

SERIES 1 TRUST DEED

BETWEEN

**THE GOVERNMENT OF LAGOS STATE OF NIGERIA
(ON BEHALF OF LAGOS STATE OF NIGERIA)**

AND

FBNQUEST TRUSTEES LIMITED (RC 29763)

AND

PAXHILL MINERVA LIMITED (RC 1321995)

AND

RADIX TRUSTEES LIMITED (RC 882610)

AND`

STL TRUSTEES LIMITED (RC 162995)

AND

STERLING ASSET MANAGEMENT AND TRUSTEES LIMITED (RC 76380)

AND

UNITED CAPITAL TRUSTEES LIMITED (RC 645220)

AND

UTL TRUST MANAGEMENT SERVICES LIMITED (RC 4834)

IN RESPECT OF THE

**UP TO ₦100,000,000,000 (ONE HUNDRED BILLION NAIRA) [•] % FIXED RATE BONDS DUE 2032 BEING
THE SERIES 1 BONDS UNDER THE ₦1,000,000,000,000 (ONE TRILLION NAIRA) DEBT AND HYBRID
INSTRUMENTS ISSUANCE PROGRAMME**

DATED THE ____ DAY OF _____ 2023

**THE JOINT TRUSTEES SHALL BE LIABLE FOR BREACH OF THEIR DUTIES WHERE THEY FAIL TO CARRY OUT
THEIR RESPONSIBILITIES UNDER THIS S E R I E S 1 TRUST DEED OR TO REPORT ANY BREACH OF THE
TERMS TO THE SECURITIES AND EXCHANGE COMMISSION**

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THIS SERIES 1 TRUST DEED dated the day of 2023 is made

BETWEEN:

1. **THE GOVERNMENT OF LAGOS STATE OF NIGERIA** (on behalf of Lagos State Nigeria) (hereinafter referred to as the **“State”** or **“Issuer”**), duly represented for the purposes of this Series 1 Trust Deed (as defined below) by the Honourable Commissioner for Finance and the Honourable Attorney-General/Commissioner for Justice, whose offices are situated at the Lagos State Secretariat, Alausa, Ikeja, Lagos, which expression shall where the context admits include its successors in Office) of the one part;

AND

2. **THE INSTITUTIONS** named in Schedule 1 (hereinafter collectively referred to as **“the Joint Trustees”** and individually as the **“Joint Trustee”**, which expression shall include their successors-in-title and assigns), of the other part.

The Issuer and the Joint Trustees may hereinafter be referred to individually as **“Party”** and collectively as **“Parties.”**

WHEREAS:

- A. By virtue of Sections 9 and 10 of the Lagos State Bonds, Notes and Other Securities Issuance Law, No. 17 of 2008 (the **“Enabling Law”**), the Resolution of the Lagos State Executive Council dated 9 September 2022 (the **“EXCO Resolution”**) and the Resolution of the State House of Assembly which was passed on 4 October, 2022, the Issuer resolved to establish a ₦1,000,000,000,000.00 (One Trillion Naira) debt and hybrid instruments issuance programme (**“the Programme”**).
- B. By the EXCO Resolution, the Issuer was further authorised to issue instruments of up to ₦134,815,000,000 (One Hundred and Thirty-Four Billion, Eight Hundred and Fifteen Million Naira) in three series under the Programme.
- C. Following the conclusion of the book building process, the offer size and coupon for the Series 1 Bonds were established at [•] and [•] % per annum fixed rate due 2032.
- D. The Issuer has appointed the Joint Trustees pursuant to Section 4 of the Enabling Law, and the Joint Trustees have agreed to act as trustees for the benefit of the Bondholders, upon and subject to the terms and conditions contained in this Series 1 Trust Deed and the Programme Trust Deed dated on and about the date of this Series 1 Trust Deed (the **“Programme Trust Deed”**) between the Issuer and the Joint Trustees.
- E. The Joint Trustees are duly registered with SEC and each Joint Trustee is authorised to perform the functions of a trustee.
- F. This Series 1 Trust Deed is supplemental to the Programme Trust Deed and sets out the terms and conditions that apply to the Series 1 Bonds.

IN CONSIDERATION of the above premises and the mutual agreement of the Parties hereto, it is hereby agreed as follows:

1. DEFINITIONS AND INTERPRETATION

- 1.1 Unless otherwise expressly stated herein, the provisions of the Programme Trust Deed including schedules attaching thereto shall remain in full force and effect in accordance with their respective terms and shall apply *mutatis mutandis* to the Series 1 Bonds and words such as “herein”, “hereof”, “hereunder”, “hereafter”, “hereby” and “hereto”, where they appear in the Programme Trust Deed shall be construed as if such words are used herein.
- 1.2 Unless otherwise expressly defined herein or as the context requires, terms and expressions used in this Series 1 Trust Deed, shall have the same definitions given to those terms and expressions in the Programme Trust Deed.
- 1.3 Where there is a conflict between the provisions of the Programme Trust Deed and this Series 1 Trust Deed in relation to the Series 1 Bonds, the provisions of this Series 1 Trust Deed shall prevail.
- 1.4 All references to “Trust Deeds” or “Deeds”, shall, unless the context otherwise requires, be taken as references to the Programme Trust Deed and this Series 1 Trust Deed together.
- 1.5 In this Series 1 Trust Deed, unless the context otherwise requires:

“Aggregate Principal Amount”	means up to N [100,000,000,000 (One Hundred Billion Naira)] being the nominal amount of the Series 1 Bonds to be issued under the Programme;
“Allotment Date”	means the date on which the Bonds are allotted, being the date of the meeting of the Executive Council conveyed for that purpose pursuant to SEC approval;
“Bondholders” or “Holders”	means the persons who are registered owners or beneficial owners of Series 1 Bonds and whose names are entered into the Register, from time to time, (and in the case of joint holders, the first named thereof), and “Bondholder” shall be construed accordingly;
“Coupon”	means [\bullet]% interest per annum due and payable semi-annually in arrears on the Series 1 Bonds;
“Coupon Payment Dates”	means the dates on which coupon is payable in respect of the Series 1 Bonds and shall be on the sixth and twelfth month from the Issue Date, with the Coupon being paid semi-annually in arrears, up to and including the Maturity Date more specifically set out in Schedule 3 hereto;
“Daily Official List”	means the daily publication of NGX detailing price movements and information on all securities quoted on NGX;
“Daily Quotation List”	means the daily official publication of the FMDQ containing market/model prices and yields, and the values traded on all securities listed and quoted on the FMDQ;
“Deed”	means this Series 1 Trust Deed constituting the Series 1 Bonds;

“Enabling Law”	means the Lagos State Bond, Notes and Other Securities Issuance Law, 2008;
“Fixed Rate Bonds”	means Bonds on which coupon is calculated at a fixed rate payable in arrears on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed by the Issuer;
“Investors”	means the persons entitled to subscribe for the Bonds, such as qualified institutional investors and High Net Worth Investors in accordance with the SEC Rules and Regulations;
“Issue Date”	means the date on which the Series 1 Bonds are issued being [•] 2022;
“Material Adverse Change”	means any change in the Issuer otherwise than in accordance with the provisions of the Constitution or any other change that may adversely affect the ability of the Issuer to perform its obligations under this Deed as regards payment due with respect to the Series 1 Bonds;
“Maturity Date”	means [•] / [•] / 2032;
“Minimum Subscription Amount”	means N 10,000,000.00 (Ten Million Naira) being the minimum subscription amount for the Series 1 Bonds;
“Par Value”	means N 1,000.00 (One Thousand Naira) being the nominal value of each Bond;
“Permitted Investments”	means the following: <ol style="list-style-type: none"> 1. Direct obligations of the FGN and securities fully and unconditionally guaranteed as to the timely payment of principal and coupon by the FGN; 2. Direct obligations of federal agencies which are fully guaranteed by the FGN; 3. Direct obligations of any state of the FGN or any subdivision or agency thereof, each of which has a minimum credit rating of AA or its equivalent from a rating agency registered or duly exempted from being registered by the SEC; 4. Deposit accounts, commercial papers or bankers’ acceptances, or instruments (in each case having maturities of not more than 365 days following the date of purchase) of any bank duly licenced by the CBN to operate in Nigeria, provided that such bank is assigned a minimum rating of AAA or its equivalent by a rating agency registered with the SEC and/or a minimum of a BB- or a comparable rating by an internationally recognized rating agency;
“Pricing Supplement”	means the duly registered document within the meaning of Rule 279(3) of the SEC Rules and Regulations, dated [•] issued on behalf of the Issuer by the duly appointed issuing houses which contains the

	final terms and conditions of the Series 1 Bonds issued under the Programme;
“Principal Moratorium Period”	means the period of 24 months from the Issue Date of the Series 1 Bonds with respect to the Principal Amount;
“Programme Trust Deed”	means the programme trust deed dated on or about the date hereof constituting the Programme;
“Register”	means with respect to the Series 1 Bonds, the books kept by the Registrar to evidence the registration of a Bondholder;
“Scheduled Payment Dates”	Each 6 th (Sixth) and 12 th (Twelfth) month in each year commencing on [•], (which is the first Coupon Payment Date after the Principal Moratorium Period) until the Maturity Date more specifically set out in Schedule 3 hereto;
“Series 1 Bonds” or “the Bonds”	means the up to ₦100,000,000,000 (One Hundred Billion Naira)] [•]% Fixed Rate Bonds due [2032], issued at par and payable in accordance with the provisions of this Series 1 Trust Deed;
“Series 1 Sinking Fund”	means the sinking fund specifically established and managed by the Joint Trustees on behalf of the State, for purposes of servicing the Coupon and Principal repayment obligations of the Series 1 Bonds; and into which payments from the ISPO and the CDSA shall be remitted in accordance with the provisions of this Deed;
“Trust Deeds”	means this Deed and the Programme Trust Deed; and
“VAT Act”	means Value Added Tax Act (Chapter V1) LFN 2004 (as amended by the Value Added Tax (Amendment) Act 2007, the Finance Act 2019, the Finance Act 2020, and the Finance Act 2021).

2. APPOINTMENT OF TRUSTEES AND DECLARATION OF TRUST

- 2.1. The Issuer hereby appoints the Joint Trustees as the representatives of the Bondholders for the Series 1 Bonds in accordance with the provisions of this Series 1 Trust Deed and the Programme Trust Deed to hold the benefit of the covenants, rights and other obligations of the Issuer, for the benefit of the Bondholders in accordance with this Series 1 Trust Deed.
- 2.2. By execution hereof, the Joint Trustees have accepted and agreed to be bound by and to enforce the powers, and perform the duties and obligations of the Joint Trustees set out herein in accordance with the provisions of this Series 1 Trust Deed and the Programme Trust Deed and hereby declare themselves Joint Trustees for the Bondholders to hold the benefit of the covenants, rights and other obligations on the part of the Issuer herein contained in trust for the benefit of the Bondholders subject to the terms of this Deed as provided in Schedule 2 (*Terms and Conditions of the Bond*).
- 2.3. Any sums received by the Joint Trustees whether of principal, interest or otherwise from the Issuer, shall be received by the Joint Trustees in trust to apply same towards the repayment of Principal Amount and Coupon, fees, indemnities, costs and charges in accordance with this Series 1 Trust Deed and the Programme Trust Deed; provided that the rights of each Bondholder as set out in this Series 1 Trust Deed and the Programme Trust Deed is preserved and preferred.

- 2.4. The trust created herein shall be a continuing obligation and shall be of full force and effect until terminated in accordance with the Programme Trust Deed.

3. FORM OF BONDS

3.1. Amount, Tenor and Status

- 3.1.1. **Series Amount:** The Aggregate Principal Amount of the Series 1 Bonds is ~~N~~[100,000,000,000 (One Hundred Billion Naira)] comprising [100,000,000] Bonds at the Par Value.
- 3.1.2. **Type of Bonds:** Fixed Rate Bonds.
- 3.1.3. **Status of Bonds:** The Bonds shall constitute senior unsecured and direct obligations of the State which shall, at all times, rank *pari-passu* and without any preference among themselves. The Series 1 Bonds qualify as securities in which trustees and pension fund administrators may invest under the Trustees Act and the Pension Reform Act Cap P4 LFN 2004 respectively.
- 3.1.4. **Minimum Subscription:** The minimum subscription amount for the Bonds is ~~N~~10,000,000.00 (Ten Million Naira) and multiples of ~~N~~1,000.00 (One Thousand Naira) thereafter.
- 3.1.5. **Oversubscription:** In the event, the bidders at the highest acceptable yield exceeds the amount of Bonds available for the yield in this Series, the State may either increase the amount available by up to 15% (fifteen percent) of the determined size of this Series 1 Bonds so that a minimum number of Bonds can be issued on a pro-rata basis to each successful bidder at that yield, or decrease the amount available so that no allocation of Bonds is made at that yield; provided however, that, where the State increases the amount available, the oversubscription shall not be more than 15% (fifteen percent) of the size of the Series 1 Bonds (or such amounts as may be permitted by SEC).
- 3.1.6. **Tenor:** Ten (10) years.
- 3.1.7. **Tax Considerations:** The Federal Government of Nigeria by the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order, 2011, (the “CIT Order”) had exempted bonds issued by State Governments from taxes ordinarily imposed under the Companies Income Tax Act Chapter C21, LFN 2004 (as amended by the Finance Acts 2019, 2020 and 2021) for ten (10) years. The exemption expired on January 1, 2022, hence the Issuer will be required by law to withhold tax on Coupon payments to corporate Bondholders and no additional amounts shall be paid to the Bondholders as a result thereof. Coupon payments on Bonds derived from Nigeria and accruing to both Nigerian investors and non-Nigerian investors would ordinarily be subject to withholding tax in Nigeria at the applicable rate of 10%. Effective July 1, 2022, withholding tax on interest payments to a foreign company or foreign resident from a country with which Nigeria has a double taxation treaty will generally be payable at the rate of 7.5 - 10%, pursuant to the Federal Inland Revenue Service Circular of May 11, 2022. 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 Bonds 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, bonds issued by State Governments are generally exempt from personal income tax (“PIT”). However following the expiration of the exemption granted by the Honourable 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 bonds issued by the Federal Government of Nigeria.

3.2 Coupon

- 3.2.1 Coupon shall be paid semi-annually in arrears in equal payments on each Coupon Payment Date up to and including the Maturity Date.
- 3.2.2 The coupon payable on the Series 1 Bonds shall be [•]% per annum (“**Coupon Rate**”).
- 3.2.3 The Joint Trustees shall apply the monies in the Series 1 Sinking Fund for Coupon payments to the Bondholders on the Coupon Payment Dates by transferring same to the Registrar. Payment of the principal and Coupon shall be made through the offices of the Registrar.

3.3 Scheduled Redemption

The Aggregate Principal Amount shall be amortised over the life of the Series 1 Bonds commencing after the Principal Moratorium Period in accordance with Condition 6 of Schedule 2 hereof.

3.4 Early Redemption and Prepayment (Call Option)

- 3.4.1 Notwithstanding the provisions of Clause 3.3 above, the Issuer may, on any Coupon Payment Date following the 5th (fifth) anniversary of the Issue Date of the Series 1 Bonds, where it gives not less than thirty (30) Business Days irrevocable notice in accordance with Schedule 4 of this Deed to the Bondholders, prepay in whole or in part, all outstanding obligation under the Bonds PROVIDED however that such prepayment shall fall on a Coupon Payment Date.
- 3.4.2 An early redemption exercise must relate to Bonds of a nominal amount to be specified in the notice. All Bonds in respect of which any such notice (specified in clause 3.4.1) is given shall be redeemed on the date specified in such notice in accordance with this clause 3.4.
- 3.4.3 In the case of a partial redemption, the Bonds that are to be redeemed will be computed on a pro-rata basis of all the Bonds outstanding.
- 3.4.4 Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Joint Trustees a resolution by the Executive Council stating that the requirement referred to in clause 3.4.1 above will apply on the next Coupon Payment Date.
- 3.4.5 The Bond is callable by the Issuer at par in accordance with Condition 6 (Redemption and Call Option) in Schedule 2 of this Series 1 Trust Deed.

3.5 Utilisation of Bond Proceeds

- 3.5.1 The Issuer shall apply the net proceeds of the Series 1 Bonds as specifically indicated in the Pricing Supplement.
- 3.5.2 The Joint Trustees shall not be bound to enquire as to the application by the Issuer of the proceeds of the Series 1 Bonds, nor shall it be responsible for such application, or for the consequence of such application.

3.6 Creation of Series 1 Sinking Fund and Declaration of Trust

- 3.6.1 The Issuer hereby establishes a Series 1 Sinking Fund, to be held and managed by the Joint Trustees. The amount standing to the credit of the Series 1 Sinking Fund from time to time shall be applied to meet the obligations of the Issuer as follows:
 - (i) Joint Trustees' fees and Expenses (as indicated in the respective appointment letters of the Joint Trustees and as may be agreed from time to time between the Issuer and the Joint Trustees);
 - (ii) Annual listing fees;
 - (iii) Annual ratings agencies' fees;
 - (iv) Coupon payments;
 - (v) Semi-annual principal payment commencing upon the expiry of the Principal Moratorium Period and/or early redemption prepayments (where applicable); and
 - (vi) Any excess at the maturity of the Series 1 Bonds and after due discharge of all the Issuer's obligations aforesaid shall be remitted as directed by the Issuer.
- 3.6.2 The Issuer shall, commencing from the Issue Date, credit the sum of ~~N~~**[422,756,569.00]**, into the Series 1 Sinking Fund on a monthly basis from the CDSA for the purpose of payment of the principal, Coupon, Joint Trustees' fees and Expenses including other monies (if any) due and payable by the Issuer in respect of the Series 1 Bonds.
- 3.6.3 In addition to clause 3.6.2 above, commencing from the Issue Date, the sum of ~~N~~**[850,000,000.00]** shall be credited into the Series 1 Sinking Fund on a monthly basis in accordance with the ISPO issued by the Issuer and duly approved by the Honourable Minister of Finance by the letter dated [•].
- 3.6.4 Further to Clause 3.6.3 above, the amount appropriated from the CDSA shall be increased to ~~N~~**[990,379,635.00]** from ~~N~~**[422,756,569.00]** commencing following the expiration of the Principal Moratorium Period. Thus, the total monthly appropriation into the Series 1 Sinking Fund (from CDSA and ISPO) will be ~~N~~**[1,272,756,569.00]**, which shall be increased to ~~N~~**[1,840,379,635.00]**, following the expiration of the Principal Moratorium Period.
- 3.6.5 Each of the Joint Trustee hereby accepts and agrees to be bound by the powers, duties and obligations of the Joint Trustees specifically set forth herein and in Clauses 11 of the Programme Trust Deed to the benefit of the Bondholders.
- 3.6.6 Upon termination and winding up of the trust, the Series 1 Sinking Fund shall be distributed in accordance with the provisions of clause 3.6.1 above.

3.7 Listing

The Series 1 Bonds shall upon issue, be admitted to the Daily Official List (Bonds) of the NGX and/or the Daily Quotations List of the FMDQ and such quotation shall be maintained until the Maturity Date.

3.8 Trading and Settlement

3.8.1 The Series 1 Bonds shall be traded on the secondary market of the FMDQ and/or the NGX.

3.8.2 Bond purchases shall be settled by electronic funds transfers through the Nigeria Inter-bank Settlement System (NIBSS) and any CSD.

4. REPRESENTATIONS AND UNDERTAKINGS

4.1. Representations and Warranties of the Issuer

4.1.1. The Issuer represents and warrants to each of the Joint Trustees that neither the execution of this Series 1 Trust Deed nor the creation of the charge hereunder contravenes the provisions of any laws of the State.

4.1.2. The Issuer warrants that no change in the status of the State shall be interpreted to avoid the obligations herein imposed on the Issuer, and in the event of any change in the status of the State, the successor(s)-in-office of the State shall be held and deemed responsible for the performance of the obligations imposed hereunder.

4.1.3. The Issuer represents and warrants to the Joint Trustees that each of the representations and warranties set out in Clause 16 of the Programme Trust Deed is valid and of effect as at the date of this Series 1 Trust Deed.

4.1.4. The Issuer warrants that no Event of Default as defined in Clause 12 of this Deed has occurred or is likely to occur and/or is continuing.

4.1.5. The Issuer warrants that the execution and delivery of the Issue Documents, performance of all its obligations thereunder and issuance of the Series 1 Bonds:

4.1.5.1. have been duly authorised by all necessary action (including any necessary approvals of the Executive Council and the House of Assembly or similar action); and

4.1.5.2. will not contravene or constitute a default under any contractual obligation, judgement, injunction, order or decree upon it or its assets.

4.2. Undertakings of the Issuer

4.2.1. The Issuer undertakes to the Joint Trustees that it shall procure the deposit of ~~₦~~[1,272,756,569.00] from the CDSA and ISPO to the Series 1 Sinking Fund (the former shall be increased after the Principal Moratorium Period, in accordance with Clause 3.6.4) at least fifteen (15) Business Days prior to the end of every month during each year in which the Bonds remain outstanding and cause same to be deposited into the Series 1 Sinking Fund towards the accumulation of monies for principal and Coupon payment or early redemption prepayment (where applicable), in accordance with Schedule 2 hereto.

- 4.2.2. The Issuer irrevocably undertakes not to revoke or modify the terms under which sums from the CDSA and ISPO are deposited in the Series 1 Sinking Fund throughout the tenor of the Series 1 Bonds without the prior written consent of the Joint Trustees (such consent not to be unreasonably withheld, delayed or conditioned) and the prior approval of SEC.
- 4.2.3. The Issuer undertakes to punctually comply with all its undertakings and obligations, the non-compliance of which is likely to materially and adversely affect the general interests of Bondholders.

4.3. Representations and Warranties of the Joint Trustees

- 4.3.1. Each of the Joint Trustees hereby warrants to the Issuer that each of the representations and warranties stated in clause 15 of the Programme Trust Deed is valid and of effect as at the date of this Series 1 Trust Deed.
- 4.3.2. The Joint Trustees warrant that they shall, at any time, concur with the Issuer in making any modification to this Series 1 Trust Deed (with the prior approval of the SEC), which shall be expedient with a view to obtaining permission to deal in or seek quotation of the Series 1 Bonds on the NGX and/or the FMDQ; provided that the Joint Trustees shall be of the opinion that such modification shall not be prejudicial to the interest of the Bondholders.
- 4.3.3. The Joint Trustees warrant that they shall manage and administer the sums standing to the credit of the Series 1 Sinking Fund for the benefit of the Bondholders, and shall hold and apply such sums in accordance with this Series 1 Trust Deed, the Enabling Law, the SEC Rules and Regulations and the ISA.
- 4.3.4. The Joint Trustees, in exercise of their powers, shall comply with the provisions of this Series 1 Trust Deed, the Enabling Law, the SEC Rules and Regulations and the ISA.
- 4.3.5. In addition to the above, each Joint Trustee shall:
 - (a) comply with the fiduciary duties owed to the Bondholders in accordance with the Trust Deeds and the applicable laws and act in the best interest of the Bondholders;
 - (b) act impartially and solely in the best interest of all Bondholders in the management of the trust property;
 - (c) not let their duties and that owed to the Bondholders conflict;
 - (d) not commingle their funds with those of the trust;
 - (e) segregate their assets from the trust property;
 - (f) not pledge or charge the trust property except as permitted by the Trust Deeds, the ISA, SEC Rules or any applicable law;
 - (g) not delegate their duties except as permitted by the Trust Deeds;
 - (h) act honestly, prudently and in good faith in the performance of their duties and the exercise of discretions, and to exercise all due care, skill, diligence and vigilance in carrying out their functions and duties as Joint Trustees and in safeguarding the rights and interests of the Bondholders; and
 - (i) take all necessary steps to ensure that the Series 1 Sinking Fund is adequately protected and insured (where required).

5. TRANSFER AND SECURITY

5.1. Transfer

- 5.1.1. The Series 1 Bonds shall be transferable in accordance with the provisions of this Deed and regulated by the CSD procedures and guidelines, provided that a Bondholder may only transfer the Series 1 Bonds in multiples of ₦5,000,000.00 (Five Million Naira) ("**Minimum Transfer Amount**").
- 5.1.2. The title of any Bondholder to a Series 1 Bond, shall not be deemed to be transferred to any other person except upon the execution of an approved instrument of transfer to the transferee and upon the registration by the Registrar of the transferee as the Bondholder in the Register.

5.2. Registration

- 5.2.1. Notwithstanding the provisions of sub-clause 5.1 above no transfer may be effected if such transfer would result in the transferor or transferee holding or continuing to hold Series 1 Bonds with a value less than the Minimum Subscription Amount.
- 5.2.2. The Issuer shall cause the Register with respect to the Series 1 Bonds to be maintained at the offices of the Registrar and the Registrar shall provide for the registration and transfer of the Series 1 Bonds in accordance with the provisions of this Deed and the CSD procedures and guidelines.
- 5.2.3. The Series 1 Bonds shall be registered in the Register which shall contain the names and addresses of the Bondholders, the respective number of Series 1 Bonds held, the nominal value of the Series 1 Bonds, the date of allotment or purchase, the CSD account number of the Series 1 Bonds together with any other information that may be deemed necessary by the Issuer or the Joint Trustees.
- 5.2.4. The Register shall be closed for a period of twenty-one (21) days preceding each Coupon Payment Date (such date being the "**Record Date**") and no transfer of Series 1 Bonds shall be registered in the Register during this period.

5.3. Security

Every Bondholder shall have the right to pledge, charge, and mortgage or otherwise use its Series 1 Bonds to secure a debt, a loan, or an obligation and in any such case, shall notify the Joint Trustees of the pledge, charge, mortgage or obligation. Upon being notified by the Joint Trustees, the Registrar shall within fourteen (14) Business Days register in the Register, every such pledge, charge, mortgage, or obligation on or in respect of any Series 1 Bond.

6. ACCOUNTING AND AUDITING

- 6.1. The Joint Trustees shall cause proper books of account to be kept and furnished to the Issuer on a quarterly basis. Annual accounts of the trust in respect of the Series 1 Bonds to be prepared which shall give a fair and true view of the affairs of the trust during each year covered by the accounts.
- 6.2. The financial statements shall be laid before the Bondholders at a meeting of the Bondholders in line with the provision on meetings in Schedule 2 (Provisions for Meetings of the Holders) of the Programme Trust Deed.

7. CONTINUITY

For as long as the Series 1 Bonds remain outstanding, the obligations as set forth in this Series 1 Trust Deed shall be a binding and continuing obligation on the Issuer. The Trust Deed shall be binding on the Issuer, the Joint Trustees and the Bondholders.

8. NEGATIVE PLEDGE

The Issuer hereby covenants that it shall not without the express written consent of the Joint Trustees (such consent not to be unreasonably withheld, delayed or conditioned) directly or indirectly at any time during the subsistence of this Series 1 Trust Deed, create or permit to subsist any encumbrance, or agree or purport to permit to subsist any encumbrances on the Pledged Revenues and the Series 1 Sinking Fund, whether ranking in priority or *pari passu* with the interest of the Bondholders, without providing such other security for the Series 1 Bonds as may be approved by Bondholders of not less than three quarters of the aggregate nominal amount of the Series 1 Bonds for the time being outstanding at a duly convened meeting of the Bondholders.

9. INVESTMENT BY THE JOINT TRUSTEES

- 9.1 The Joint Trustees may invest monies in the Series 1 Sinking Fund, as soon as practicable upon receipt, in the Permitted Investments in accordance with the Trust Deeds, Enabling Law, ISA and SEC Rules and Regulations.
- 9.2 Where the Joint Trustees decide to invest in Permitted Investments, the Joint Trustees shall ensure that the maturity date or date on which such Permitted Investments may be redeemed at the option of the Joint Trustees shall coincide as nearly as possible (but shall in no event be later than 3 (three) Business Days with the relevant Coupon Payment Dates and the Scheduled Payment Dates.
- 9.3 Furthermore, the dividends, interest, bonus, and other profits of any investment of any part of the Series 1 Sinking Fund shall also be invested by the Joint Trustees so as to form part of that Series 1 Sinking Fund as monies appropriated as contributions to the Series 1 Sinking Fund.

10. NOTICES

All notices regarding the Series 1 Bonds will be deemed to be validly given –

- 10.1. on the date delivered by a reputable courier to the Bondholders (or the first named of Joint Bondholders) at the respective addresses recorded in the Register; and
- 10.2. upon the publication of the notices in at least two (2) newspapers of national circulation in Nigeria. Any such newspaper notice will be deemed to have been given on the date of the first publication.

Provided that the date of the publication of the notice shall take precedence over date in clause 10.1 above.

11. REMEDIES AND ENFORCEMENT OF REMEDIES

- 11.1 In the event that the amount standing to the credit of the Series 1 Sinking Fund is not sufficient to discharge the Issuer's debt service obligations under this Series 1 Trust Deed, the shortfall shall be paid first out of the CDSA and if same is insufficient to pay the deficiency, the outstanding balance shall be paid from the State Consolidated Revenue Fund and assets of the State with the approval of the House of Assembly.
- 11.2 The Joint Trustees may, at any time, at their discretion and without notice institute such proceedings as they think fit to exercise their powers and/or enforce their rights under this Deed in

respect of the Series 1 Bonds including the repayment of the Series 1 Bonds at any time after the Bonds shall have become repayable under the terms of this Deed as provided in Schedule 2 (*Terms and Conditions of the Bond*), but shall not be bound to do so unless:

11.2.1 they have been so requested in writing by the Bondholders of not less than one-tenth in principal amount of the outstanding Series 1 Bonds or have been so directed by a Special Resolution passed at a meeting of the Bondholders convened in accordance with Condition 9 of Schedule 2 (*Terms and Conditions of the Bond*); and

11.2.2 they have been indemnified, prefunded and/or secured to their satisfaction.

11.3 No Bondholder shall be entitled to proceed directly against the Issuer to enforce the provisions of this Deed unless the Joint Trustees having become bound so to proceed, fail so to do within fourteen (14) Business Days and the failure shall be continuing, in which case the Bondholder, shall have only such rights against the Issuer as those which the Joint Trustees are entitled to exercise.

11.4 The Joint Trustees and the Bondholders shall be entitled to all remedies available under the law for the recovery of amounts owing in respect of the Series 1 Bonds.

11.5 Upon the occurrence of an Event of Default, the Joint Trustees shall at their discretion be entitled to liquidate the Series 1 Sinking Fund and/or Permitted Investments for the payment of the amounts outstanding on the Series 1 Bonds, provided however that the Joint Trustees shall only be obliged to distribute to the Bondholders up to the extent of such amounts as they realise from the Series 1 Sinking Fund or disposal of the Permitted Investments and such amounts shall be applied to meet the obligations of the Issuer.

12. EVENTS OF DEFAULT

In addition to Condition 19 of Schedule 2 (Terms and Conditions of the Instruments) of the Programme Trust Deed, each of the following events is hereby declared an “**Event of Default**” with respect to the Series 1 Bonds, and subject to the provisions of this Deed, the Principal Amount, Coupon, and other payments due to the Bondholders shall, become immediately payable and the Joint Trustees shall be entitled to take all necessary steps to effect such payment:

- a. if payment by the Issuer in respect of any Coupon on any Series 1 Bonds is not made in full when same becomes due and payable;
- b. if payment by the Issuer in respect of the principal of the Series 1 Bonds is not made in full when the same becomes due and payable, whether at maturity or by proceedings for redemption or otherwise;
- c. if the Issuer fails to observe or perform any other obligation, covenant or agreement on its part as prescribed herein, for a period of two (2) weeks after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Issuer by the Joint Trustees, or from which such notice has been given to the Issuer and the Joint Trustees by Bondholders of at least ten percent (10%) in aggregate of the Principal Amount of the Series 1 Bonds still then outstanding; provided, however, that if the breach of covenant or agreement is one which can be remedied but cannot be completely remedied within the two (2) weeks after written notice has been given, it shall not be an Event of Default with respect to the Series 1 Bonds as long as the Issuer has taken active steps within the two (2) weeks after such written notice has been given to remedy the failure and is diligently pursuing such remedy;

- d. the occurrence of a Material Adverse Change; and
- e. if by reason of the introduction of, or any change in, any applicable law or regulation or regulatory requirement, or any change in the interpretation or application thereof, otherwise than by the act of the Issuer, it becomes unlawful or it is prohibited for the Issuer to maintain or give effect to any of its material obligations as contemplated by this Deed.

13. COUNTERPARTS

This Series 1 Trust Deed may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same agreement.

14. SEVERABILITY

Any term or provision of this Series 1 Trust Deed or the application thereof to any circumstance that is prohibited or unenforceable (to any extent) in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability without invalidating or rendering unenforceable the remaining terms or provisions hereof or the application of such term or provision to circumstances other than those to which it is held invalid or unenforceable. Any such illegality, invalidity, prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable laws, the Parties hereto waive any provision of law that renders any term or provision of this Series 1 Trust Deed illegal, invalid, prohibited, or unenforceable in any respect.

15. BENEFIT OF THE TRUST DEED

Nothing in this Series 1 Trust Deed, express or implied, shall give to any person, other than the Parties hereto and their successors hereunder and the Bondholders, and, where specified herein, the beneficial owners of Bonds, any benefit or any legal or equitable right, remedy or claim under this Series 1 Trust Deed.

16. GOVERNING LAW

This Series 1 Trust Deed shall be governed by and construed in all respects in accordance with the laws of the Federal Republic of Nigeria.

17. DISPUTE RESOLUTION

Clause 35 of the Programme Trust Deed shall apply *mutatis mutandis* to this Series 1 Trust Deed.

18. STATUS OF THIS SERIES 1 TRUST DEED

This Series 1 Trust Deed shall be subject to the provisions of the ISA, the SEC Rules and Regulations and the Trustees Act.

SCHEDULE 1

THE JOINT TRUSTEES

1. **FBNQUEST TRUSTEES LIMITED (RC 29763)**, a private limited liability company duly incorporated under the laws of the Federal Republic of Nigeria and duly registered with the SEC to provide corporate trust services in Nigeria with its principal place of business situate at 10 Keffi Street, Off Awolowo Road, Ikoyi, Lagos.
2. **PAXHILL MINERVA LIMITED (RC 1321995)**, a private limited liability company duly incorporated under the laws of the Federal Republic of Nigeria and duly registered with the SEC to provide corporate trust services in Nigeria with its principal place of business situate at 10 Bankole Oki Street, Ikoyi, Lagos.
3. **RADIX TRUSTEES LIMITED (RC 882610)**, a private limited liability company duly incorporated under the laws of the Federal Republic of Nigeria and duly registered with the SEC to provide corporate trust services in Nigeria with its principal place of business situated at 3rd Floor AIICO House, PC 12 Churchgate Street, Victoria Island, Lagos.
4. **STL TRUSTEES LIMITED (RC 162995)**, a private limited liability company duly incorporated under the laws of the Federal Republic of Nigeria and duly registered with the SEC to provide corporate trust services in Nigeria with its principal place of business situate at Plot 183, Moshood Olugbani Street, Victoria Island, Lagos.
5. **STERLING ASSET MANAGEMENT AND TRUSTEES LIMITED (RC 76380)**, a private limited liability company duly incorporated under the laws of the Federal Republic of Nigeria and duly registered with the SEC to provide corporate trust services in Nigeria with its principal place of business situate at 7 Alfred Rewane Road, Ikoyi, Lagos.
6. **UNITED CAPITAL TRUSTEES LIMITED (RC 645220)**, a private limited liability company duly incorporated under the laws of the Federal Republic of Nigeria and duly registered with the SEC to provide corporate trust services in Nigeria with its principal place of business situate at Afriland Towers (3rd & 4th Floors) 97/105 Broad Street, Lagos.
7. **UTL TRUST MANAGEMENT SERVICES LIMITED (RC 4834)**, a private limited liability company duly incorporated under the laws of the Federal Republic of Nigeria and duly registered with the SEC to provide corporate trust services in Nigeria with its principal place of business situate at 47 Marina, ED Building, Lagos Island, Lagos.

SCHEDULE 2

TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions of the Series 1 Bonds, substantially as they will appear on the reverse of the Certificates, issued in uncertificated (dematerialised or book entry) form.

Words and expressions defined in the Series 1 Trust Deed (as same may be amended, varied, or supplemented from time to time with the consent of the Parties thereto) are expressly and specifically incorporated into and shall apply to the Conditions (as defined below).

Capitalised terms used but not defined in the Conditions shall have the meanings attributed to them in the Trust Deeds unless the context otherwise require or unless otherwise stated.

1. THE BONDS

The ~~N~~[100,000,000,000 (One Hundred Billion Naira)] [•]% Fixed Rate Bonds due 2032 (Series 1) (the “**Bonds**”) issued by the Government of Lagos State of Nigeria (the “**State**” or “**Issuer**”) pursuant to the provisions of the Enabling Law and the resolutions of the Lagos State Executive Council dated 9 September, 2022 and the Lagos State House of Assembly on 4 October, 2022 (the “**Resolutions**”).

The Bonds are constituted by a trust deed dated [•] (the “**Series 1 Trust Deed**”) between the Issuer and FBN Quest Trustees Limited, STL Trustees Limited, Radix Trustees Limited, United Capital Trustees Limited, UTL Trust Management Services Limited, Sterling Asset Management and Trustees Limited, and Paxhill Minerva Limited (the “**Joint Trustees**”), which expression shall include all persons who for the time being are bond trustees under the Series 1 Trust Deed acting for the benefit of the holders of the Series 1 Bonds (the “**Bondholders**”). The statements set out in these terms and conditions (the “**Conditions**”) are subject to the detailed provisions of the Series 1 Trust Deed and the Programme Trust Deed dated on and about that date of this Series 1 Trust Deed.

2. FORM, DENOMINATION AND TITLE

(a) Denomination

The Bonds will be in fully registered form, in denominations of ~~N~~1,000.00 (One Thousand Naira). The minimum subscription amount for the Bonds is ~~N~~10,000,000.00 (Ten Million Naira). The Issuer, the Joint Trustees and any agent will (except as otherwise required by law) deem and treat the registered Bondholder of the Bonds as the absolute owner thereof for all purposes.

(b) Title

(i) Issue of Bonds in Dematerialised Form

Investors may hold the Bonds in dematerialised form and deal in the same in accordance with CSD procedures and guidelines. Subscribers desirous of receiving Bonds in dematerialised form should indicate to their stock broking firm or stockbroker; their CSD account details and other relevant details in the appropriate space on the application form attached to the Pricing Supplement upon clearance of the basis of allotment by SEC, the Registrar shall take necessary steps to credit the designated CSD accounts of the allottee(s) with the number of allotted Bonds. In case of incorrect details provided by the Investors and inability of the Registrar to credit the

CSD account, the Bonds will be issued in accordance with the procedures and guidelines of the relevant CSD.

Statements issued by the CSD as to the aggregate number of such Bonds standing to the credit of the account of any person shall be conclusive and binding for all purposes save in the case of manifest error and such person shall be treated by the Issuer, the Joint Trustees and the Registrar as the beneficial owner of such aggregate number of Bonds for all purposes.

(ii) Certificates

Notwithstanding the above and further to the provisions of the ISA, every Bondholder shall be entitled upon election to receive a Certificate covering the aggregate amount of his beneficial interest in the Bonds from the Registrar.

3. TRANSFER OF THE BONDS

(a) Transfers

The Bonds may be transferred in whole or in part in multiples of ₦5,000,000.00 (Five Million Naira) (“**Minimum Transfer Amount**”) or integral multiples of that amount in any form approved by the Issuer and the Joint Trustees, subject to the procedures and guidelines of the relevant CSD. All transfers of Series 1 Bonds and entries in the Register will be made subject to the prevailing SEC Rules and Regulations.

(b) Delivery of new Certificates

The transfer of Series 1 Bonds in uncertificated (dematerialized or book entry) form shall be regulated by the CSD procedures and guidelines.

Where a Bondholder has elected to receive a Certificate, on registration of a transfer of Series 1 Bonds, the Certificate evidencing that holding will be cancelled and replaced. Each new Certificate to be issued upon a transfer of the Bonds will, within 5 (five) Business Days of receipt by the Registrar of the duly completed form of transfer, be provided to the new Bondholder entitled to the Bonds.

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Bonds not so transferred will, within 5 (five) Business Days of receipt by the Registrar of the original Certificate, be provided such Bondholder.

(c) Transmission by operation of law

Any person becoming entitled to any Series 1 Bonds by operation of law (including the death, liquidation or bankruptcy of any Bondholder) may, upon producing evidence of such entitlement as shall be reasonably acceptable to the Issuer, obtain registration as the holder of such Series 1 Bonds or may execute a transfer of such Series 1 Bonds. This provision includes any case where a person becomes entitled as a survivor of persons registered as Joint Bondholders.

4. Repayment Structure

- 4.1 The Series I Bond obligations will be serviced from the CDSA and an ISPO. The Issuer will appropriate the sum as provided in the Pricing Supplement from the CDSA, immediately upon the issuance of the Series I Bonds, for purposes of the repayment of the interest obligations under the Bond.
- 4.2 In addition to deductions from the CDSA, the Series 1 Sinking Fund will be credited on a monthly basis with such amounts as would be required pursuant to the ISPO issued by the Issuer and duly approved by the Honourable Minister of Finance.
- 4.3 Payment of the principal, Coupon, Joint Trustees' fees and Expenses including other monies (if any) due and payable by the Issuer under this Series will be made from the Series 1 Sinking Fund to be managed by the Joint Trustees for the benefit of the Bondholders in accordance with the Series 1 Trust Deed.

5. COUPON PAYMENTS

(a) Period of Accrual of Coupon

The Bonds shall accrue Coupon from (and including) the Allotment Date. Coupon will cease to accrue on the Bonds on the due date for redemption thereof, unless payment of principal is improperly withheld or refused. Any overdue principal of the Bonds will continue to bear interest at rates determined by the Issuer in conjunction with the Joint Trustees acting on behalf of Bondholders.

(b) Coupon Payment Dates

Coupon is payable semi-annually in arrears in the 6th (sixth) and 12th (twelfth) month of each year that the Bonds remain outstanding. The period from and including a Coupon Payment Date (or, in the case of the first period, the Allotment Date) but excluding the next Coupon Payment Date is referred to as the "Coupon Period". If the Coupon is required to be calculated for a period of less than one year (other than a semi-annual period), it will be calculated on the basis of the actual number of days in the month divided by the 365 days in the year and in the case of an incomplete month, the number of days elapsed.

(c) Notifications to be final

All notifications, opinions, determinations, certificates, calculations, quotations, and decisions given, expressed, made or obtained by the Registrar shall (in the absence of wilful default, negligence, bad faith or manifest error) be binding on the Issuer, the Registrar and all Bondholders and (subject as aforesaid) no liability to the Bondholders shall attach to the Registrar in connection with the exercise by it of its powers, duties and discretions.

6. REDEMPTION AND CALL OPTION

- 6.1 The Aggregate Principal Amount shall be amortised over the life of the Series 1 Bonds on each Scheduled Payment Dates.
- 6.2 Notwithstanding the above, the Bonds are callable by the Issuer at Par Value on any Coupon Payment Date after the fifth anniversary of the Issue Date, where it gives not less than thirty (30) Business Days irrevocable notice to the Bondholders.

7. PAYMENTS

- (a) Coupon on the Bond shall accrue from the Allotment Date and payments will be made to those persons whose names appear (or to the first named in the case of joint Holders) in the Register as on the Record Date or such date to be fixed by the Issuer for this purpose from time to time.
- (b) Principal payments in respect of the Series 1 Bonds shall commence on the first Coupon Payment Date following the end of the Principal Moratorium Period and will be made to those persons whose names appear (or to the first named in the case of joint Holders) in the Register as on the Record Date or such date to be fixed by the Issuer for this purpose from time to time.
- (c) In the event of the Issuer exercising the call option on the Bonds, subject to obtaining prior regulatory approval, the principal outstanding on the Bonds shall become due in part or in whole.
- (d) All payments shall be made in Nigerian Naira and by credit to the bank account of the Bondholder as specified on the application form attached to the Pricing Supplement by the Registrar. If a bank account is not provided for this purpose, all applicable payments will be withheld until the relevant bank account details have been provided. No additional amounts will be paid on any Coupon withheld. The Bondholder or his legal representative shall be the only person entitled to receive payments in respect of Bonds and the Issuer will be discharged by payment to, or to the order of, the Bondholder in respect of each amount so paid.
- (e) If the due date for payment of any amount in respect of the Bonds is not a Business Day, then the Bondholder thereof shall not be entitled to payment of the amount due until the next Business Day unless the day falls on in the next calendar month, in which case the due date will be the first preceding day that is a Business Day, and the Bondholder shall not be entitled to any further amount or other payment in respect of any such delay. For the purpose of this Condition, “Business Day” means any day on which banks are open for business in the Federal Republic of Nigeria and in the case of transfer to or from an account held by a non-resident investor, in the place where such bank account is maintained.
- (f) Any monies paid by the Issuer in respect of any Bonds and remaining unclaimed at the end of 12 years after the principal of all the Bonds shall have become due and payable (whether at maturity or otherwise) and monies sufficient therefore shall have been duly made available for payment thereon, shall be repaid to the Issuer. Upon such repayment all liabilities of the Registrar with respect to such funds shall cease.
- (g) The Bonds will be subject to the six-year statute of limitations period relating to claims for principal and interest as provided by Section 262 of the ISA.
- (h) The Joint Trustees shall make payments of Coupon and the Principal Amount in respect of the Bonds in accordance with the Conditions and this Series 1 Trust Deed and for so long as the Bonds are evidenced by records confirmed by the Registrar.

8. TAXATION

The Federal Government of Nigeria by the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order, 2011, (the “**CIT Order**”) had exempted bonds issued by State

Governments from taxes ordinarily imposed under the Companies Income Tax Act Chapter C21, LFN 2004 (as amended by the Finance Acts 2019, 2020 and 2021) for ten (10) years. The exemption expired on January 1, 2022, hence the Issuer will be required by law to withhold tax on Coupon payments to corporate Bondholders and no additional amounts shall be paid to the Bondholders as a result thereof. Coupon payments on Bonds derived from Nigeria and accruing to both Nigerian investors and non-Nigerian investors would ordinarily be subject to withholding tax in Nigeria at the applicable rate of 10%. Effective July 1, 2022, withholding tax on interest payments to a foreign company or foreign resident from a country with which Nigeria has a double taxation treaty will generally be payable at the rate of 7.5 - 10%, pursuant to the Federal Inland Revenue Service Circular of May 11, 2022. 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 Bonds 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, bonds 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 bonds issued by the Federal Government of Nigeria.

9. MEETINGS OF HOLDERS

Schedule 2 of the Programme Trust Deed which contains provisions regarding meetings of the Bondholders will apply *mutatis mutandis* to the Series 1 Bonds, provided that the meeting of the Bondholders may be held physically (including utilizing proxies designated by the Joint Trustees) or virtually, or a combination of both as the Joint Trustees may determine or deem fit.

10. JOINT TRUSTEES TO HAVE REGARD TO THE INTEREST OF HOLDERS AS A CLASS

In connection with the exercise by the Joint Trustees of any of their trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Joint Trustees shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Bondholders (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 subdivision thereof; and the Joint Trustees shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Joint Trustees or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders except to the extent already provided for in Condition 8 (*Taxation*) above.

SCHEDULE 3

LAGOS STATE GOVERNMENT SERIES 1 BOND
~~₦~~100,000,000,000 (ONE HUNDRED BILLION NAIRA) SERIES 1 BONDS ISSUANCE
[•]% FIXED RATE BONDS DUE 2032 ISSUED UNDER THE ~~₦~~1 TRILLION DEBT AND HYBRID
INSTRUMENTS ISSUANCE PROGRAMME

REMITTANCE AND SCHEDULE

Period	Bond Obligation Repayment Dates	Principal Obligation	Semi-annual Interest Payment	Principal Repayment	Principal Obligation Outstanding
Payment 1					
Payment 2					
Payment 3					
Payment 4					
Payment 5					
Payment 6					
Payment 7					
Payment 8					
Payment 9					
Payment 10					
Payment 11					
Payment 12					
Payment 13					
Payment 14					
Payment 15					
Payment 16					
Payment 17					
Payment 18					
Payment 19					
Payment 20					

SCHEDULE 4

FORM OF CALL OPTION NOTICE

[●]

Attention: [●]

Dear Sir/Madam,

₦100,000,000 (ONE HUNDRED BILLION NAIRA) FIXED RATE SERIES 1 BONDS UNDER THE ₦1 TRILLION DEBT AND HYBRID INSTRUMENTS ISSUANCE PROGRAMME

We refer to the Series 1 Trust Deed for the abovementioned Bonds(s) issue made between FBNQuest Trustees Limited, Paxhill Minerva Limited, STL Trustees Limited, Radix Trustees Limited, Sterling Asset Management and Trustees Limited, United Capital Trustees Limited and UTL Trust Management Services Limited (as the “**Joint Trustees**” on behalf of the Bondholders) and the undersigned (as the “**Issuer**”) (the “**Trust Deed**”).

The terms defined in the Trust Deed have the same meaning herein.

Pursuant to sub-clause 3.4.1 of the Series 1 Trust Deed, the Issuer shall have the right to pre-pay, in whole or in part, all the outstanding obligation under the Bonds.

To this end, the Issuer hereby gives an irrevocable notice of thirty (30) Business Days to the Joint Trustees of the exercise of the call option by the Issuer, per sub-clause 3.4.1 and Condition 6.2 of the Series 1 Trust Deed. The exercise of the call option shall be in respect of Bonds to the tune of ₦[●].

The payment date for the call option shall be [●].

Yours faithfully,

The Government of Lagos State of Nigeria

(Signed for and on behalf of the Issuer
by its duly authorised representatives)

Commissioner for Finance

Attorney-General of the State

IN WITNESS of which the Issuer and the Joint Trustees have duly executed this Series 1 Trust Deed in the manner herein after appearing, the day and year first above written.

EXECUTED as a Deed
For and on behalf of
LAGOS STATE GOVERNMENT OF NIGERIA
BY ITS DULY AUTHORISED REPRESENTATIVES:

Commissioner For Finance

Attorney-General of the State

EXECUTED as a Deed
For and on behalf of
FBN QUEST TRUSTEES LIMITED

BY

DIRECTOR

DIRECTOR/SECRETARY

EXECUTED as a Deed
For and on behalf of
STL TRUSTEES LIMITED

BY

DIRECTOR

DIRECTOR/SECRETARY

EXECUTED as a Deed
For and on behalf of
UNITED CAPITAL TRUSTEES LIMITED

BY

DIRECTOR

DIRECTOR/SECRETARY

EXECUTED as a Deed
For and on behalf of
PAXHILL MINERVA LIMITED

BY

DIRECTOR

DIRECTOR/SECRETARY

EXECUTED as a Deed
For and on behalf of
STERLING ASSET MANAGEMENT AND TRUSTEES LIMITED
BY

DIRECTOR

DIRECTOR/SECRETARY

EXECUTED as a Deed
For and on behalf of
UTL TRUST MANAGEMENT SERVICES LIMITED
BY

DIRECTOR

DIRECTOR/SECRETARY

EXECUTED as a Deed
For and on behalf of
RADIX TRUSTEES LIMITED

BY

DIRECTOR

DIRECTOR/SECRETARY