conditions and prices as may be approved by the Lagos State Government ("Originator");
2. That subject to the approval of the Securities and Exchange Commission (SEC), the Company is hereby authorized to take up excess funds, in an amount not exceeding 15% of the value of the Sukuk Issue Size or such other maximum limit approved by the SEC in the event of an over-subscription; and to issue Sukuk corresponding to such increased amount to the relevant subscribers, on the same terms and conditions;
3. That any two (2) Directors of the Company, for the time being, one of which shall be a representative of the Originator or where a representative of the Originator is unavailable, any two (2) Directors of the Company (each an "Authorized Signatory"), be and are hereby authorized to do all acts necessary to give effect to the above resolution and to negotiate, finalize, execute, sign and deliver on behalf of the Company, all such documents, agreements, notices and other documents (together with such amendments) as may be necessary or incidental to the issuance of the Sukuk, including but not limited to the:
 - a. Declaration of Trust Deed
 - b. Forward Ijarah (Lease) Agreement
 - c. Construction Agency Agreement
 - d. Service Agency Agreement
 - e. Purchase Undertaking Deed.
4. That each Authorised Signatory be and is hereby authorised to take such further actions and perform or do all such other acts or things in connection with the issuance of the Sukuk and to give effect to the above resolution."

Dated this 18th day of November 2022


DIRECTOR
FUNMI EKUNDAYO


DIRECTOR
ALAKE SANUSI


PRINCE ABDUL-MUJIB
ADETOKUNBO MUMUNI
Legal Practitioner & Notary Public
28, Joseph Str, Lagos Island



Extract of the Lagos State Executive Council Resolution



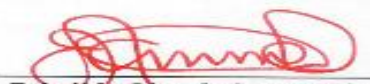
LAGOS STATE GOVERNMENT ("LAGOS STATE" or "THE STATE")

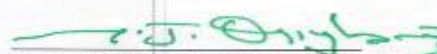
ESTABLISHMENT OF A N1,000,000,000,000 DEBT AND HYBRID INSTRUMENTS ISSUANCE PROGRAMME ("DAHI ISSUANCE PROGRAMME") AND THE ISSUANCE OF SERIES 1, SERIES 2 AND SERIES 3 INSTRUMENTS THEREUNDER

RESOLUTION OF THE LAGOS STATE EXECUTIVE COUNCIL

At a meeting of the Executive Council ("the EXCO") of the Lagos State Government ("the State") held at The Council Chambers, Lagos House, Alausa on the 15th day of June, 2022, the following were duly passed as resolutions of the EXCO:

1. Pursuant to Section 9 of the Bonds, Notes and other Securities Law 2008 of Lagos State ("the Law"), the State through its Debt Management Office be and is hereby authorised to raise additional funding by the establishment of a Debt and Hybrid Instruments Issuance Programme in an amount of N1,000,000,000,000.00 (One Trillion Naira) ("the DAHI Issuance Programme") for the issuance of sukuk through the creation of a special purpose vehicle or as may be otherwise required, investment certificates, bonds, green bonds or other debt, debt-linked, credit-linked, currency linked instruments whether redeemable, senior, secured, unsecured, preferred by way of public offering, book build, private placement at such dates and times and on such terms and conditions, and in compliance with applicable laws and regulations, subject to obtaining the approvals of the relevant regulatory authorities.
2. Pursuant to resolution 1 above, the State through its Debt Management Office be and is hereby authorised to issue instruments - up to an aggregate value of N134,815,000,000.00 (One Hundred and Thirty-Four Billion Eight Hundred and Fifteen Million Naira) ("the Series 1, Series 2 and Series 3 Issuances") under the DAHI Issuance Programme, whether by way of public offering, private placement, rights offering, book building process or other methods or combination of methods, in such tranches, or proportions, at such coupons or interest rates within such maturity periods or such other method(s) as may be determined by the Honourable Commissioner for Finance and the State's Financial Adviser/Issuing House and approved by the relevant regulatory authorities;
3. The specific value of the following Series to be issued under the DAHI Issuance Programme will be determined following the completion of the issuance process:
 - Series 1 Bonds
 - Series 2 Sukuk
 - Series 3 Green Bonds
4. That subject to the approval of the regulatory authorities, the State be is hereby authorized to absorb excess monies arising from the respective Series 1, Series 2 and Series 3 Issuances in the event of an over-subscription up to the maximum limit prescribed under applicable regulations.
5. The Financial Adviser/Lead Issuing House - Chapel Hill Denham - be and are hereby designated as being primarily responsible for the Series 1, Series 2 and Series 3 Issuances and the building of the Order Book for the respective issuances, in the event that a book build is undertaken.
6. His Excellency (The Governor), the Honourable Commissioner for Finance and the Honourable Commissioner for Justice/Attorney-General of Lagos State be and are hereby authorised to approve, sign and/or execute all documents.
7. The Honourable Commissioner for Finance be and is hereby authorized to appoint such professional parties and advisers, as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of the applicable regulatory authorities.


Babajide Olusola Sanwo-Olu
Governor


Moyosore Onigbanjo (SAN)
Attorney-General

Dated this 09th day of Sept, 2022

Extract of the Addendum to Lagos State Executive Council Resolution



LAGOS STATE GOVERNMENT ("LAGOS STATE" or THE "STATE")

ESTABLISHMENT OF A ₦1,000,000,000,000 DEBT AND HYBRID INSTRUMENTS ISSUANCE PROGRAMME ("DAHI ISSUANCE PROGRAMME") AND THE ISSUANCE OF SERIES 1, SERIES 2, AND SERIES 3 INSTRUMENTS THEREUNDER

ADDENDUM TO THE RESOLUTION OF THE LAGOS STATE EXECUTIVE COUNCIL PASSED 15th DAY OF JUNE 2022

1. Whereas at the meeting of the Executive Council (the "EXCO") of the Lagos State Government (the "State") held at The Council Chambers, Lagos House, Alausa on the 15th day of June 2022, the Exco passed a resolution to establish the ₦1,000,000,000,000 Debt and Hybrid Instrument Programme and the issuance of Series 1, Series 2 and Series 3 of the Instrument.
2. Whereas the EXCO passed a resolution designating Chapel Hill Denham Ltd as the Financial Adviser/Lead Issuing House being primarily responsible for Series 1, Series 2 and Series 3 of the Programme and the building of the Order Book for the respective issuances, in the event that a book build is undertaken.
3. The EXCO wishes to designate Lotus Financial Services Limited as the Lead Issuing House and Shariah Adviser for Series 2 of the Programme (the "Sukuk").

The EXCO hereby resolves at its meeting of 30th day of January 2023 as follows:

1. Chapel Hill Denham Ltd is designated as the Financial Adviser/Lead Issuing House for the Series 1 and Series 3 issuances of the Programme and shall be primarily responsible for building the Order Book for Series 1 and Series 3 issuances, in the event that a book build is undertaken.
2. Lotus Financial Services Limited is designated as the Lead Issuing House/Shariah Adviser for the Series 2 Sukuk and shall be primarily responsible for building the Order Book for the Series 2 Sukuk, in the event that a book build is undertaken.
3. Any or all of the Series of the Programme may be issued in any order or concurrently.

Dated this 22nd of February 2023

A red ink signature of Babajide Olusola Sanwo-Olu.

Babajide Olusola Sanwo-Olu
Governor

A green ink signature of Moyosore Onigbanjo (SAN).

Moyosore Onigbanjo (SAN)
Attorney-General



LAGOS STATE GOVERNMENT



LAGOS STATE
HOUSE OF ASSEMBLY

LSHA/LM/C/49/VOL.II/582

7th October, 2022

The Commissioner,
Ministry of Finance,
The Secretariat,
Alausa,
Lagos.

**RESOLUTIONS OF THE LAGOS STATE HOUSE OF ASSEMBLY ON THE
ESTABLISHMENT OF A N1,000,000,000,000.00 (ONE TRILLION NAIRA)
DEBT AND HYBRID INSTRUMENTS ISSUANCE PROGRAMME BY THE
LAGOS STATE GOVERNMENT**

1. The Lagos State House of Assembly (the "House of Assembly") at its sitting of **Tuesday, 4th October, 2022** duly considered the request of the Lagos State Government ("the State") with respect to the establishment of a **N1,000,000,000,000.00 (One Trillion Naira)** Debt and Hybrid Instruments Issuance Programme, and unanimously passed the under-listed Resolutions to the effect that:
 - a) "subject to the approval of the State Executive Council (EXCO), the State be and is hereby authorised to raise additional funding by the establishment of an up to **N1,000,000,000,000.00 (One Trillion Naira)** Debt and Hybrid Instruments Issuance Programme for the issuance of sukuk through the creation of a special purpose vehicle or as may be otherwise required, investment certificates, bonds, green bonds or other debt, debt-linked, credit-linked, currency linked instruments whether redeemable, senior, secured, unsecured, preferred or other types of securities by way of a public offering, book build, private placement or such other method(s) as may be approved by the relevant regulatory authorities; at such time and upon such terms and conditions including the price/coupon/return/rental rate as may be agreed with the Commissioner for Finance upon the advice of the State's Financial Advisers ("the DAHI Issuance Programme");
 - b) the EXCO be and is hereby authorised to submit the requisite documents, as may be required from time to time and deemed appropriate for the purpose of effecting issuances under the DAHI Issuance Programme, and obtaining the requisite Irrevocable Standing Payment Order (ISPO), for purposes of securing the State's repayment of the proceeds from Instruments issued under the said DAHI Issuance Programme;
 - c) the EXCO shall have the power to delegate such functions and duties as deemed appropriate to qualified persons, for purposes of issuances under the DAHI Issuance Programme, subject to such supervision and review as may be prescribed by the EXCO;
 - d) that the State be and is hereby authorised to enter into all such agreements deeds, notices and other documents, appoint such professional parties and advisers, perform all such other acts and do all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any applicable regulatory authority; and
 - e) the foregoing Resolutions be transmitted to the relevant regulatory authorities, including the Securities & Exchange Commission for purposes of securing all required approvals for the said DAHI Issuance Programme and issuances thereunder."
2. The foregoing Resolutions are hereby forwarded to you for your information and further action, please.
3. Please accept my best regards for your esteemed person and Office.


O.B. Onafeko
Clerk of the House

Office of the Clerk to the House, House of Assembly Complex, Alausa, Ikeja.
Tel: 07053939165, 07068799881 E-mail: clerk.lsha@lagoshouseofassembly.gov.ng Website: www.lagoshouseofassembly.gov.ng

**FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT, 2020
COMPANIES LIMITED BY SHARES
MEMORANDUM OF ASSOCIATION
OF**

LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

1. The name of the Company is: **LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC**
2. The Registered office of the Company will be situated in Nigeria.
3. The objects for which the Company is established are:
 - A. Raise Capital Through The Issuance Of Sukuks And Other Similar Instruments For The Financing Of Selected Projects.
 - B. Purchase, Acquire, Lease Any Land, Building, Structure, Or Other Assets In Any Lawful Manner.
 - C. Sell Or Dispose Of Any Land, Building, Structure Or Any Other Asset.
 - D. Maintain, Construct, Refurbish, Remodel, Or Otherwise Improve Any Structure Or Building Or Other Infrastructure Or Amenities In Any Manner Whatsoever.
 - E. Do All Other Acts Incidental To Or Necessary For The Fulfilment Of The Foregoing Objects.
4. The Company is a Public Company
5. The liability of the members is Limited By Shares
6. The nominal share capital of the Company is ₦2,000,000.00 divided as follows:

Total ORDINARY

₦2,000,000.00 (*TWO MILLION NAIRA*) divided into 2000000 of 1 each

We, the several persons whose names and addresses are subscribed hereunder, are desirous of being formed into a Company in pursuance of this Articles of Association, and we respectively agree to take the number of shares in the capital of the Company set opposite our respective names.

SN	NAME AND ADDRESS OF SUBSCRIBER	NO. OF SHARES TAKEN BY EACH SUBSCRIBER	SIGNATURES OF SUBSCRIBERS
1	Name: DEBT MANAGEMENT OFFICE [N/A]	1,999,999	
Corporate Affairs Commission Certified Extract  A. G. ABUBAKAR Registrar General Nov 17, 2022  Verify Electronic Stamp here: http://stampduty.gov.ng/verification Stamp Duty Cert. No: 2022-0588-43960-34949			

TERMS AND CONDITIONS OF THE SUKUK

Lagos State Infrastructure Sukuk SPV Plc (in its capacity as issuer and in its capacity as trustee, as applicable, the Issuer/Trustee, which expression shall where the context allows include the Delegate Trustees (defined below) acting pursuant to the powers delegated to it by the Trustee pursuant to the Trust Deed (defined below)) has issued Sukuk Certificates in an aggregate face value of [up to ₦20,000,000,000 (Twenty Billion Naira)]. The Sukuk is constituted by the Declaration of Trust made between the Trustee, the Originator, the Obligor, and the Delegate Trustees.

Each Sukuk Certificate is subject to the terms and conditions contained in the Trust Deed and the Pricing Supplement. The Conditions are applicable to every Sukuk Certificate. In the event of any inconsistency between these Conditions and the Pricing Supplement, the Conditions shall prevail. Each Sukuk represents an undivided beneficial ownership interest in the relevant Trust Assets held by the Issuer/Trustee on trust (the "Trust") for, inter alia, the benefit of the registered holders of the Sukuk Certificates pursuant to the Trust Deed.

Payments relating to the Sukuk are backed by the Irrevocable Standing Payment Order (ISPO) issued by the Accountant-General of the State/Debt Management Office on behalf of Lagos State, authorizing the deduction of an agreed amount from the Obligor's statutory allocation and a minimum of 15% of the Obligor's Internally Generated Revenue (IGR) remitted into the CDSA and paid into the Sinking Fund Account held by the Delegate Trustees in satisfaction of the Obligor's obligations in respect of the Rentals and Purchase Price to the Sukukholders.

2. FORM, DENOMINATION AND TITLE

Form and Denomination

- 2.1 Unless otherwise specified in the Pricing Supplement, the Sukuk shall be issued in registered form in denominations of ₦1,000. The minimum initial subscription amount shall be ₦10,000,000.00., and multiples of ₦1,000.00 thereafter.
- 2.2 The Sukuk will be issued in uncertificated (dematerialised or book-entry) form, which shall be registered with a separate securities identification code with the Custodian and the names of the Sukukholders shall be recorded in the Register of Sukukholders (the "Register") kept by the Registrar.
- 2.3 The Sukuk shall not be issued in bearer form but shall be duly registered by the Issuer in its relevant books to the appropriate owner as specified on each Sukuk.

Register

- 2.4 The Registrar will maintain a register (the "**Register**") of Sukukholders in respect of the Sukuk in accordance with the provisions of the Service Agency Agreement. The Register shall contain the following information:
 - a. the name and address of the Sukukholder;
 - b. the amount invested;
 - c. the date of investment;
 - d. the duration of the investment and the unexpected date of redemption;
 - e. the date on which the investor ceases to be a Sukukholder; and
 - f. other details which the Delegate Trustees may consider necessary.

In these Conditions, the "**Sukukholder**" means the person in whose name such Sukuk is registered in the Register or in the case of a joint holding, the first named person. A single individual registered Sukuk will be issued to each Sukukholder in respect of its registered holding of Sukuk. Each individual registered Sukuk will be serially numbered with an identifying number which will be recorded also on the Register.

Title

- 2.5 The person in whose name any outstanding Sukuk is for the time being registered as set out in the relevant Register shall be the holder of such Sukuk or of a particular face value of the Sukuk for all purposes whether or not such Sukuk or face value shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon, and the Trustee, the Originator, the Obligor, the Delegate Trustees shall not be affected by any notice to the contrary unless a change in the Register has been effected by the registered holder pursuant to the process of the Transfer Agent. The registered holder of a Sukuk will be recognised by the Trustee as entitled to the Sukuk free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Sukuk.
- 2.6 All payments made to such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for moneys payable in respect of such Sukuk or face value.

3. TRANSFERS AND ISSUE OF SUKUK

3.1 Transfers

- 3.1.1 Transfers of interest in the Sukuk will be effected in accordance with the rules of the relevant clearing system.

3.2 Formalities Free of Charge

Registration of transfer of Sukuk will be effected without charge by or on behalf of the Trustee, the Registrar or Custodian but upon payment or the giving of such indemnity as the Trustee, the Registrar or any other Agent may reasonably require in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

3.3 Closed Period

No Sukukholder may require the transfer of a Sukuk to be registered during the period of 21 (twenty-one) days ending on a Periodic Distribution Date and 7 (seven) days ending on a Dissolution Date or any other date on which any payment under the Sukuk falls due.

3.4 Regulations

- 3.4.1 All transfers of Sukuk and entries on the Register will be made subject to the detailed regulations concerning the transfer of Sukuk scheduled to the Deed. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Sukukholder who requests one.
- 3.4.2 The Sukukholder shall be entitled to receive, in accordance with Condition 2.4 (*Register*), only one individual registered Sukuk in respect of his entire holding of Sukuk. In the case of a transfer of a portion of the face value of the Sukuk held, a new individual registered Sukuk Certificate in respect of the balance of the Sukuk not transferred will be issued to the transferor.

3.5 Death of Sukukholders

- 3.5.1 In case of the death of a registered Sukukholder, and the executors or administrators, of the deceased where he was a sole or only surviving holder, shall be the only persons recognized by the Issuer as having any title to such Sukuk.

4. STATUS

4.1 Status of the Sukuk

The Sukuk evidences an undivided beneficial ownership interest in the Trust Assets and consequently the right to receive certain payments in respect thereof, subject to the terms of the Deed, the Purchase Undertaking Deed, and these Conditions, are direct, unsubordinated, unsecured and limited recourse obligations of the Trustee and rank *pari passu*, without any preference or priority, among all the Sukuk.

4.2 Status of the Obligor's and the Issuer's payment obligations under the Transaction Documents

- 4.2.1 The payment obligations of the Obligor pursuant to the Transaction Documents are direct, unsubordinated and secured obligations of the Obligor and rank in priority above all unsecured obligations if any, of the Obligor from time to time outstanding.
- 4.2.2 The payment obligations of the Issuer pursuant to the Transaction Documents are direct, unsubordinated and secured obligations of the Issuer and rank in priority above all unsecured obligations if any of the Issuer from time to time are outstanding.

4.3 Tenor

The tenor of the Sukuk shall be as specified in the Pricing Supplement.

5. THE TRUST

5.1 Trust Assets

- 5.1.1 The Delegate Trustees, while carrying out their duties as Delegate Trustees have agreed to perform same in accordance with the terms and conditions of the Deed and other Transaction Documents. These duties as aforementioned may be delegated to the Delegate Trustees to be performed on behalf of the Issuer/Trustee.
- 5.1.2 In this regard, the Allocated Land have been transferred by the Originator to the Issuer/Trustee for the purpose of having the Lease Assets developed using the funds to be raised by the Issuer further to the issuance of the Sukuk. The Issuer will then declare a trust over the Lease Assets on behalf of the Sukukholders. The ISPO shall be in favour of the Delegate Trustees on behalf of the Issuer/Trustee, who shall hold the funds transferred under the ISPO as payment for the Rentals and Purchase Price by the Obligor, from which sum the Periodic Distribution Amount may be disbursed to the Sukukholders on each fixed Periodic Distribution Date. Sukuk shall be issued to the Sukukholders evidencing their undivided ownership of the Trust Assets in their respective contributory percentages.
- 5.1.3 The Issuer/Trustee has appointed the Originator to perform limited actions in order to service the Trust Assets pursuant to the Service Agency Agreement. The Fees and specific duties shall be agreed on between the parties and as contained in the Service Agency Agreement.
- 5.1.4 The Obligor has undertaken to gradually purchase from the Issuer/Trustee, the Lease Assets on the relevant Periodic Distribution Date pursuant to the Purchase Undertaking. The purchase price payable by the Obligor pursuant to the Purchase Undertaking will be an amount equal to (a) the Aggregate Nominal Amount outstanding, of the Sukuk; (b) the amount of accrued but unpaid Periodic Distribution Amounts on such date; and (c) without duplication or double counting an amount representing the relevant Ownership Expense. The Trustee will distribute the proceeds of the sale of these Lease Assets to the Sukukholders of the relevant Sukuk in the amounts required to be paid in respect of the Sukuk under the Conditions.
- 5.1.5 The Obligor has guaranteed to the Issuer/Trustee, the punctual performance of any and all payment obligations arising or falling due under or in respect of the assets which are the subject of the Sukuk. Further, the Obligor has agreed that if, on a day falling five (5) Business Days prior to a Periodic Distribution Date of the Sukuk there is a shortfall between the Periodic Distribution Amounts due on the immediately following Periodic Distribution Date and the disbursements received from the CSDA (whether due to the breach of the ISPO by the Obligor, the maturity of obligations, the early repayment of amounts due or a failure by any person to pay amounts that have become due and payable, in respect of such Lease Assets or for any other reason), such that the Trustee would be unable to pay Periodic Distribution Amounts to Sukukholders on such Periodic Distribution Date in full, the Obligor shall immediately pay to the Trustee the amount of such shortfall for payment by the Trustee in respect of Sukuk. The aggregate Periodic Distribution Amounts recoverable by the Trustee shall not exceed the sum of all (i) Periodic Distribution Amounts due to Sukukholders on all relevant Periodic Distribution Dates and (ii) any such additional amounts to take care of tax exemptions under Condition 12.

5.2 The Trust Assets in respect of the Sukuk will comprise:

- i the Lease Assets (as defined in the Deed);
- ii all of the Issuer/Trustee's ownership rights, title, interest and benefit, present and future, in, to and under the Lease Assets;
- iii the interest, rights, title, benefits and entitlements, present and future, of the Sukukholders represented by the Issuer/Trustee in, to and under the Lease Assets and any proceeds from the Periodic Distribution Amount and/or Dissolution Distribution Amount;
- iv all of the Issuer/Trustee's ownership rights, title, interest and benefit, present and future, in, to and under the Transaction Documents (excluding: (i) any representations given by the Originator to the Issuer/Trustee and the Delegate Trustees pursuant to any of the Transaction Documents and any rights which have been expressly waived by the Trustee or the Delegate Trustees in any of the Transaction Documents; and (ii) the covenant given to the Issuer/Trustee pursuant to the Deed;
- v
- vi all of the Issuer/Trustee's rights, title, interest and benefit, present and future, in and to the Transaction Documents to which it is a party;
- vii the rights of the Issuer/Trustee to any cash (as defined in the Pricing Supplement) in any of its bank accounts (and any profit or income earned on such cash) and any other amounts held by any agent on its behalf, and the rights and interests of the Issuer/Trustee in any assets held by the Originator on trust for it, which are attributable to, arise from, or are in any way connected with the Sukuk;
- viii any eligible investments made, which are attributable to, arise from, or are in any way connected with the Sukuk;
- ix any other assets, rights, Cash or investments of the Issuer/Trustee as may be specified in the Pricing Supplement;
- x all moneys standing to the credit of the Issue Proceeds Account from time to time which are held by the Delegate Trustees upon trust absolutely for the Sukukholders pro rata according to the nominal amount of Sukuk held by each Sukukholder in accordance with the terms herein and the Conditions; and
- xi any proceeds arising from the sale of any of the assets comprised in condition 5.2 and any assets representing the same.

5.3 Application of Proceeds from Trust Assets

Unless otherwise specified in the Pricing Supplement on each Periodic Distribution Date and on the Dissolution Date, the Trustee will apply the moneys standing to the credit of the Sinking Fund Account in the following order of priority:

- 5.3.1 Firstly, to the Delegate Trustees in respect of all amounts owing to it under the Transaction Documents in its capacity as Delegate Trustees and to any Receiver, manager or administrative Receiver or any other analogous officer appointed in respect of the Trust by the Delegate Trustees in accordance with the Trust Deed; and
- 5.3.2 Secondly, to pay pro rata an amount equal to any other sums payable by the Trustee (other than to Sukukholders or as otherwise provided in clause 5.3.3 and 5.3.4 (inclusive) below) including rating fees and placement fees and Registrar's (and/or Custodian's) fees together with any stamp, issue, registration, documentary and other fees, duties and taxes, including compensation and penalties, payable on or in connection with:
 - i the execution and delivery of the Deed; and
 - ii any action taken by or on behalf of the Trustee to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, the Deed, the Sukuk and the Conditions each of which such amounts shall have been properly incurred by the Trustee and to pay any remuneration which has been agreed with the Trustee;

- 5.3.3 Thirdly, on any Periodic Distribution Date, to pay to the Registrar any outstanding Periodic Distribution Amounts due and payable on such Periodic Distribution Date; and
- 5.3.4 Fourthly, on the Dissolution Date, to pay to the Registrar the Dissolution Distribution Amount required to redeem the Sukuk in full on such Dissolution Date.

6. COVENANTS

6.1 Trustee Covenants

The Trustee covenants that, inter alia, for so long as any Sukuk is outstanding, it shall not:

- 6.1.1 incur any indebtedness in respect of borrowed money whatsoever, or give any guarantee in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) other than the Sukuk issued. *Provided that this restriction shall not apply to any subsequent sukuk issuance by the Issuer under the Programme on the condition that the assets of this Sukuk shall be ring-fenced and separated from the asset(s) of any such sukuk issuance;*
- 6.1.2 secure any of its present or future indebtedness for borrowed money by any lien, pledge, charge or other security interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law);
- 6.1.3 sell, transfer, convey or otherwise dispose of (i) its legal title or apparent ownership to the Trust Assets or any interest therein except pursuant to, the Purchase Undertaking Deed or any of its interests in any of the other Trust Assets;
- 6.1.4 use the relevant Sukuk proceeds for any purpose other than as set out in the Transaction Documents;
- 6.1.5 amend materially or agree to any material amendment of any Transaction Document to which it is a party, or its memorandum and articles of association, or enter into any other agreement, letter or other document in connection with the Sukuk without the prior approval of the Sukukholders of the relevant Sukuk by way of Extraordinary Resolution or otherwise in accordance with the Deed;
- 6.1.6 put to its directors or shareholders any resolution for or appoint any liquidator for its winding up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it, otherwise than for the purposes of, or pursuant to, an amalgamation, reorganisation or restructuring whilst solvent; and
- 6.1.7 enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly permitted or required thereunder or engage in any business or activity other than:
 - 6.1.7.1 as provided for or permitted in the Transaction Documents;
 - 6.1.7.2 the ownership, management and disposal of Trust Assets as provided in the Transaction Documents; and
 - 6.1.7.3 such other matters which are incidental thereto.

6.2 **Negative Pledge**

The Issuer shall not directly or indirectly pledge the Trust Asset against any of its obligations.

7. **PERIODIC DISTRIBUTION AMOUNT PROVISION**

This condition 7 is applicable to the Sukuk.

7.1 **Periodic Distribution Amount**

A Periodic Distribution Amount representing a rental for the use of the Lease Assets and payment for the gradual purchase of the Lease Assets will be payable in respect of the Sukuk and be distributable to the Sukukholders by the Registrar out of amounts transferred from the Sinking Fund Account by the Delegate Trustees in accordance with these Conditions and on the relevant Periodic Distribution Dates.

7.2 **Calculation of Periodic Distribution Amount**

The Periodic Distribution Amount payable in respect of each Sukuk for any Rental Accumulation Period shall be in Naira.

7.3 **Periodic Distribution Date**

Subject to Condition 7.4 (Cessation of Payment), and Condition 14 (Events of Default), each Periodic Distribution Amount will be made in respect of the relevant Sukuk in arrears on each Periodic Distribution Date.

7.4 **Cessation of Payment**

No further amounts will be payable on any Sukuk from and including the Dissolution Date unless, upon due presentation, payment of any Periodic Distribution Amount or the Dissolution Distribution Amount or any part thereof is improperly withheld or refused. In such event, the outstanding Periodic Distribution Amounts shall be payable until whichever is the earlier of (i) the day on which all sums due in respect of such Sukuk up to that day are received by or on behalf of the relevant Sukukholder and (ii) the day which is seven (7) days after the Registrar has notified the Sukukholders that it has received all sums due in respect of the Sukuk up to such seventh day except to the extent that there is any subsequent default in payment under these Conditions.

7.5 **Notifications, etc. to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7, the Trustee or the Delegate Trustees, or any other professional parties to this Issue or their duly authorised agent as the case may be, will in the absence of wilful default, bad faith or manifest or proven error be binding on the Trustee, the Delegate Trustees, the Receiving Agent and all Sukukholders.

8. **PAYMENT**

8.1 Payment of Dissolution Distribution Amounts and Periodic Distribution Amounts will be made by electronic transfer to the registered account (as defined below) of the Sukukholder. Payments of Dissolution Distribution Amounts and payments of Periodic Distribution Amounts due otherwise than on a Periodic Distribution Date will only be made on the Dissolution Date to the holder shown on the Register.

8.2 For the purposes of this Condition 8 (Payment), a Sukukholder's "registered account" means the bank account of such Sukukholder in operation at the time of the issuance of the Sukuk details of which appear on the Register at the close of business, in the case of Periodic Distribution Amounts due, on a Periodic Distribution Date.

8.3 All such payments will be made subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment.

8.4 Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day, for value the first following day which is a Payment Business Day) will be initiated.

8.5 If the amount of any Dissolution Distribution Amount or Periodic Distribution Amount which is due on the Sukuk is not paid in full, the Registrar will annotate the Register with a record of the amount of any Dissolution Distribution Amount or Periodic Distribution Amounts in fact paid and all outstanding sums shall be paid to the Sukukholder within seven (7) Business Days from the date of such annotation. .

9. REGISTRAR

9.1 Agents of Trustee

In acting in connection with the Sukuk, the Registrar and any other agent appointed by the Issuer under the Deed, acts solely as agent of the Trustee and, to the extent provided therein, the Delegate Trustees, and do not assume any obligations towards or relationship of agency or trust for or with any of the Sukukholders.

9.2 Specified Offices

9.2.1 The Trustee reserves the right at any time to vary or terminate the appointment of any agent and to appoint additional or other agents.

9.2.2 Notice of any termination or appointment and of any changes in information regarding appointed agents will be given to the Sukukholders promptly by the Trustee in accordance with Condition 16 (*Notices*).

10. CAPITAL DISTRIBUTIONS OF TRUST

10.1 Scheduled Dissolution

Unless the Sukuk are redeemed earlier, each of the Sukuk will be redeemed based on the Purchase Schedule and fully redeemed on the Maturity Date at its Dissolution Distribution Amount together with, for the avoidance of doubt, any accrued but unpaid Periodic Distribution Amounts. Upon payment in full of such amounts and the dissolution of the relevant Trust, the Sukuk shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

11. CANCELLATION

All Sukuk which are redeemed will forthwith be cancelled and accordingly may not be held, reissued or resold.

12. TAXATION

All payments in respect of the Sukuk by or on behalf of the Trustee shall be made without withholding or deduction save for deductions on account of withholding tax in accordance with applicable laws or any other deduction mandated by law.

13. PAYMENT OF PERIODIC DISTRIBUTION AMOUNT

Payments of Periodic Distribution Amounts or the Dissolution Distribution Amount in respect of each Sukuk shall be made in Naira by transfer to the registered account of the Sukukholder with a bank in Nigeria.

14. EVENTS OF DEFAULT

14.1 If any of the Events of Default occur and is continuing, the Delegate Trustees at their discretion shall, and if so requested in writing by Majority Sukukholders or if so directed by an Extraordinary Resolution, give written notice to the Issuer at its specified office that an Event of Default has occurred:

14.1.1 **Non-Payment:** a default is made in the payment of any Periodic Distribution Amount in respect of the Sukuk on the date fixed for payment thereof, or default is made in the payment of any Dissolution Distribution Amount in respect of the Sukuk on the due date for payment thereof after the receipt of payment from the Obligor, and in the case of any Periodic Distribution Amount only, such default continues for a period of seven (7) days. The Issuer shall not be in default, however, if during the said seven (7) Business Days period (as the case may be), the Issuer satisfies the Delegate Trustees that:

14.1.1.1 *such sums (**Withheld Amounts**) were not paid (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, the Issuer, the Delegate Trustees or the relevant Sukukholder; or (ii) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of seven (7) Business Days (as the case may be) by independent legal advisers acceptable to the Delegate Trustees; or*

14.1.1.2 *such Withheld Amounts were not paid pursuant to an agreement made in connection with Condition 14.1.1 above.*

14.1.2 **Breach of Other Obligations:** the Issuer or the Obligor does not perform or comply with any one or more of its other obligations under the Deed or the Transaction Documents, which default will affect the capacity of the Issuer or the Obligor to meet its payment obligations and which default has not been remedied for a period of 30 (thirty) days (or such longer period as the Delegate Trustees may reasonably determine is not materially prejudicial to the interests of the Sukukholders) after the date on which written notice of such default requiring the Issuer and/or Obligor to remedy the same shall have been given to the Issuer and/or Obligor by the Delegate Trustees (except where such default is not, in the reasonable opinion of the Delegate Trustees after consultation with the Issuer and/or Obligor, capable of being remedied, in which case no such notice as is mentioned above will be required);

14.1.3 **Seizure/Compulsory Acquisition of Assets:** if any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer;

14.1.4 **Insolvency:** the Issuer is, or is deemed by law, or a court of competent jurisdiction to be unable to pay its debts as they fall due; or stops or suspends payment of a substantial part of its debts;

14.1.5 **Failure to Pay Periodic Distribution Amount:** the Issuer stops or suspends payment of the Periodic Distribution Amount after receiving same from the Obligor;

14.1.6 **Cessation of Business:** if the Issuer ceases to conduct all or substantially all of its business as it now conducts or changes all or substantially all of the nature of its business or merges or consolidates with any other entity without the prior written consent of the Delegate Trustees;

14.1.7 **Material Adverse Change:** If a Material Adverse Change has occurred; and

14.1.8 **Obligations Unenforceable:** any of the Sukuk or the Trust Deed is or becomes wholly or partly void, voidable or unenforceable.

14.1.9 *Total Loss Event occurs under the Master Forward Lease (Ijarah) Agreement.*

15. ENFORCEMENT AND EXERCISE OF RIGHTS

15.1 Enforcement

Upon the occurrence of an Event of Default, the Delegate Trustees shall (subject to Condition 15.2) take one or more of the following steps:

15.1.1 enforce the provisions of any of the Transaction Documents; and

15.1.2 take such proceedings and/or other steps as it may think fit against or in relation to each of the Trustees and/or the Originator/Obligor to realise the Trust Assets and to recover amounts due to Sukukholders.

Following the enforcement, realisation and distribution of the Distributions from the Sukuk to the Sukukholders in accordance with these Conditions and the Deed, the Trustee shall not be liable for any further sums and accordingly, Sukukholders may not take any action against the Trustee, the Delegate Trustees or any other person (including the Originator) to recover any such sum in respect of the Sukuk or the relevant Trust Assets.

15.2 Enforcement by the Delegate Trustees

The Delegate Trustees shall not be bound in any circumstances to take any action, step or proceeding to enforce or to realise the Trust Assets or take any action, steps or proceedings against the Trustee and/or the Originator/Obligor under any of the Transaction Documents to which the Trustee or the Originator/Obligor is a party unless directed or requested to do so (a) by an Extraordinary Resolution or (b) in writing by the Sukukholders holding at least one-fifth (1/5) in face value of the Sukuk then outstanding and in either case then only if it shall be indemnified and/or pre-funded and/or secured to its satisfaction against all liabilities to which it may render itself liable or which it may incur by so doing.

15.3 No Direct Enforcement by Sukukholders

15.3.1 No Sukukholder shall not be entitled to proceed directly against the Trustee or the Originator unless (a) the Delegate Trustees, having become bound so to proceed, (i) fail to do so within a reasonable period, or (ii) is unable by reason of an order of a court having competent jurisdiction to do so, and such failure or inability is continuing, and (b) the relevant Sukukholder or such Sukukholder together with the other Sukukholders who propose to proceed directly against any of the Trustee or the Originator, as the case may be holds at least twenty per cent (20%) of the then outstanding Aggregate Nominal Amount of the Sukuk. Under no circumstances shall the Delegate Trustees or any Sukukholder have any right to cause the sale or other disposition of any of the Trust Assets and the sole right of the Delegate Trustees and the Sukukholders against the Trustee and the Originator shall be to enforce their respective obligations under the Transaction Documents.

15.3.2 The foregoing paragraphs in this Condition 15 (Enforcement and Exercise of Rights) are subject to this paragraph. After enforcing or realising the relevant Trust Assets and distributing the net proceeds of the relevant Trust Assets in accordance with Condition 5.3 (Application of Proceeds from Trust Assets), the obligations of the Trustee in respect of the Sukuk shall be satisfied and no Sukukholder may take any further steps against the Trustee to recover any further sums in respect of the Sukuk and the right to receive any such sums unpaid shall be extinguished. In particular, no Sukukholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee or the Delegate Trustees.

15.4 Limited Recourse

15.4.1 Notwithstanding anything to the contrary contained herein or in any other Transaction Document, no payment of any amount whatsoever shall be made in respect of the Sukuk by the Trustee and/or its shareholders, officers, directors or corporate services providers in their capacity as such or any agents thereof except to the extent that funds are available thereof from the Sinking Fund Account, the Trust Assets, proceeds of the Trust Assets and proceeds of the Sukuk.

15.4.2 Sukukholders, by subscribing for or acquiring Sukuk, acknowledge that no recourse may be had in respect of any shortfall in the amounts due in respect of any Sukuk against the Delegate Trustees, in any circumstances whatsoever, or against the Trustee and/or its shareholders, officers, directors or corporate services providers in their capacity as such or the Trust to the extent that the Trust Assets have been exhausted, following which all obligations of the Delegate Trustees, the Issuer/Trustee and the Trust shall be extinguished.

15.4.3 In addition, no Sukukholder will be able to petition for, or join any other person in instituting proceedings for, the reorganisation, liquidation, winding up or receivership of the Issuer/Trustee, the Trust, the Delegate Trustees or any of their affiliates as a consequence of such shortfall or otherwise.

15.4.4 The Periodic Distribution Amounts are to be paid by the Issuer from the payment made by the Obligor further to an ISPO of which disbursements are paid into the Sinking Fund Account. Sukukholders will have no recourse to any assets of the Trustee and/or its shareholders, officers, directors or corporate services providers in their capacity as such other than Trust Assets of the issuance, or the Obligor, to the extent it fulfils its obligations under the Transaction Documents to which it is a party, the agents or any of their affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been exhausted following which all the obligations of the Trustee shall be extinguished.

In addition, Sukukholders shall not be entitled to claim or exercise any right of setoff or counterclaim in respect of any sums due under the Sukuk or claim any lien or other rights over any property held by the Trustee on behalf of the Sukukholders. The Delegate Trustees will, as Delegate Trustees to the Trustee for the Sukukholders, have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents.

16. NOTICES

- 16.1 All notices regarding the Sukuk will be deemed to be validly given if mailed to the Sukukholders at their respective addresses on the Register and if published in a medium approved by the Exchange. The Trustees shall also ensure that notices are duly published in a manner which complies with the rules of any competent authority, stock exchange and/or quotation system on which any Sukuk are from time to time listed.
- 16.2 Any such notice will be deemed to have been given on the seventh (7) day after being so mailed or, if required to be published, on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. Notices to be given by any Sukukholders shall be in writing and given by lodging the same, together with the relevant Certificate of Registration or Certificates of Registration, with the Registrar.
- 16.3 Notices from the Sukukholders shall be in writing and be deemed received by lodging the same, with any of the Delegate Trustees.

17. MEETINGS OF SUKUKHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION AND REPLACEMENT OF DELEGATE TRUSTEES

- 17.1 The Deed contains provisions for the Delegate Trustees to convene meetings of Sukukholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions, any of the provisions of the Deed, or any other Transaction Document. The quorum at any meeting for passing an Extraordinary Resolution shall be as stated in paragraph 4.3 of Schedule 2 below, or at any adjourned meeting two or more persons present or represented by proxy and holding in aggregate not less than 3/5th (three-fifth) of the nominal amount of the Sukuk for the time being outstanding, shall remain the quorum for such a reconvened meeting., except that any meeting the business of which includes the modification of certain provisions of the Sukuk including modifying the Maturity Date or any other date for payment in respect of the Sukuk , reducing or cancelling any amount payable in respect of the Sukuk or amending the terms of Condition 5 (The Trust), Condition 7.2 (Periodic Distribution Amount) 7.3 (Periodic Distribution Date), Condition 14 (Events of Default), amending certain covenants in the Trust Deed or the Purchase Undertaking, the quorum shall be one or more Sukukholder present and holding or representing in aggregate not less than seventy-five per cent (75%) of the Aggregate Nominal Amount of the Sukuk for the time being outstanding, or at any adjourned meeting, the quorum shall be one or more Sukukholders present and holding or representing in aggregate not less than twenty-five per cent (25%) of the Aggregate Nominal Amount of the Sukuk for the time being outstanding. To be passed, an Extraordinary Resolution requires a majority in favour consisting of not less than seventy-five per cent (75%) of the persons voting on a show of hands or, if a poll is duly demanded, a majority of not less than seventy-five per cent (75%) of the votes cast on such poll and, if duly passed, will be binding on all holders of the Sukuk, whether or not they are present at the meeting and whether or not voting.
- 17.2 In addition, a resolution in writing signed, or consent given by way of electronic consents by or on behalf of not less than seventy-five per cent (75%) of Sukukholders who for the time being are entitled to receive notice of a meeting of Sukukholders will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Sukukholders.
- 17.3 Subject to the prior review and approval of the Commission, the Delegate Trustees may from time to time and at any time without any consent or sanction of the Sukukholders agree and require the Trustee to agree to any modification to these Conditions, the Deed, or the Transaction Documents if in its opinion such modification (i) is of a formal, minor or technical nature; (ii) is made to correct a manifest or proven (to the satisfaction to the Delegate Trustees) error; or (iii) is not materially prejudicial to the interests of the Sukukholders.

In addition, and subject to the prior review and approval of the Commission, other than in respect of a Reserved Matter, the Delegate Trustees may from time to time and at any time without any consent or sanction of the Sukukholders and on any such terms and conditions as seem expedient to it (i) agree to the waiver or authorisation of any breach or proposed breach of, any of these Conditions, any provisions of the Trust Deed, or any other Transaction Document or (ii) determine that any Event of Default shall not be treated as such, which is not, in each case, in the opinion of the Delegate Trustees, materially prejudicial to the interests of the Sukukholders, provided that the Delegate Trustees shall not exercise any such powers in contravention of any express direction by Extraordinary Resolution or of a request in writing made by Sukukholders representing not less than one-fifth in face value of Sukuk for the time being outstanding (but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made).

- 17.4 In connection with the exercise by it of any of the powers, trusts, authorities and discretions vested in it by the Deed, the Sukuk, the Conditions, the Transaction Documents including, without limitation, any modification, waiver, authorisation or determination, the Trustee and, where applicable, the Delegate Trustees shall have regard to the general interests of the Sukukholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Sukukholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Sukukholders whatever their number resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof) and neither the Trustee nor the Delegate Trustees shall be entitled to require, nor shall any Sukukholder be entitled to claim from the Trustee, the Delegate Trustees or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Sukukholders.
- 17.5 Any modification, abrogation, waiver, authorisation or determination shall be binding on all the Sukukholders and, unless the Delegate Trustees otherwise decides, the Trustee shall be required to notify the Sukukholders of any modification, abrogation, waiver, authorisation or determination as soon as practicable thereafter in accordance with Condition 16 (Notices).
- 17.6 The Deed also contains provisions regarding (i) the removal of the Delegate Trustees pursuant to an Extraordinary Resolution of Sukukholders; and (ii) the retirement of the Delegate Trustee(s) upon not less than three (3) months' notice in writing to the Originator and the Sukukholders of Sukuk then outstanding, which effectiveness is dependent on the terms of Clause 3 of the Declaration of Trust Deed.
- 18. INDEMNIFICATION AND LIABILITY OF THE TRUSTEE AND THE DELEGATE TRUSTEES**
- 18.1 The Deed contains provisions for the indemnification of the Trustee and the Delegate Trustees in certain circumstances and for its relief from responsibility, including provisions relieving the Trustee or the Delegate Trustees from taking action unless indemnified and/or pre-funded and/or secured to its satisfaction.
- 18.2 The Trustee and the Delegate Trustees are exempted from (i) any liability in respect of any loss or theft of the Trust Assets or any cash, (ii) any obligation to insure the Trust Assets or any cash and (iii) any claim arising from the fact that the Trust Assets or any cash are held by or on behalf of the Trustee or on deposit or in an account with any depositary or clearing system or are registered in the name of the Trustee or its nominee, unless such loss or theft arises as a result of the Trustee's and/or the Delegate Trustee's own default or misconduct, as the case may be.
- 18.3 The Trust Deed contains provisions pursuant to which no director or officer of the Delegate Trustees or of any holding, affiliated or associated company of the Delegate Trustees shall be precluded from subscribing for the Sukuk issued, with or without a commission or other remuneration, or from purchasing or otherwise acquiring, holding, dealing in or disposing of any notes, sukuk, debentures, shares or securities whatsoever or from being interested in any contract or transaction or from accepting and holding the office of Trustee or administrator for the holders of any other securities, and in any such case, neither the Delegate Trustees nor any director or officer of the Delegate Trustees shall be liable to the Sukukholders for any profit made by it or him thereby or in connection therewith.

19. CONTRACTS (RIGHTS OF THIRD PARTIES)

No rights are conferred on any third Party to enforce any term of these Conditions.

20. GOVERNING LAW AND DISPUTE RESOLUTION

20.1 Governing Law

20.1.1 This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.

20.1.2 The Parties agree that the provisions of this Agreement shall also be governed by the provisions of Islamic commercial jurisprudence as interpreted by the FRACE and are satisfied that this Agreement complies with applicable Islamic law of commercial transactions. The Parties hereby irrevocably waive any rights to contest the compliance of the Transaction Documents with the principles of Islamic Commercial Jurisprudence.

20.2 Dispute Resolution

20.2.1 In the event of any allegation of breach or question of interpretation or dispute or controversy relating to this Agreement, the parties to the dispute shall meet and negotiate in good faith with a view to settling the matter amicably. A dispute shall be considered to have arisen when one Party sends the other Party(ies) involved in the dispute a written notice of dispute. If the parties are unable to settle the matter or dispute within 2 (two) weeks after receiving the notice of dispute and the afore-mentioned meeting, then the matter or dispute shall be referred to an arbitration panel (appointed in accordance with Clause 20.2.2 below), whose decision shall be final and binding on the Parties.

20.2.2 Each Party to the dispute shall be entitled to appoint an arbitrator by issuing a notice of appointment of an arbitrator and the party-appointed arbitrators shall jointly appoint an independent arbitrator who shall be knowledgeable in Islamic law of commercial transactions. Provided that the number of arbitrators appointed by the Parties is not an even number. However, where the total number of arbitrators appointed including the independent arbitrator is an even number, any of the Parties shall apply to the President of the Chartered Institute of Arbitrators, Nigeria to appoint an additional arbitrator to make the total number of arbitrators an odd number.

20.2.3 If any Party to the dispute fails to nominate an arbitrator within 5 (five) days of receiving the notice of the appointment of an arbitrator by the other party, the President of the Chartered Institute of Arbitrators, Nigeria shall, on the application of any of the Parties to the dispute, appoint an arbitrator on behalf of the defaulting party.

20.2.4 The arbitral proceedings shall be conducted in Lagos, Nigeria in English Language and shall be governed by the Arbitration and Conciliation Act, Chapter A18, LFN 2004.

20.2.5 The arbitral award shall be binding on the Parties to the dispute and the cost of the arbitration shall be borne as determined by the arbitrators. Each Party to the dispute, however, shall bear its legal fees.

20.2.6 Each Party hereby agrees that this Agreement is founded on the principle of interest-free and each Party agrees to donate any penalty interest arising from any judgment or award to charity provided that neither of the Parties shall stand to benefit from such an award.

20.3 Waiver of immunity

20.3.1 The LASG has, in each of the Transaction Documents to which it is a party, represented and warranted that it has entered into such agreement or deed and the other Transaction Documents to which it is a party in connection with the exercise of its powers to raise money and, accordingly, that it is not entitled to claim for itself or any of its assets immunity from legal process in actions taken in relation to such Agreement/Deed or any other Transaction Documents brought against it in a court of competent jurisdiction by the Trustee and/or the Delegate Trustees irrespective of the identity of the holders of beneficial interests in the Sukuk provided, however, that, in respect of any action brought against the LASG, no form of seizure, attachment or execution may be exercised against the property and assets of the LASG wheresoever located and by whomsoever held before delivery of final judgment against the LASG.

21. **CHANGE IN NAME AND ADDRESS OR REGISTERED ACCOUNT OF SUKUKHOLDERS**

Any change of name, address or registered account on the part of a Sukukholder shall forthwith be notified to the Registrar and thereupon the Register shall be altered accordingly. The Delegate Trustees and the Sukukholders and any person authorized by any of them shall be entitled at all reasonable times during office hours to inspect the Register and to make copies of or take extracts from the same.

22. **PRESCRIPTION**

Subject to applicable law, the right to receive any amount in respect of the Sukuk shall be prescribed and become void unless claimed within 10 years from the Relevant Date thereof.

APPENDIX IV - HISTORICAL FINANCIAL INFORMATION

The financial information set out in this Pricing Supplement has been extracted from the Reporting Accountant's Report on the audited annual financial statements of the Originator.

1. Extract of Reporting Accountants Report

The following is an extract of the report of the Reporting Accountants, Ernst & Young, on the State's historic financial information for the five-year period ended 31 December 2021.



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ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS

The Lagos State Government
The Secretariat,
Obafemi Awolowo way, Ikeja,
Lagos State,
Nigeria.

Sir,

ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF THE LAGOS STATE GOVERNMENT FOR THE FIVE YEARS ENDED 31 DECEMBER 2017, 2018, 2019, 2020 AND 2021 IN RESPECT OF THE STATE'S N20 BILLION SERIES II IJARAH LEASE SUKUK ISSUANCE

We have reviewed the audited financial statements of the Lagos State Government that comprises of the statement of financial position as at 31 December 2017, 2018, 2019, 2020 and 2021, the statement of financial performance and the statement of cash flows for each of the five years for the proposed N20 Billion Series II Ijarah Lease Sukuk Issuance ("The Offer"). The Office of the Auditor General expressed a true and fair view on the financial statements of the Lagos State Government for the years ended 31 December 2017, 2018, 2019, 2020 and 2021.

State's Responsibility for the Financial Statements

Lagos State Government ("LASG", or "The State") is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and for such internal control as the State determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with the International Standard on Review Engagement (ISRE) 2400, Engagements to Review Historical Financial Statements. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements taken as a whole, are not prepared in all material respects in accordance with the International Public Sector Accounting Standards (IPSAS). This Standard also requires us to comply with relevant ethical requirements.

A review of financial statements in accordance with ISRE 2400 is a limited assurance engagement. The accountant performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

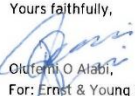
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not give a true and fair view of the financial position of Lagos State Government as at 31 December 2017, 2018, 2019, 2020 and 2021, and their financial performance and cash flows for each of the three years, in accordance with the International Public Sector Accounting Standards (IPSAS).

This report is solely for the use of the Executive of Lagos State Government and other relevant parties to the Offer. No part of this report may be quoted or circulated outside these parties without the prior written approval of Ernst & Young.

Yours faithfully,


Olufemi O. Alabi,
For: Ernst & Young Lagos, Nigeria

11 November 2022

Statement of Significant Accounting Policies

The following are some of the significant accounting policies, adopted by the State in preparation of its financial statements:

a. Basis of Accounting

The financial statements have been prepared using the accrual basis in accordance with the requirements of IPSAS and in accordance with Sections 13 and 14 of the Lagos State Public Finance Law 2011. The accounting framework focuses on reporting the budgetary activities of the State for the financial year.

b. Accounting Period

The accounting year is from 1 January to 31 December for the years under review; 2017, 2018, 2019, 2020 and 2021.

c. Reporting Currency

The financial statements are presented in Naira, which is the functional and reporting currency of Lagos State Government and all values are rounded to the nearest thousand (₦'000).

d. Presentation of the financial Statements

Details of general and specific funds are disclosed by the way of notes in the financial statements of the State.

e. Going Concern

The financial statements have been prepared on a going concern basis.

f. Revenue

Revenue includes only the gross inflow of economic benefits or service potential received or is receivable by the entity on its own account. Those amounts collected as an agent of the government or on behalf of third parties are not considered as revenue. Revenue is measured at the fair value of the consideration received or receivable.

g. Cash and Cash Equivalents

Cash and cash equivalents comprises cash-in-hand or bank, deposit held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h. Inventory

Inventories are stated at the lower of cost, current replacement cost and net realizable value.

i. Financial Instrument

The State classifies its financial assets at fair value through surplus or deficit, held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Financial liabilities are classified at fair value through surplus or deficit and at amortised cost. The classification is based on the nature or characteristic of the instrument.

j. Foreign Currency Transactions

Foreign currency transactions throughout the year are converted into Naira at the prevailing CBN rate of exchange at the dates of the transactions. Foreign currency balances as at the year-end are valued at the prevailing exchange rate.

2. Statement of Financial Performance

In Nigerian Naira thousands	2021	2020	2019	2018	2017
Revenue					
Revenue from Non-Exchange Transactions					
Taxation Income	426,898,806	359,062,218	348,001,114	315,058,302	294,228,541
Levies, Fees and Fines	59,633,437	30,959,474	26,597,553	56,696,075	31,102,702
Statutory Allocation	193,834,285	183,318,609	229,495,389	223,055,445	141,779,984
Grants	3,890,084	23,297,649	483,934	906,136	1,541,792
Other Revenue from Non-exchange Transactions	10,368,461	16,274,837	3,958,723	4,771,419	4,425,874
Sub-Total	694,625,073	612,912,787	608,536,713	600,487,377	473,078,892
Revenue from Exchange Transactions					
Income from Other Services	53,295,385	28,182,565	24,014,757	29,762,979	18,064,269
Capital Receipts	19,214,610	13,927,938	8,972,288	18,226,434	10,020,357
Investment Income	2,305,992	715,558	2,077,847	3,997,434	8,618,701
Interest Income	1,388,937	2,824,976	1,161,184	626,729	1,503,257
Sub Total	76,204,924	45,651,037	36,226,076	52,613,576	38,206,584
Total Operating Revenue	770,829,998	658,563,824	644,762,789	653,100,953	511,285,476
Expenses					
Wages, Salaries and Employee Benefits	146,506,990	146,382,953	107,132,214	101,901,147	92,238,735
Grants and Other Transfers	20,749,030	17,854,381	16,626,164	13,263,284	13,754,039
Subvention to Parastatals	88,716,995	64,739,661	53,445,714	48,203,055	46,987,881
General and Administrative Expenses	137,803,773	81,482,983	106,740,051	116,463,388	81,689,452
Total Operating Expenses	393,776,787	310,459,978	283,944,143	279,830,874	234,670,107
Surplus for the Period, before Capital Items, Foreign Exchange Losses and Public Debt					
	377,053,210	348,103,846	360,818,646	373,270,079	276,615,369
Capital Expenditure	214,028,463	201,717,468	134,521,650	209,955,639	278,170,966
Public Debt Charges	71,809,540	56,881,730	62,533,163	72,453,612	65,613,231
Net (Gain) /Loss on Foreign Exchange Transactions	31,216,312	120,008,937	(2,332,949)	(9,512,243)	36,816,477
Depreciation	124,398,243	117,159,235	104,491,678	103,798,136	92,992,223
Net (Gain) /Loss on Damaged Assets	106,894	-	-	-	-
Damaged Assets	-	5,490,787	-	-	-
Sub Total	441,559,452	501,258,157	299,213,542	376,695,144	473,592,897
Surplus/Deficit for the period	(64,506,242)	(153,154,311)	61,605,104	(3,425,065)	(196,977,528)

3. Statement of Financial Position

In Nigerian Naira thousands	2021	2020	2019	2018	2017
Assets					
Current Assets					
Cash and Cash Equivalents	82,894,933	76,334,742	32,843,581	63,802,820	26,507,574
Receivables from Exchange Transactions	20,000	20,000	20,000	326,317	328,310
Recoverables from Non-Exchange Transactions	26,263,131	23,623,994	20,374,573	29,444,014	10,063,446
Inventory	4,845,369	4,170,930	3,076,958	1,662,267	3,891,143
Sub Total	114,023,433	104,149,666	56,315,112	95,235,417	40,790,473
Non-current Assets					
Available-for-sale Investments	65,567,467	59,978,963	47,665,927	78,162,126	76,194,201
Other Financial Assets	24,968,880	23,830,621	16,453,704	16,878,439	31,347,239
Property, Plant and Equipment	2,741,172,484	2,360,167,407	2,271,309,526	2,325,962,624	2,064,995,625
Sub Total	2,831,708,831	2,443,976,991	2,335,429,157	2,421,003,189	2,172,537,065
Total Assets	2,945,732,264	2,548,126,657	2,391,744,269	2,516,238,606	2,213,327,538
Liabilities					
Current Liabilities					
Payables and Other Liabilities	64,607,078	47,917,520	123,543,010	251,528,522	60,915,062
Public Funds	429,576	482,501	434,004	222,367	498,832
Public Debt(Borrowings)	178,942,489	90,044,475	101,234,508	98,580,250	75,911,450
Finance Lease Obligations	1,242,797	1,747,553	2,769,303	3,195,005	3,109,967
Sub Total	245,221,940	140,192,049	227,980,825	353,526,144	140,435,311
Non-current Liabilities					
Public Debt (Borrowings)	983,407,164	917,419,663	684,608,927	701,682,995	772,505,434
Finance Lease Obligations	1,279,393	2,053,679	3,099,800	4,803,526	6,626,927
Retirement Benefit Obligations	11,475,383	15,066,885	41,857,304	37,067,229	37,805,586
Sub Total	996,161,940	934,540,227	729,566,031	743,553,750	816,937,947
Total Liabilities	1,241,383,880	1,074,732,276	957,546,856	1,097,079,894	957,373,258
Net Assets					
Accumulated Surplus	1,642,280,917	1,416,415,418	1,387,531,487	1,341,996,586	1,179,760,078
Available-for-sale Reserve	62,067,467	56,978,963	46,665,926	77,162,126	76,194,202
Sub Total	1,704,348,384	1,473,394,381	1,434,197,413	1,419,158,712	1,255,954,280
Total Net Assets and Liabilities	2,945,732,264	2,548,126,657	2,391,744,269	2,516,238,606	2,213,327,538

4. Statement of Changes in Net Assets

In Nigerian Naira thousands	Accumulated surplus	Available for sale reserve	Total reserve
Balance at 1 January 2021	1,416,415,418	56,978,963	1,473,394,381
Actuarial Gains/(Losses)	(5,198,764)	-	(5,198,764)
Newly recognised assets	295,570,505		295,570,505
Change in Fair Value Available-for-sale Financial Assets		5,088,504	5,088,504
Adjustments for Payables			-
Surplus/(Deficit) for the Period	(64,506,242)		(64,506,242)
Balance at 31 December 2021	1,642,280,917	62,067,467	1,704,348,384
Balance at 1 January 2020	1,387,531,487	46,665,926	1,434,197,413
Actuarial Gains/(Losses)	892,887		892,887
Newly recognised assets	101,222,731		101,222,731
Change in Fair Value Available-for-sale Financial Assets		10,313,037	10,313,037
Adjustments for Payables	79,922,624		79,922,624
Surplus/(Deficit) for the Period	(153,154,311)	-	(153,154,311)
Balance at 31 December 2020	1,416,415,418	56,978,963	1,473,394,381
Balance at 1 January 2019	1,341,996,586	77,162,126	1,419,158,712
Actuarial Gains/(Losses)	(15,045,327)		(15,045,327)
Change in Fair Value Available-for-sale Financial Assets		(30,496,200)	(30,496,200)
Bond Sinking Fund	3,141,791		3,141,791
LCC and Ibile Holdings Loans	(4,166,667)		(4,166,667)
Surplus/(Deficit) for the Period	61,605,104	-	61,605,104
Balance at 31 December 2019	1,387,531,487	46,665,926	1,434,197,413
Balance at 1 January 2018	1,179,760,078	76,194,202	1,255,954,280
Actuarial Gains/(Losses)	(5,812,523)	-	(5,812,523)
Change in Fair Value Available-for-sale Financial Assets	-	967,924	967,924
Recognition of New Class of Property Plant Equipment	171,474,096		171,474,096
Surplus/(Deficit) for the Period	(3,425,065)	-	(3,425,065)
Balance at 31 December 2018	1,341,996,586	77,162,126	1,419,158,712
Balance at 1 January 2017	1,381,465,775	76,733,407	1,458,199,182
Actuarial Gains/(Losses)	(4,728,169)	-	(4,728,169)
Change in Fair Value Available-for-sale Financial Assets	-	(539,205)	(539,205)
Recognition of New Class of Property Plant Equipment	-	-	-
Surplus/(Deficit) for the Period	(196,977,528)	-	(196,977,528)
Balance at 31 December 2017	1,179,760,078	76,194,202	1,255,954,280

5. Statement of Cash Flows

In Nigerian Naira thousands	Notes	2021	2020	2019	2018	2017
Cash Flows from Operating Activities						
Receipts						
Revenue from Non-exchange Transactions:						
Net Tax Receipts	9	427,584,690	356,771,632	349,743,683	316,920,461	291,360,448
Levies, Fees and Fines	10	59,633,437	30,959,474	26,597,553	56,696,075	31,102,702
Statutory Allocation	11	193,834,285	183,318,609	229,495,389	223,055,445	141,779,984
Grants	12	3,890,084	23,297,649	483,934	906,136	1,541,792
Other Revenue from Non-exchange Transactions	13	10,368,461	16,274,837	3,958,723	4,675,400	4,138,056
Exchange Gain (Realised)	24	1,074,714	1,432,013	108,159	29,106	373,916
Sub Total		696,385,671	612,054,214	610,387,441	602,282,623	470,296,898
Revenue from Exchange Transactions:						
Income from Other Services	14	53,295,385	28,182,565	24,014,757	29,762,979	18,064,269
Capital Receipts	15	19,214,610	13,927,938	8,972,288	18,226,434	10,020,357
Investment Income	16	2,305,992	715,558	2,077,847	3,997,434	8,618,701
Interest Income	17	1,388,937	2,824,976	1,161,184	626,729	1,503,257
Changes in Other Receivables		(9,301,848)	(1,595,696)	(2,392,096)	(27,229,232)	(282,071)
Sub Total		66,903,076	44,055,341	33,833,980	25,384,344	37,924,512
Total Receipts		763,288,745	656,109,553	644,221,421	627,666,967	508,221,410
Payments						
Wages, Salaries and Employee Benefits	52	153,535,508	170,757,709	119,276,435	97,232,735	86,519,151
Contribution to Gratuity and Pension Fund	37	-	-	-	11,219,291	15,035,339
Grants and Other Transfer Payments		-	-	-	13,263,284	13,754,039
Subvention to Parastatals		90,300,512	67,809,488	56,988,273	48,203,055	46,987,881
Lease Rental Payments		-	-	-	3,512,794	3,490,585
General and Administrative Expenses		154,667,722	100,270,930	164,229,302	109,579,674	81,689,452
Payment to Suppliers	30	674,439	1,093,971	1,414,691	(561,484)	3,622,503
Movement in Payables		(16,689,557)	(4,297,133)	-	-	-
Exchange difference on Foreign Exchange Transactions		-	-	-	27,977	-
Payment of Public Debt Charges		66,878,934	50,874,606	60,957,114	69,852,466	58,147,065
Total Payments		449,367,558	386,509,571	402,865,815	352,329,792	309,246,015
I. Net Cash Flows from Operating Activities		313,921,187	269,599,982	241,355,606	275,337,175	198,975,395
Cash Flows from Investing Activities						
Purchase and Construction of Assets	40	(424,468,173)	(304,936,589)	(241,057,123)	(213,765,023)	(309,334,887)
(Increase)/Decrease in Bond Sinking Fund		(1,138,256)	(7,376,920)	3,566,523	14,468,801	76,997,781
(Increase)/decrease in receivables		-	-	120,566	-	-
Movement in payables		-	-	-	-	-
Revaluation loss on special deposit		-	-	-	-	(506,250)
II. Net Cash Flows used in Investing		(425,606,429)	(312,313,509)	(237,370,034)	(199,296,222)	(232,843,356)
Cash Flows from Financing Activities						
Proceeds from Borrowings	41	280,604,556	235,988,822	117,634,154	45,000,000	151,227,720
Repayment of Borrowings	42	(162,306,198)	(149,832,631)	(152,790,600)	(83,469,243)	(128,593,260)
Movement in Public Funds	34	(52,925)	48,497	211,637	(276,464)	277,035
III. Net Cash Flows used in Financing		118,245,433	86,204,688	(34,944,810)	(38,745,707)	22,911,494
Net Cash Flow (I)+(II)+(III)		6,560,191	43,491,161	(30,959,238)	37,295,246	(10,956,467)
Increase/decrease in Cash and its Equivalent						
Closing Cash and its Equivalent	27	82,894,933	76,334,742	32,843,581	63,802,820	26,507,574
Less: Opening Cash and its Equivalent	27	76,334,742	32,843,581	63,802,820	26,507,574	37,464,041
Increase/(decrease) in Cash and its Equivalent		6,560,191	43,491,161	(30,959,239)	37,295,246	(10,956,467)

APPENDIX V - EXTRACT FROM THE ORIGINATOR'S RATINGS REPORT

The following information is an extract from the Originator's Rating Report prepared by Global Credit Ratings Co. Limited:



Credit Rating Announcement

GCR upgrades Lagos State Government's national scale long term and short term Issuer ratings to AA^{-(NG)} / A1^{+(NG)}, Stable Outlook.

Rating Action

Lagos, Nigeria, 31 August 2022 – GCR Ratings ("GCR") has upgraded the national scale long term and short term Issuer ratings of Lagos State Government to AA^{-(NG)} and A1^{+(NG)} respectively. Concurrently, GCR has upgraded the national scale long term Issue ratings of Lagos State Government's Programme 3 Series 2 (Tranches II & IV), Series 3 and Series IV Senior Unsecured Bond Issuances to AA^{-(NG)} each. The Outlook on the ratings is Stable.

Rated Entity / Issue	Rating class	Rating scale	Rating	Outlook
Lagos State Government of Nigeria	Long Term Issuer	National	AA ^{-(NG)}	Stable
	Short Term Issuer	National	A1 ^{+(NG)}	
Senior Unsecured P3S2 T II N38.8bn Bonds	Long Term Issue	National	AA ^{-(NG)}	Stable
Senior Unsecured P3S2 T IV N5.3bn Bonds	Long Term Issue	National	AA ^{-(NG)}	Stable
Senior Unsecured P3S3 N100bn Bonds	Long Term Issue	National	AA ^{-(NG)}	Stable
Senior Unsecured P3SIV N137.3bn Bonds	Long Term Issue	National	AA ^{-(NG)}	Stable

Rating Rationale

The ratings upgrade is underpinned by Lagos State Government of Nigeria's ("the State" or "Lagos State") strong revenue generation, with a diversified internal economy which has supported robust growth in internally generated revenue ("IGR"). However, this strength is tempered by its weak leverage metrics due to the persistent rise in debt.

Lagos State's strong business profile is a key rating strength. The State is the economic and commercial centre of Nigeria, contributing over 25% to national gross domestic product and housing some of the country's critical infrastructures. This, combined with its well-diversified economy continues to attract more migrants, as evidenced by the growth in population to over 28 million people in 2021 (2020: 26 million+). Notwithstanding these strengths, the State's socio-economic profile is relatively modest, characterised by high poverty and unemployment levels and large informal settlements. The infrastructure deficit remains a bottleneck to economic performance, particularly as the ever-increasing population exceeds the State's ability to undertake capex. Nevertheless, Lagos State has a robust project pipeline aimed at expanding the economy and improving the business environment.

The State's operating performance is also a positive rating factor underpinned by consistent growth in IGR over the review period. Accordingly, IGR rose by 22.7% in FY21 and further by 32.4% during 1H FY22 on the back of continued improvement in tax collection. This was also supported by higher tax assessment arising from the recent amendment to Personal Income Tax Act covered under the Finance Act 2020. While the State's IGR has maintained a strong upward momentum over the last two years, federal transfers excluding value-added tax are yet to recover from the negative impact of COVID-19 pandemic. Thus, the overall increase in total recurrent income only stood at 17.4% and 26.7% at FY21 and 1H FY22 respectively, well below the growth in IGR.

Lagos State Government of Nigeria

Rating Assigned:

Aa-

This is a municipal that possesses very strong financial condition and very strong capacity to meet to meet local currency obligations in a timely manner.

Outlook: Stable

Issue Date: 22 November 2022

Expiry Date: 30 September 2023

Previous Rating: A+

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RATING RATIONALE

- Agusto & Co. hereby upgrades the rating assigned to the Lagos State Government ("Lagos", "the State" or "LASG") to "Aa-" on account of the State's resilient financial condition, robust financial flexibility and very strong capacity to meet local currency obligations in a timely manner from its internally generated revenue (IGR) which accounts for over 70% of total revenue over the last three years. Also, the assigned rating reflects Lagos State's good and sustainable cash-generating capacity, acceptable expenditure profile and stable political environment elicited by the good working relationship amongst the tiers of government in the State. Although we note as a rating concern the rising stock of LASG's public debts, we recognize positively that the concessionary rates as well as the longer tenors for most of them have reduced the annual debt service burden. Overall, we opine that Lagos State remains one of the most strategic and economically viable states in the country that can function independently of the share of centrally distributed funds.
- In the financial year ended 31 December 2021 (FYE 2021), Lagos State recorded total revenue (including grants) of ₦770.8 billion, up by 17% from the prior year, while total expenditure rose to ₦840.7 billion (2020: ₦577.8 billion), resulting in a deficit of ₦69.9 billion (2020: deficit of ₦152.5 billion). However, if we adjust the net loss on foreign exchange transactions and non-cash depreciation, LASG would have reported total expenses of ₦685.3 billion and a surplus of ₦85.6 billion in 2021 (2020: deficit of ₦32.5 billion). In FYE 2021, LASG's posted a positive net operating cash flow of ₦313.9 billion (2020: ₦269.5 billion) and an overall net cash position of ₦6.5 billion (2020: ₦43.4 billion) reflecting a strong cash generating capacity. In line with the International Public Sector Accounting Standards (IPSAS) for recognizing and measuring assets and liabilities, the State's total identifiable assets and liabilities stood at ₦2.95 trillion (2020: ₦2.56 trillion) and ₦1.24 trillion (2020: ₦1.07 trillion) respectively as at FYE 2021.
- Lagos State's internally generated revenue (IGR) rose by 27% year-on-year to ₦573.1 billion in 2021, accounting for 75% of total revenue, mainly boosted by higher Pay-As-You-Earn tax (PAYE) as well as other taxes, levies and fines receipts. Over the last three years, the State's IGR has accounted for over 70% of total revenue, thus significantly reducing its dependence on centrally collected revenue from the Federal Government. In 2021, the State's share of statutory allocation (SA) increased by 7% to ₦54.7 billion

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APPENDIX VI - EXTRACT FROM THE ISSUE RATINGS REPORT

The following information is an extract from the Issue Rating Report prepared by Agosto & Co. Limited:



2022 Quasi-Corporate Sukuk Rating Report

LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

Up to ₦20 Billion Series II: 7-Year Fixed Return Forward-Ijarah Lease Sukuk Due 2029
Under the ₦1 Trillion Debt and Hybrid Instruments Issuance Programme

Issue Rating:

Aa*

High quality debt issue with very low credit risk; very strong capacity to pay returns and principal on local currency debt in a timely manner.

Outlook: Stable
Issue Date: 28 November 2022
Expiry Date: 30 November 2023

"This Issue rating is indicative and subject to change at any time. However, a final rating will be based on receipt of all duly executed contractual agreements."

This final Issue rating will be subject to annual monitoring and review on the anniversary of the Note.

Lagos State's Rating: Aa-
Expiry Date: 30 September 2023

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RATING RATIONALE

- Agusto & Co. hereby assigns an indicative "Aa" rating to the Lagos State Infrastructure Sukuk SPV Plc's ("Lagos Sukuk", "the Issuer", "SPV" or "the Company") up to ₦20 Billion Seven-Year Fixed Return Forward-Ijarah Lease Sukuk Due 2029 ("Series II", "Sukuk", "the Issue" or "Notes") under the Lagos State Government's ₦1 Trillion Debt and Hybrid Instruments Issuance Programme ("DAHI" or "the Programme"). The Issue rating is backed by the Lagos State Government's¹ ("LASG", "Lagos State", "the State" or "Originator") unconditional and legally binding undertaking to service the Sukuk obligations jointly from the State's Consolidated Debt Service Account (CDSA) and an Irrevocable Standing Payment Order (ISPO) on its share of statutory allocation. The CDSA is a dedicated internally segregated savings account established under the Lagos State Bonds Law 2008, for servicing all of the State's public debt wherein a minimum of 15% of the Internally Generated Revenue (IGR) will be deposited monthly. The ISPO is a first-line charge on Lagos State's share of centrally collected revenue to be approved by the Federal Ministry of Finance.
- In 2022, Lagos State incorporated a special purpose vehicle (Lagos State Infrastructure Sukuk SPV Plc) to raise up to ₦20 billion Seven-Year Fixed Return Forward-Ijarah Lease Sukuk in December 2022 to finance the rehabilitation and upgrade of the Eleko Road section (3.57 kilometres) on the Eti Osa - Lekki Epe Expressway in Lagos State (Sukuk Asset) through a Sukuk financing structure. The Sukuk will attract lease rentals (rental payments and amortised Sukuk principal payments after 24 months moratorium) payable semi-annually in arrears for the State's use of the Sukuk Asset.
- As a means of paying the Sukuk obligations and in line with the Declaration of Trust, the sum of ₦55.6 million will be transferred monthly from the CDSA for the first 24 months into a designated Sinking Fund Account (SFA) held by the Delegate Trustees and thereafter the sum shall be increased to ₦293 million monthly over the remaining tenor of the Sukuk. In addition, LASG has requested approval of an ISPO on its share of Statutory Allocation (SA) from the Federal Ministry of Finance (FMF) of ₦200 million monthly over seven years to fully meet the proposed Sukuk obligations of the SPV.

This Series II Sukuk Rating Report should be read in conjunction with Agosto & Co's 2022 Rating Review Report for Lagos State Government

¹ Agosto & Co. assigned Lagos State Government a "Aa-" rating, which will expire 30 September 2023

CLAIMS AND LITIGATION, MATERIAL CONTRACTS PERTAINING TO THE ORIGINATOR

The extract of the Solicitors Opinion issued by the Solicitors to the Issue - Banwo & Ighodalo and Alliance Law Firm - in connection with the issuance of the Series II Sukuk is set out below:

Material Contracts Summary

In the context of the contemplated transaction, a materiality threshold of ₦100,000,000.00 (One Hundred Million Naira) was set to identify the relevant material contracts entered into by the State between October 8, 2021 and August 5, 2022. The Lagos has, through its ministries and agencies, entered into 140 (One Hundred and Forty) material contracts in relation to various projects across the State. As at August 5, 2022, the aggregate monetary obligations due under the 140 (One Hundred and Forty) contracts are approximately ₦345,285,311,576.30 (Three Hundred and Forty-Five Billion, Two Hundred and Eighty-Five Million, Three Hundred and Eleven Thousand, Five Hundred and Seventy-Six Naira, Thirty Kobo) and US\$28,810,301.68 (Twenty-Eight Million, Eight Hundred and Ten Thousand, Three Hundred and One Dollars, Sixty-Eight Cents). The Solicitors to the Issue are of the opinion that:

- i. the contracts were entered into in the ordinary course of governance; and
- ii. the terms of the contracts do not affect the ability of the State to discharge its obligations under the Transaction.

Save for the Transaction Documents, the Issuer/Trustee is not a party to any material contract.

Claims and Litigation Summary

In the context of the transactions contemplated a materiality threshold of ₦100,000,000.00 (One Hundred Million Naira) (the “Materiality Threshold”) was set by the Solicitors to the Issue to determine the material litigations. From the review of the Reports provided to the Solicitors to the Issue on 9 November 2022 respectively, the State is currently involved in Ninety-Three (93) cases within the Materiality Threshold. The total claims in the cases against the State, within the Materiality Threshold, is approximately ₦82,596,474,183.02 (Eighty-Two Billion, Five Hundred and Ninety-Six Million, Four Hundred and Seventy-Four Thousand, One Hundred and Eighty-Three Naira, and Two Kobo). In arriving at this figure, the Solicitors to the Issue have discountenanced the sum of ₦4,400,000,000 (Four Billion and Four Hundred Million Naira) in: (i) one of the mirror suits filed by the same Claimant and (ii) a matter in which the State is the Claimant. Also, this figure does not include the claims against the State in the cases wherein the quantum of the claims in such cases were not specified in the schedule of litigation provided by the State.

The Solicitors to the Issue noted that there are Eight (8) cases in which monetary judgment has been awarded against the State in the total sum of ₦1,208,589,882.84 (One Billion, Two Hundred and Eight Million, Five Hundred and Eighty-Nine Thousand, Eight Hundred and Eighty-Two Naira, Eighty-Four Kobo). Of the said Eight (8) cases, the State has lodged appeals in Two (2) cases. Although, we are not aware of the pendency of any appeal lodged by the State in the remaining Six (6) cases, we reasonably believe that the State will appeal the judgments in those cases.

Thus, the total monetary exposure of the State in the pending cases and the cases where judgment sums have been awarded against it are approximately ₦83,805,064,065.86 (Eighty-Three Billion, Eight Hundred and Five Million, Sixty Four Thousand, Sixty-Five Naira, and Eighty-Six Kobo).

It is noteworthy that a significant portion of the aggregate monetary exposure in these cases is made up of claims for general and exemplary damages, which typically do not reflect actual losses suffered by the claimant(s). Furthermore, due to the peculiarities of the Nigerian adjudicatory process and the length of time involved in prosecuting cases from the court of first instance up to the Supreme Court, The Solicitors to the Issue are of the opinion that the potential liabilities which the State may be exposed to on account of the cases, are unlikely to crystallize at once and impact the State negatively.

Based on the information made available to the Solicitors to the Issue in connection with the review, the Solicitors to the Issue are of the considered opinion that there is no material litigation or judgment pending against the State, or to the knowledge of its officials, that:

- i. may adversely affect the State’s ability to observe its duties under the Transaction;
- ii. restrains or enjoins the issuance or the sale of the Sukuk under the Transaction;
- iii. in any way contests, challenges or affects the validity of the Transaction, nor are there any proceedings or actions on

the issuance of the Sukuk under this Transaction; or

- iv. affects the validity of the pledge or application of any monies or security provided for the payment of the Sukuk under this Transaction.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of the Issuer and the Issuing Houses as listed on pages [9 & 11] of this Pricing Supplement during the hours of 8:00am and 5:00pm (both aforementioned times inclusive) on any Business Day from the date of this Pricing Supplement, throughout the Validity Period:

- The Enabling Law;
- The Board resolution of Lagos State Infrastructure Sukuk SPV Plc;
- The Shareholder resolution of Lagos State Infrastructure Sukuk SPV Plc;
- The resolution of the Lagos State Executive Council approving the Programme;
- The resolution of the Lagos State House of Assembly approving the Programme;
- The State's most recently published annual public accounts (including its annual Statement of revenue and expenditure);
- The State's most recent annual budget as presented to the Lagos State House of Assembly;
- Letter from the Solicitors to the Issue on the outstanding claims, litigations and material contracts involving the State;
- The Shelf Prospectus issued in respect of the Programme;
- The Programme Trust Deed issued in respect of the Programme;
- This Pricing Supplement issued in connection with the Series II Sukuk;
- The Declaration of Trust issued in connection with the Series II Sukuk;
- The Vending Agreement issued in connection with the Series II Sukuk;
- Construction Agency Agreement;
- Letter of Allocation;
- Master Forward Lease (Ijarah) Agreement;
- Purchase Undertaking Deed;
- Service Agency Agreement;
- Shari'ah Advisory Agreement;
- Rating Report(s);
- The Reporting Accountant's Report on the consolidated financial statements of the State for the years ended 31 December 2017, 2018, 2019, 2020 and 2021;
- Other material contracts (as applicable); and
- Letter from the SEC approving the registration of this Pricing Supplement.

The above-listed documents, which have been filed with the SEC, are incorporated by reference in this Pricing Supplement.

RELATIONSHIP BETWEEN THE ISSUER OR ORIGINATOR AND THE ADVISERS

The Issuer/Trustee is a wholly owned entity of the State. Save for the foregoing, there is no relationship between the Issuer/Trustee, Originator and any of its Advisers.

MATERIAL CONTRACTS

The Originator entered into the following agreements in respect of the outstanding issuances:

- A Programme Trust Deed dated 30 December 2016;
- A Series II Tranche II Trust Deed dated August 2017;
- A Vending Agreement dated August 2017;
- A Series II Tranche IV Trust Deed dated January 2018;
- A Series III Trust Deed dated 29 January 2020;
- A Series III Vending Agreement dated 29 January 2020;
- A Series IV Trust Deed dated 20 December 2021; and
- A Series IV Vending Agreement dated 20 December 2021.

CONSENTS

The following professional parties have given and have not withdrawn their written consents to the issue of this Pricing Supplement, with the inclusion of their names and reports (where applicable) in the form and context in which they appear:

Lead Issuing House / Bookrunner	Lotus Financial Services Limited
Joint Issuing Houses / Bookrunners	Chapel Hill Denham Advisory Limited Capital Assets Limited CardinalStone Partners Limited SCM Capital Limited Stanbic IBTC Capital Limited
Solicitors to the Issue	Banwo & Ighodalo Alliance Law Firm
Solicitors to the Issuer	G. Elias Olaniwun Ajayi LP
Shari'ah Adviser	Lotus Financial Services Limited
Trustees	FBNQuest Trustees Limited Sterling Asset Management and Trustees Limited STL Trustees Limited United Capital Trustees Limited UTL Trust Management Services Limited
Registrars	Meristem Registrars & Probate Services Limited
Reporting Accountant	Ernst & Young

Stockbrokers	MBC Securities Limited
	Bancorp Securities Limited
	Chapel Hill Denham Securities Limited
	Lead Securities and Investment Limited
	Nigerian Stockbrokers Limited
	Readings Investment Limited
	Sigma Securities Limited
Receiving Banks	Jaiz Bank Plc
	Lotus Bank Limited
	Sterling Bank Plc
	Taj Bank Limited
Rating Agencies	Agusto & Co. Limited
	Global Credit Ratings Co. Limited

APPENDIX VIII: PROCEDURE FOR APPLICATION AND ALLOTMENT

1. *Invitation for Participation*

Qualified Investors are hereby invited to participate in the Issue through the Issuer, Issuing Houses / Bookrunners to the Issue (“the Selling Group”).

- 1.1. The Bookbuilding Period commences on [●] 2023 and concludes on [●] 2023. Orders must be for a minimum of ₦10,000,000.00 (Ten Million Naira) and in integral multiples of ₦1,000.00 (One Thousand Naira) thereafter.
- 1.2. The amount indicated on the Commitment Form (“Commitment Form”) by a Participant (“Participation Amount”) and the rate within the Price Range indicated in the Commitment Form by a Participant (“Bid Rental Rate”) should be entered in the space provided in the prescribed Commitment Form attached to this Pricing Supplement. Photocopies or scanned copies of the Commitment Form will not be accepted.
- 1.3. By completing the Commitment Form, each Participant hereby agrees that the Order is irrevocable and, to the fullest extent permitted by law, the obligations in respect thereof shall not be capable of rescission or termination by any Participant.
- 1.4. Participants may place an order for the Series II Sukuk at any price within the Price Range subject to the Minimum Participation Amount and the terms and conditions stated on the Commitment Form.
- 1.5. A corporate Participant should affix its official seal in the box provided and state its incorporation (RC) Number or, in the case of a corporate foreign subscriber, its appropriate identification/incorporation number in the jurisdiction in which it is constituted.
- 1.6. Upon the completion and submission of the Commitment Form, the Participant is deemed to have authorised the Issuer and the Issuing Houses / Bookrunners to effect the necessary changes in the Prospectus as would be required for the purposes of filing an application for the clearance and registration of the final Pricing Supplement with the SEC. The Commitment Form shall be considered as the Application Form for the purposes of registration of the final Pricing Supplement with the SEC.
- 1.7. Participants shall have the option to make a maximum of three orders on a single Commitment Form and such options shall not be considered as multiple applications.
- 1.8. The Commitment Form presents the Participant with the choice to bid for up to three (3) optional Bid Rental Rates within the Price Range and to specify the Participation Amount in each option. The Bid Rental Rates and the Participation Amounts submitted by the Participant in the Commitment Form will be treated as optional demands from the Participant and will not be cumulated.
- 1.9. After determination of the Rental Rate, the maximum Participation Amount specified by a Participant at or below the Clearing Price will be considered for allocation and the rest of the order(s), irrespective of the corresponding Bid Rental Rate(s), will become automatically invalid.
- 1.10. The Issuer, in consultation with the Bookrunners, reserves the right not to proceed with the Issue at any time including after the Bookbuilding Opening Date but before the Allotment Date without assigning any reason therefore but subject to obtaining clearance from the SEC.

2. Payment Instructions

Successful Participants should ensure that payment of the Participation Amount is received on the Signing Ceremony Date via RTGS into the following designated Issue Proceeds Accounts domiciled with the Receiving Bank:

Bank	Account Name	Account No.
Jaiz Bank Plc	LFSL / LASG Infrastructure SPV Plc Sukuk (Proceeds Account)	[●]
Lotus Bank Limited	LFSL / LASG Infrastructure SPV Plc Sukuk (Proceeds Account)	[●]
Sterling Bank Plc (Sterling Alternative Finance)	LFSL / LASG Infrastructure SPV Plc Sukuk (Proceeds Account)	[●]
Taj Bank Limited	LFSL / LASG Infrastructure SPV Plc Sukuk (Proceeds Account)	[●]

3. Allocation/Allotment

- 3.1 On the Pricing Date⁸, the Issuing Houses / Bookrunners will analyse the demand generated at various price levels and, in consultation with the Issuer, finalise the Rental Rate and the allocations to each Participant. Allocation Confirmation Notices will be sent to successful Participants thereafter.
- 3.2 The Directors of Lagos State Infrastructure Sukuk SPV Plc and the Issuing Houses / Bookrunners reserve the right to accept or reject any application in whole or in part for not complying with the terms and conditions of the Issue.
- 3.3 Upon clearance of the final Pricing Supplement by the SEC, allotment of the Sukuk shall be effected in a dematerialised (uncertificated) form. Participants are mandatorily required to specify their Bank Verification Number, FMDQ Client Business Partners Identification Number and the name of their FMDQ Depository Participant⁹ or CSCS Account Number, name of Stockbroking firm and Clearing House Number (CHN) in the spaces provided on the Commitment Form.

4. Bank Account Details

- 4.1 Participants are required to indicate their bank account details in the space provided on the Commitment Form for the purposes of future payments of the Rental and the Principal Amount.
- 4.2 Participants are advised to ensure that bank account details stated on the Commitment Form are correct as these bank account details shall be used by the Registrar for all payments indicated in 4.1 above in connection with the Sukuk.
- 4.3 Failure to provide correct bank account details could result in delays in credit of such payments or the issuance of cheques / warrants which shall be sent by registered post to the specified addresses of the affected investors. The Issuer, the Issuing Houses, the Receiving Bank, the Trustees and the Registrar shall not have any responsibility nor will any of these specified parties undertake any liability for the same.

⁸ Being the date on which the Bookbuild closes and the price at which the Series II Sukuk will be issued is determined.

⁹ An institution that is a duly registered member of FMDQ Depository Limited.

COMMITMENT FORM

FOR ELIGIBLE INVESTORS ONLY



BOOKBUILD PERIOD	
OPENS	CLOSES
[●] 2023	[●] 2023

LAGOS STATE INFRASTRUCTURE SUKUK SPV PLC

OFFER FOR SUBSCRIPTION (BY WAY OF A BOOKBUILD) OF

UP TO **₦20,000,000,000**

SERIES II: 7 YEAR [●]% FIXED RETURN FORWARD-IJARAH LEASE SUKUK DUE 2030

UNDER THE ₦1,000,000,000,000 DEBT AND HYBRID INSTRUMENTS ISSUANCE PROGRAMME

LEAD ISSUING HOUSE / BOOKRUNNER



RC 1078362

JOINT ISSUING HOUSES / BOOKRUNNERS



Orders must be made in accordance with the instructions set out in this Pricing Supplement. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in any doubt, please consult your Stockbroker, Accountant, Banker, Solicitor or any professional adviser for guidance. By signing this form, you confirm and agree that the Issuing Houses are acting as agents for the Issuer and no other party, including any investor, in relation to the Offer.

All Sections of this Form must be completed (as applicable) PLEASE USE BLOCK LETTERS																				
QUALIFIED INVESTOR (PLEASE TICK ✓)	DATE (DD/MM/YYYY)										CONTROL No. (FOR REGISTRARS' USE ONLY)									
High Net worth Investors																				
Fund Managers	DECLARATION																			
Pension Fund Administrators	I/We confirm that I am/we are eligible to participate in this Sukuk Issue in accordance with the applicable SEC rules and regulations.										I/We authorise the Issuer to amend the Pricing Supplement as may be required for purposes of filing a final version with the SEC without recourse to me/us and I/we use this commitment form as the application for the Sukuk Issue									
Insurance Companies	☒										☒									
Investment/Unit Trusts	I/We confirm that I/we have read the Pricing Supplement dated [●] and that my/our order is made on the terms set out therein.										☒									
Market Makers	☒										I/We note that the Issuer and the Issuing House/Bookrunner are entitled in their absolute discretion to accept or reject this order.									
Staff Schemes	I/We hereby irrevocably undertake and confirm that my/our order for Sukuk equivalent to Participation Amount set out below at the Rental to be discovered through the book building process										☒									
Trustees/Custodians	☒										I/We agree to accept the participation amount as may be allocated to me/us subject to the terms of the Pricing Supplement.									
Resident Corporate Investors	I/We authorise you to enter my/our name on the register as a holder(s) of the Sukuk that may be allotted to me/us and to register my/our address as given below.										☒									
Private Equity Funds	☒										I/We confirm that we have conducted all appropriate Know-your-customer identification and verification checks on the subscribers to our fund/investment vehicle, in line with all applicable AML/CFT legislation and regulations.									

PARTICIPATION DETAILS (the Participation Amount(s) and the Bid Rental Rate(s) being offered must be indicated in the boxes below)

Participants have the option to make a maximum of three (3) orders on the Commitment Form. Each option shall be regarded as a separate application and will be not be considered as multiple applications. All orders must be for a minimum amount of ₦10,000,000.00 (Ten Million Naira) and in multiples of ₦1,000.00 (One Thousand Naira) thereafter.

ORDER 1

PARTICIPATION AMOUNT (MINIMUM AMOUNT OF ₦10 MILLION AND IN MULTIPLES OF ₦1,000.00 THEREAFTER)															BID RENTAL RATE		
IN FIGURES	₦																
IN WORDS																	

ORDER 2

PARTICIPATION AMOUNT (MINIMUM AMOUNT OF ₦10 MILLION AND IN MULTIPLES OF ₦1,000.00 THEREAFTER)															BID RENTAL RATE		
IN FIGURES	₦																
IN WORDS																	

ORDER 3

PARTICIPATION AMOUNT (MINIMUM AMOUNT OF ₦10 MILLION AND IN MULTIPLES OF ₦1,000.00 THEREAFTER)															BID RENTAL RATE		
IN FIGURES	₦																
IN WORDS																	

PLEASE TURN OVER TO COMPLETE THIS FORM

COMMITMENT FORM (REVERSE SIDE)

PARTICIPATION DETAILS (INDIVIDUAL/CORPORATE/JOINT) (Please use one box for one alphabet leaving one box blank between first word and second)

[illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible][illegible]

ALLOTMENT PREFERENCE

Please tick ✓ to indicate an allotment preference - **CERTIFICATE** ☐ / **ELECTRONIC (BOOK ENTRY)** ☐

E-ALLOTMENT DETAILS

Please credit my/our Investor's Account as detailed below to the extent of the Sukuk allotted on CSCS / FMDQ- D:

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[illegible][illegible][illegible][illegible]

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BANK DETAILS (FOR E-PAYMENTS)

[illegible][illegible]

TE	
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[illegible][illegible]

--	--	--	--	--	--	--

[illegible]

SIGNATURE		2 ND SIGNATURE (CORPORATE / JOINT)									
NAME OF AUTHORISED SIGNATORY (CORP ONLY)		NAME OF AUTHORISED SIGNATORY (CORP/JOINT)									
DESIGNATION (CORP ONLY)		DESIGNATION (CORP/JOINT)		RC							
				Meristem Registrars & Probate Services Limited 213 Herbert Macaulay Way Yaba, Lagos Web: www.meristemng.com Email: contact@meristemng.com Tel: 0700-MERISTEM							
STAMP OF BOOK RUNNER / SELLING AGENT <i>(BOOKRUNNERS / ISSUING HOUSES / STOCKBROKERS TO THE ISSUE ONLY)</i>											

*BPID - BUSINESS PARTNER IDENTIFICATION NUMBER