

SHELF PROSPECTUS

This document is important, and you are advised to carefully read and understand its contents. If you are in doubt about its contents or the action to take, please consult your Stockbroker, Solicitor, Banker or an independent Investment Adviser. This Shelf prospectus has been seen and approved by the members of the Ondo State Executive Council and they jointly and individually accept full responsibility for the accuracy of all information given and confirm that, after having made inquiries which are reasonable in the circumstances and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

Investing in this offer involves risks. For information about **risk factors** which should be considered by prospective investors, see **Risk Factors** commencing on page 40



ONDO STATE GOVERNMENT OF NIGERIA

₦50,000,000,000

MEDIUM TERM NOTE ISSUANCE PROGRAMME

[Established pursuant to the Ondo State Issuance of Debt & Other Securities Law, 2011]

This shelf prospectus and the Bonds that it offers have been approved and registered by the Securities & Exchange Commission ("the Commission"). It is a civil wrong and criminal offence under the Investments and Securities Act No. 29 of 2007 ("the Act") to issue a prospectus which contains false or misleading information. The clearance and registration of this Shelf Prospectus and the Bonds which can be issued under the Programme do not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact.

Investors are advised to note that liability for false or misleading statements or acts made in connection with the prospectus is provided in sections 85 and 86 of the ISA.*

This Shelf Prospectus has been issued in compliance with Part XV of the Act, Part F Rule 279 of the Rules and Regulations of the Commission and the listing requirements of FMDQ OTC Plc ("FMDQ") and The Nigerian Stock Exchange ("the NSE") and contains particulars which are compliant with the requirements of the Commission for the purpose of giving information with regard to the ₦50,000,000,000 Ondo State Government of Nigeria Bond Issuance Programme ("the Programme").

Bonds issued under this Programme will be issued in Series. The final terms of the relevant Series will be determined at the time of the offering of that Series based on prevailing market conditions and will be set out in the relevant Supplemental Shelf Prospectus.

The maximum aggregate nominal amount of all Bonds issued from time to time and outstanding under the Programme shall not exceed ₦50,000,000,000 over the three (3) years that this Shelf Prospectus, including any amendments thereto, remains valid. This Shelf Prospectus is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any series of the Programme, together with the applicable Supplementary Shelf Prospectus.

The registration of the Shelf Prospectus and any Supplementary Prospectus thereafter does not in any way whatsoever suggest that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statement made or opinions or reports expressed therein.

The Issuer accepts full responsibility for the accuracy of the information contained in this Shelf Prospectus. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Shelf Prospectus, is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information. Save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Furthermore, the material facts contained herein are true and accurate in all material respects and the Issuer 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.

LEAD ISSUING HOUSE



JOINT ISSUING HOUSES



This Shelf Prospectus will be available on the following websites throughout the validity period.
www.ondostate.gov.ng; www.otlgroupp.com; www.cordros.com; www.fbnquest.com; www.mbcgroup.com.ng;
www.vetiva.com

THIS SHELF PROSPECTUS IS DATED JANUARY 17, 2020

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1. DEFINITIONS

"AGF"	Accountant General of the Federation or any public officer for the time being in charge of the Federation Account
"Allotment Date"	The date of clearance of the Basis of Allotment of a Series of the Bond by the Securities & Exchange Commission
"Bonds"	Any instrument of indebtedness issued by the State on a continuing basis in accordance with the terms of this Shelf Prospectus and any subsequent SSP and/or Pricing Supplement
"Bonds Law"	The Ondo State Issuance of Debt and other Securities Law 2011
"Book Building"	The process as provided under Rule 78(c) of the SEC Rules and Regulations in which issued securities are directed towards only Institutional Investors and High Net-worth Individuals.
"Business Day"	Any day except Saturdays, Sundays and Public Holidays declared by the Federal Government of Nigeria
"CBN"	Central Bank of Nigeria
"Coupon"	The amount of interest expressed as a percentage of the face value of the Bond, payable on a specified date in respect of the Bond
"Coupon Payment Date"	The date semi-annually on which a coupon is paid to the Bondholders, as specified in the applicable SSP and/or Pricing Supplement
"Coupon Rate"	Interest rate stated on a bond when it is issued
"CSCS" or the "Clearing System"	Central Securities Clearing Systems Plc
"Daily Official List"	The daily official publication of The Nigerian Stock Exchange, detailing price movements and information for all securities quoted on the Exchange.
"Debt Issuance Programme" or the "Programme" or the "Bond Issuance Programme"	The ₦50 Billion Medium Term Note Issuance Programme described in this Shelf Prospectus pursuant to which the State may issue series of Bonds from time to time, the maximum aggregate value outstanding of which shall not exceed ₦50 Billion
"Debt Office" or "the Office"	The Ondo State Debt Management Office set up in accordance with provisions of the Debt Office (Establishment) Law 2011
"DMO"	The Debt Management Office of the Federal Government of Nigeria established pursuant to the Debt Management Office (Establishment) Act 2003
"DSF"	Debt Service Fund
"Exchange Rate"	The applicable USD/NGN currency exchange rate shall be the applicable Central Bank of Nigeria Dutch Auction clearing rate at the allotment date
"Federation Account"	The special account set up under Section 162 (1) of the Nigerian Constitution, into which is paid all revenues collected by the FGN, to be distributed among the Federal, State and Local Government Councils in each State on such terms and in such manner as may be prescribed by the National Assembly
"FGN"	Federal Government of Nigeria
"Financial Advisers"	Greenwich Trust Limited
"FIRS"	Federal Inland Revenue Service
"FPI"	Foreign Portfolio Investment
"GDP"	Gross Domestic Product
"Holder" or "Bondholder"	A person in whose name a Bond is registered in the Bond Register
"IGR"	Internally Generated Revenue

1. DEFINITIONS

"Instruments"	Any registered bond, bearer bonds, promissory notes, syndicated notes or such other securities or debt instruments as may be issued by the State Debt Management Office on behalf of the State, pursuant to the Bonds Law
"ISA"	Investments & Securities Act No 29, 2007
"ISPO"	Irrevocable Standing Payment Order, which is the instruction issued by the State to the AGF, requesting that specified upfront deduction be made from statutory allocations accruing to the State from the Federation Account prior to the disbursement to the State
"Issuer"	Ondo State Government
"Issue Date"	The date upon which the relevant series of the Bonds are issued, as specified in the applicable SSP and/or Pricing Supplement
"Issuing Houses"	The Lead Issuing House and the Joint Issuing Houses
"Joint Issuing Houses"	Cordros Capital Limited, FBNQuest Merchant Bank Limited, MBC Capital Limited and Vetiva Capital Management Limited
"Joint Trustees"	GTL Trustees Limited, Sterling Asset Management & Trustees Limited, UTL Trust Management Services Limited, ARM Trustees Limited, STL Trustees Limited and Custodian Trustees Limited
"Lead Issuing House"	Greenwich Trust Limited
"LFN"	Laws of the Federation of Nigeria
"Maturity Date"	The date as specified in each applicable SSP and/or Pricing Supplement on which the principal amount is due
"Naira", "NGN" or "₦"	The Nigerian Naira
"NBS"	National Bureau of Statistics
"PITA"	Personal Income Tax Act Cap, P13, LFN 2004
"Pricing Supplement" or "PS" or "SSP"	A document that supplements the terms and conditions in, and incorporates by reference, the Shelf Prospectus and all documents incorporated by reference therein, and should be read in conjunction with the Shelf Prospectus
"Programme Trust Deed"	The Deed entered into by the State and the Joint Trustees dated January 17, 2020 which empowers the Joint Trustees to hold, administer and manage Sinking Fund Accounts in respect of each Series of the Bond Programme
"Qualified Institutional Investor"	The purchaser of securities that is financially sophisticated. These include Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable PE funds, Registered and/or verifiable Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, Stock Broking Firms and any other category as the Commission may determine.
"Record Date"	The date on which the list of holders of the bonds is extracted from the register for the purposes of making coupon payments, being a day, which is twenty-one (21) days immediately preceding the date on which the coupon falls due for payment
"Redemption Amount"	The aggregate principal amount outstanding in respect of a Bond on the Maturity Date
"Register"	A register or such registers as shall be maintained by the Debt Office in which are recorded details of any Instruments including particulars of the holders thereof, transactions in any debt securities entered into by the Government and details of subsequent transactions in such Instruments
"Senior Bonds"	Bonds that rank <i>pari passu</i> without any preference to one above the other by reason of priority of date of issue, currency of payment or otherwise with all other senior secured obligations of the State, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment.
"Series"	Each tranche of the Bonds to be issued under this Programme
"Shelf Prospectus"	This Prospectus issued in accordance with the Rules and Regulations of the Securities & Exchange Commission
"Sinking Fund"	The Fund established pursuant to the ISA and the Bond Law, to be administered by the Joint Trustees for the benefit of the Bondholders for the purpose of effecting payments of interest and principal when due on the Bonds issued under this Programme
"Supplemental Trust Deed"	A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the State and the Joint Trustees and empowering the Joint Trustees to hold, administer and manage the applicable Sinking Fund.
"The Commission" or "SEC"	Securities & Exchange Commission
"The Constitution"	The Constitution of the Federal Republic of Nigeria 1999
"The NSE" or "The Exchange"	The Nigerian Stock Exchange
"The Registrar"	Greenwich Registrars & Data Solution Limited or any other registrar appointed by the Issuer

1. DEFINITIONS

"Trustees"

Joint Trustees appointed under the Bonds Law to represent and oversee the interests of the holders of Instruments and to invest, manage and administer the Sinking Fund established under the Bonds Law

2. PARTIES TO THE OFFER

Issuer: The Ondo State Government

Representatives of the State Executive Council: His Excellency, Oluwarotimi Odunayo Akeredolu, SAN
Executive Governor and Chairman State Executive Council

Hon. (Barr) Agboola Alfred Ajayi
Deputy Governor

Chief Joel Olugbenga Ale
Chief of staff

Mr. Oluwatoyin Albert Akinkuotu
Head of Service

Mr. Oluwatimehin Emmanuel
Honourable Commissioner for Commerce & Industry

Mr. Olurimisi Ayodeji Ismaila
Honourable Commissioner for Culture & Tourism

Mr. Igbasan Duyile Emmanuel
Honourable Commissioner for Economic Planning & Budget

Mr. Sunday Agagu Olufemi
Honourable Commissioner for Education, Science and Technology

Mr. Adewale Akinterinwa Olumuyiwa
Honourable Commissioner for Finance

Dr. Adegbenro Oluropo Wahab
Honourable Commissioner for Health

Mr. Olawoye Adeyeye Adekola
Honourable Commissioner for Justice

Mrs. Omolola Fagbemi Julianah
Honourable Commissioner for Local Government & Chieftaincy Affairs

Mr. Yemi Olowolabi
Honourable Commissioner for Ministry of Information and Orientation



2. PARTIES TO THE OFFER

Mr. Donaldo Ojogo Kimikanboh
Honourable Commissioner for Ministry of
Lands and Housing

Mr. Kolade Badmus Rasheed
Honourable Commissioner for Natural
Resources

Hon. Princess Olatunji Omowumi
Honourable Commissioner for Women Affairs
& Social Development

Mr. Gboyega Adefarati
Honourable Commissioner, Ministry of
Agriculture

Mr. Funso Esan
Honourable Commissioner, Ministry of
Environment

Mr. Bayorile Ademodi Tolani
Honourable Commissioner, Ministry of
Integration & Special Duties

Rt. Hon. Abdulsalam Olawale Taofiq
Honourable Commissioner, Ministry of Works
& Infrastructure

Mr. Yusuf-Ogunleye Saka Ayowole
Honourable Commissioner, Ministry of Youth
& Sport

Prince Solagbade Amodeni
Honourable Commissioner, Ministry Physical
Planning & Urban Development

Accountant-General to the State:

Herbert Laolu Akindolire
PMB 689, Opposite Government House
Alagbaka Quarters, Akure

Auditor-General to the State:

Sunday Adegoke
Office of the Auditor-General
Akure
Ondo State

Financial Adviser/Lead Issuing House:

Greenwich Trust Limited
1698A Oyin Jolayemi Street
Victoria Island, Lagos

Joint Issuing Houses:

Cordros Capital Limited
70 Norman Williams Street
Ikoyi, Lagos

2. PARTIES TO THE OFFER

FBNQuest Merchant Bank Limited

10 Keffi Street, Off Awolowo Road
S.W. Ikoyi, Lagos

[Signature]
Kayode Akinkugba

MBC Capital Limited

St. Nicholas House, 11th Floor
26, Catholic Mission Street
Lagos Island, Lagos

[Signature]
KOFO MAJEKODUNMI
Dr Gbadabo Adenrele

Vetiva Capital Management Limited

Plot 266B, Kofo Abayomi Street
Victoria Island, Lagos

[Signature]

Greenwich Securities Limited

1698A Oyin Jolayemi Street
Victoria Island, Lagos

[Signature]
Eniola Osula

Global View Capital Limited

43, Adeniyi Jones Avenue
Ikeja, Lagos

[Signature]
GABRIEL DOWDS

Icon Stockbrokers Limited

Medife House, 3rd Floor
58/60, Broad Street, Lagos

[Signature]
E. ANICU MTANZE

Morgan Capital Limited

The Pent Floor
3, Biaduo Street, Off Keffi Street
S/West Ikoyi, Lagos

[Signature]

Primera Africa Legal

1st Floor, Afri-Investment House
Plot 2669, Aguiyi Ironsi Street
Maitama, Abuja

[Signature]
F. BOMAA ALABI

SPA Ajibade & CO.

Suite 301 SPAACO House
27A Macarthy Street, Onikan
Lagos

[Signature]
OLUWAZUKOLA IJI

SimmonsCooper Partners

9th Floor, Fortune Towers
27/29 Adeyemo Alakija Street
Victoria Island
Lagos

[Signature]
Dapo Adesun

Access Bank Plc

Plot 999c, Danmole Street
Off Adeola Odeku/Idejo Street
Victoria Island, Lagos

[Signature]
CHAYINKA YOMI-TOKOSI

Fidelity Bank Plc

2 Kofo Abayomi Street
Victoria Island, Lagos

[Signature]
Nneke Anyechi-Kpe

Stockbrokers:

Solicitors to the Offer:

Solicitor to the Issuer:

Receiving Banks:

2. PARTIES TO THE OFFER

CHUKWUMA NWACHUKI

Providus Bank Limited
724 Adetokunbo Ademola Street
Victoria Island, Lagos

GTL Trustees Limited
5th Floor, St. Nicholas House
No. 2-10 Hospital Road
Lagos Island, Lagos

Sterling Asset Management and Trustees Limited
62, Ademola Adetokunbo
Victoria Island, Lagos

UTL Trust Management Services Limited
ED Building, 2nd Floor
47, Marina •
Lagos

ARM Trustees Limited
1 Mekuwen Road
Off Oyinkan Abayomi Drive
Ikoyi
Lagos

Custodian Trustees Limited
16A Commercial Avenue
Sabo-Yaba
Lagos

STL Trustees Limited
30 Marina (3rd Floor)
Lagos

SIAO Partners Limited
18B, Olu Holloway Road
Ikoyi, Lagos

Greenwich Registrars & Data Solution Limited
274 Murtala Muhammed Way
Yaba, Lagos

DataPro Limited
Foresight House, 163/165 Broad Street
By Marina Water Front
Lagos

MATTHEW JESSE OLADELE

[Handwritten signature]

[Handwritten signature]

EMBOLA MAKINDE

[Handwritten signature]

OLATAYE OYELOLA

[Handwritten signature]

OLUFUNKE ADELOYE

OLASHOLE FOR ADELOYE

[Handwritten signature]

[Handwritten signature]
Bunmi Ekundayo

ABIODUN ARIBI

[Handwritten signature]

[Handwritten signature]
IWANEFU OLOFIN

[Handwritten signature]

Trustees:

Reporting Accountants:

Registrars:

Rating Agency

3. THE PROGRAMME

A copy of this Shelf Prospectus and the documents specified herein has been delivered to SEC for clearance and registration.

This Shelf Prospectus is being issued in compliance with the provisions of the ISA, the Rules and Regulations of the Commission and the listing requirements of both FMDQ OTC Plc and The NSE and contains particulars in compliance with the requirements of SEC, FMDQ and the NSE, for the purpose of giving information to the public with regards to the ₦50 Billion Debt Issuance Programme by the Ondo State Government. An application will be made to the Council of the NSE for the admission to their Daily Official Lists of each Series of the Bonds to be issued under the Programme.

The Ondo State Government Executive Council represents that it has taken all reasonable care to ensure that the information concerning the State contained in this Shelf Prospectus is true and accurate in all material respects on the date of this Prospectus and that as of the date hereof, there are no other material facts, in relation to the State, the omission of which would make misleading any statement herein, whether in fact or opinion.

LEAD ISSUING HOUSE



JOINT ISSUING HOUSES



on behalf of



ONDO STATE GOVERNMENT OF NIGERIA

are authorised to issue this Shelf Prospectus in respect of the

₦50,000,000,000

MEDIUM TERM NOTE ISSUANCE PROGRAMME

[Established pursuant to the Ondo State Issuance of Debt & Other Securities Law, 2011]

This Shelf Prospectus has been registered with the SEC. The registration of this Shelf Prospectus and any subsequent SSP and/or Pricing Supplement shall not be taken to indicate that the SEC endorses or recommends the Bonds described herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Shelf Prospectus must be read in conjunction with any SSP and/or Pricing Supplement to be issued by the State from time to time within its validity period. No Bonds will be issued on the basis of this Shelf Prospectus read together with any SSP and/or Pricing Supplement later than three years after the issue date indicated on the cover of this Shelf Prospectus.

This Shelf Prospectus contains

1. on pages 56, extract of the Rating Report prepared by DataPro Limite
2. d for incorporation in this Shelf Prospectus
3. on pages 44 to 55, a Reporting Accountant's Report on the State's historical financial information and financial forecast, prepared by SIAO Partners Limited for incorporation in this Shelf Prospectus;
4. on page 71, details of claims and litigation commenced against the State during the twelve calendar months immediately preceding the date of filing the application with SEC for the registration of this Prospectus.

THIS SHELF PROSPECTUS IS VALID UNTIL JANUARY 17, 2020

This Shelf Prospectus will be available on the following websites from throughout the validity period.

www.ondostate.gov.ng; www.gtlgroup.com; www.cordros.com; www.fbnquest.com; www.mbcgroup.com; www.vetiva.com

4. DECLARATION BY THE ISSUER



ONDO STATE GOVERNMENT Office of the Commissioner

ONDO STATE GOVERNMENT ₦50,000,000,000 BOND ISSUANCE PROGRAMME ("THE PROGRAMME")

This Prospectus has been prepared on behalf of the Ondo State Government by the Issuing Houses for the purpose of providing information to prospective investors on relevant aspect of the State, the Bond Issue and the investment therein.

On behalf of the State Executive Council, we hereby make the following declarations:

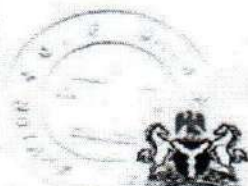
1. We confirm that the information contained in the Prospectus, is, to the best of our knowledge in accordance with the facts and contains no omission likely to affect its import;
2. There has been no significant change in the financial condition, or material adverse change in the prospects, of the State since the date of this document; and
3. The State is not in breach of 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 during the 12 (twelve) months preceding the date of this Prospectus.

SIGNED for and on behalf of the Issuer, Ondo State Government

Ifedayo Abegunde
Secretary to the State Government,
Ondo State

Wale Akinterinwa
Commissioner for Finance
Ondo State

Arakunrin Oluwarotimi O. Akeredolu, SAN
Governor, Ondo State



Ministry of Finance

1st Floor, Block A, State Secretariat Complex, Akure, Ondo State, Nigeria. www.ondostate.gov.ng

5. SUMMARY OF THE PROGRAMME

Issuer:	Ondo State Government.
Programme Description:	Fixed Rate Senior Unsecured Bonds (the "Bonds") to be issued under a N50 Billion Medium Term Note Issuance Programme (the "Programme").
Programme Size	N50,000,000,000 (Fifty Billion Naira).
Lead Issuing House:	Greenwich Trust Limited.
Joint Issuing Houses:	Cordros Capital Limited; FBNQuest Merchant Bank Limited; MBC Capital Limited; and Vetiva Capital Management Limited.
Registrar/Paying Agent:	Greenwich Registrars & Data Solution Limited.
Method of Issue:	Bonds under this programme may be issued via an Offer for Subscription, auction or private placement through a Book Building process and/or any other methods as specified in the applicable PS/SSP approved by the SEC.
Use of Proceeds:	The proceeds of the Debt Issuance Programme will be utilized as stated in the applicable PS/SSP.
Coupon Rates:	Bonds may be coupon-bearing or non-coupon bearing. Coupon (if any) may be at a fixed rate as indicated in the applicable PS/SSP and may vary during the lifetime of the relevant series.
Currencies:	Bonds will be denominated in Nigerian Naira or such currency or currency units as may be agreed between the Issuer and Issuing Houses, subject to compliance with all applicable legal and/or regulatory requirements of the Commission.
Rating:	The Bonds issued under this Programme will be rated by at least one rating agency duly registered with the SEC and such rating shall be reviewed annually in accordance with the SEC Rules and Regulations.
Status of the Bonds:	The Bonds will be issued as senior bonds ("Senior Bonds"), and will be direct, secured and general obligations of the State. The Senior Bonds will rank pari passu without any preference to one above the other by reason of priority of date of issue, currency of payment or otherwise with all other senior secured obligations of the State, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment.
Ranking:	The Bonds will rank pari passu without any preference to one above the other by reason of priority of date of issue, currency of payment or otherwise with all other secured obligations of the issuer, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment amounts and terms of issue to be published by the issuer, from time to time by way of a PS/SSP.
Events of Default:	The events of default under the Bonds are as specified within the Programme Trust Deed and as modified in respect of any Series by the applicable Supplemental Trust Deed. The Trustees shall notify the Commission as required by Rule 307 [3a & b] of the rules and regulation of the Commission.
Form of the Bonds:	The Bonds will be issued in registered form. The issue and ownership of the Bonds will be effected and evidenced by the Particulars of the Bond being entered in the Register by the Registrar and the Bonds being electronically registered in the CSCS accounts of the investor.

5. SUMMARY OF THE PROGRAMME

Issuance in Series:	Bonds will be issued in series (each a "Series"). The Bonds of each Series will all be subject to identical terms, whether as to currency or maturity or otherwise, or terms which are identical except that the issue date, the amount of the first payment of interest and/or the denomination thereof may be different. Each Series may comprise of one or more tranches ("Tranches" and each, a "Tranche") issued on different issue dates. A Series may only be comprised of Bonds in registered form.
Issue Price:	The Bonds may be issued at par or at a discount or premium to par.
Maturity of Bonds:	The Bonds may be issued with maturities of five years or longer as may be agreed between the Issuer and the Financial Advisers/ Issuing Houses and as indicated in the applicable SSP and/or Pricing Supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the Issuer or any laws or regulations applicable to the Issuer or the relevant specified currency.
Denominations:	Bonds will be issued in such denominations as may be agreed between the State and the Financial Advisers / Issuing Houses and as specified in the relevant SSP and/or Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements, and in accordance with usual market practice.
Early Redemption:	Early redemption will be permitted only to the extent specified in the applicable SSP and/or Pricing Supplement and then only subject to any applicable legal or regulatory limitations.
Redemption:	Bonds may be redeemable at par or at such other redemption amount as may be specified in the applicable SSP and/or Pricing Supplement.
Business Day Convention:	Following business day, which means a payment in respect of the Bonds which falls due on a date which is not a Business Day, is paid on the next Business Day.
Grossing Up:	All amounts payable under the Programme will be paid in full without set-off or counterclaim or other restrictions and free and clear of and without any deductions or withholding for or on account of any taxes or any charges or otherwise.
Listing:	Each Series of Bonds will be listed on the NSE and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the State and the Financial Advisers / Issuing Houses; or they may be unlisted, as specified in the relevant SSP and/or Pricing Supplement.
Bond Trading & Liquidity:	Bonds may trade OTC between banks and qualified market counterparties. Dealers will be obliged to quote two-way prices for the Bonds and satisfy additional terms specified in the Dealer Agreement.
Taxation:	The terms and conditions applicable to each Series (the "Terms and Conditions") will be agreed between the State and the Financial Adviser/Issuing House at or prior to the time of issuance of such Series and will be specified in the applicable SSP and/or Pricing Supplement. The Terms and Conditions applicable to each Series will therefore be those set out on pages 16 to 18 hereof as supplemented, modified or replaced by the applicable SSP and/or Pricing Supplement.
Underwriting:	The Bonds may be partially or fully underwritten on a standby or firm basis as stated in the relevant PS/SSP.
Terms and Conditions:	The terms and conditions applicable to each Series (the "Terms and Conditions") will be agreed between the Issuer and the Issuing Houses at or prior to the time of issuance of such Tranche or Series, and will be specified in the applicable PS/SSP. The Terms and Conditions applicable to each Tranche or Series will therefore be those set out on pages 16 to

5. SUMMARY OF THE PROGRAMME

	18 hereof as supplemented, modified or replaced by the applicable PS/SSP.
Other Conditions:	Such other Terms and Conditions as may be incorporated by reference to, modified by, or supplemented by applicable SSP and/or Pricing Supplements for the Issue.
Indebtedness:	The State as at December 31, 2018 had outstanding debentures, mortgages, loan capital, overdrafts, short term loans, charges or similar indebtedness amounting to N63.34billion.
Governing Law:	The Bonds and all related contractual documentation will be governed by and construed in accordance with Nigerian law.
Transaction Documents:	<ul style="list-style-type: none">- Shelf Prospectus;- Supplementary Shelf Prospectus or Pricing Supplement;- Programme Trust Deed;- Supplemental Trust Deed;- Reporting Accountants' report;- Rating Agency's report;- Solicitors' report on claims and litigation- Vending Agreement; and- Underwriting Agreement (where applicable).

6. INFORMATION RELATED TO THIS SHELF PROSPECTUS

This Shelf Prospectus has been prepared by the Joint Issuing Houses: Greenwich Trust Limited, Cordros Capital Limited, FBNQuest Merchant Bank Limited, MBC Capital Limited, and Vetiva Capital Management Limited, in connection with the ₦50,000,000,000 Bond Issuance Programme of the Ondo State Government (pursuant to which the Ondo State Government will issue either Bonds, Notes or Other Securities with varying maturities but with maturing dates not exceeding three years from the date of this Shelf Prospectus) for the purpose of giving information to the prospective investors in respect of the Instruments and other securities described herein. The SEC has cleared this Prospectus and registered the Securities listed herein.

This Prospectus includes certain statements, estimates and projections with respect to the future performance of Ondo State Government. These statements, estimates and projections reflect various assumptions by Ondo State Government concerning its anticipated development programme, which have been included solely for illustrative purposes. These statements, estimates and projections should not however, be relied upon as a representation, warranty or undertaking, expressed or implied, as to the future financial condition of Ondo State Government and actual occurrences may vary materially from the projected developments contained herein and/or the assumptions on which such statements, estimates and projections were based.

The receipt of this Prospectus or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice from the Joint Issuing Houses to any prospective investor. Each prospective investor should make their own independent assessment of the merits or otherwise of subscribing for the securities offered herein and should seek own professional advice in connection with any prospective investment by them.

To the fullest extent permitted by law, none of the Issuing Houses accept any responsibility for the contents of this Shelf Prospectus or for any other statement, made or purported to be made by a Joint Issuing House or on its behalf in connection with the Issuer or the issue and offering of the Bonds. Each Issuing House accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Shelf Prospectus or any such statement.

The members of the Ondo State Executive Council individually and collectively accept full responsibility for the accuracy of the information contained herein and have taken reasonable care to ensure that the material facts contained herein are true and accurate in all material respects and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts, the omission of which, would make any material statement herein misleading or untrue. Additional information may be obtained through the offices of the Joint Issuing Houses as listed on pages 7 & 8 of this Prospectus on any Business Day during the period of the respective opening and closing dates of the issuance of Instruments under the Bond Issuance Programme, provided the Joint Issuing Houses possess such information or can acquire it without unreasonable effort or expense.

None of the Joint Issuing Houses undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Shelf Prospectus nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Issuing Houses.

7. TERMS AND CONDITION OF THE PROGRAMME

The following are the Terms and Conditions of the Bonds and other debt obligations issued under the Programme which (subject to completion and amendment) will be applicable to each Series of Bonds. The Terms and Conditions set out below may be subject to amendment in the relevant SSP and/or Pricing Supplement relating to such Series of Bonds. Accordingly, in relation to each Series of Bonds, these Terms and Conditions must be read together with the relevant SSP and/or Pricing Supplement and the Programme Trust Deed (as amended by any relevant Supplemental Trust Deed).

To the extent there is any inconsistency between the Terms and Conditions as set out in this Shelf Prospectus (as amended by any SSP and/or Pricing Supplement) and the Terms and Conditions as set out in the Programme Trust Deed (as amended by any Supplemental Trust Deed), the provisions of the Programme Trust Deed shall prevail

7.1 Issuance

The Issuer may issue Bonds from time to time in one or more Series as hereinafter provided to the extent provided by the Enabling Law and the Issue Documents, whether by way of offer for subscription, book building, private placement or any other methods approved by the SEC.

7.2 Terms

Each issue of Bonds shall form a separate Series and shall be constituted by a Series Trust Deed. The provisions of each Series Trust Deed shall apply only in relation to the particular series to which it relates and shall bear the terms specified in the Issue Documents.

7.3 E-Allotment

7.3.1 The Issuer may issue bonds through e-allotment by crediting the CSCS account of an applicant who has indicated preference to hold the Bonds in such form.

7.3.2 Any statement issued by the CSCS as to the aggregate number of Bonds standing to the CSCS 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 Trustee and the Registrar as the legal and beneficial owner of such aggregate number of Bonds for all purposes. The owners shown in the records of CSCS are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of this Deed and any Series Trust Deed.

7.4 Medium and Place of Payment

7.4.1 The principal and coupon on the Bonds shall be payable in the official currency of the Federal Republic of Nigeria, which at the respective dates of payment thereof, is legal tender for the payment of public and private debts. The principal and coupon on a Series of Bonds shall be payable in the manner and at the place specified in the relevant Series Trust Deed.

7.4.2 Payment of the principal and coupon shall be made through the offices of the Registrar. Any payment made pursuant to the foregoing shall be deemed valid and shall satisfy and discharge the Issuer of any obligation to make payment on such Bonds to the extent of the amount paid.

7. TERMS AND CONDITION OF THE PROGRAMME

7.4.3 In the event of a reduction in the monthly statutory allocations accruing to the State from the Federation Account, resulting in shortfall of the deductions due under the ISPO which in the opinion of the Trustees would occasion a default in the payment of coupon due on any Series of Bond on any Coupon Payment Date, the Sinking Fund shall be funded from the Debt Service Fund "DSF" with an amount equal to the shortfall and if the amount in the DSF is insufficient, 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.

7.5 Certificates

Every Bondholder shall be entitled to receive from the Registrar a Bond Certificate covering the amount of his holding in the form or substantially in the form set out in the respective Series Trust Deed PROVIDED THAT joint Bondholders shall be entitled to only one (1) Bond Certificate in respect of the Bonds jointly held by them which Bond Certificate shall be delivered to that one of the joint Bondholders whose name appears first in the Register and the delivery of a Bond Certificate to one of such persons shall be deemed to be sufficient delivery to all.

Title to the Bonds in definitive form shall pass upon the registration of transfers in respect thereof in accordance with the provisions of this Deed.

7.6 Execution of Bond Certificates

All Bond Certificates shall be executed for and on behalf of the Issuer by the Commissioner and the Registrar. The signatures of the Commissioner and the Registrar may be mechanically or electronically reproduced or engraved on the Certificates. If the Commissioner is removed after the execution but before the delivery of such Certificates, such signature shall remain valid and sufficient for all purposes as if the Commissioner had not been removed until such delivery.

7.7 Surrender of Bond Certificates

At the Maturity Date of each Series or any other date in respect of a Series as specified in the relevant Series Trust Deed or supplementary shelf prospectus, any Certificate may be surrendered for an amount equal to the aggregate principal of fully registered Bonds of that Series upon presentation and surrender of any Certificate to the Registrar together with written instructions satisfactory to the Registrar (duly executed by the registered Bondholder or his attorney duly authorised in writing).

7.8 Negotiability and Transfer of Bonds

- 7.8.1 All Bonds issued under the Programme shall be negotiable and transferable, subject to the provisions for registration of transfers thereof contained herein or on the Bond Certificates.
- 7.8.2 Where the Bonds are held in dematerialised (un-certificated) form, the Bondholders shall deal with same as specified in the relevant Series Trust Deed, in accordance with CSCS procedures and guidelines.
- 7.8.3 The Bondholders that have not opted for the e-allotment under the provisions of Clause 7.3.1 above, shall have the option of holding the Debt Securities in certificated form and the Registrar shall provide for the registration of any Debt Securities or its transfer under such reasonable regulations as the Registrar with the approval of the

7. TERMS AND CONDITION OF THE PROGRAMME

Commissioner and the Trustees may prescribe. The Registrar with respect to each Series of Debt Securities shall maintain the Register for purposes of exchanging and registering Debt Securities in accordance with the provisions hereof.

- 7.8.4 Any transfer of Bonds held in certificated form shall be effective to the extent that such transfer is registered in the Register, by the Bondholder thereof (in person or by his attorney duly authorised in writing), upon presentation and surrender of the Bond Certificate together with a duly executed written instrument of transfer in a form satisfactory to the Registrar by the registered Bondholder or his duly authorised attorney. Upon surrender of the aforesaid documents to facilitate the registration of transfer of any Bond, the Registrar shall if the above stated conditions are met, register such transfer, and deliver a new Bond Certificate(s) to the transferee as appropriate and such transferee shall consequently be deemed to be a Bondholder.

7.9 Persons Deemed Owners

- 7.9.1 In a Series, the Bondholder shall be deemed and regarded as the absolute owner of the Debt Securities registered in its name for all purposes including but not limited to the payment of principal and coupon notwithstanding any private nominee, agency or trust arrangement between the Bondholder and other private parties.
- 7.9.2 Any payment made to the deemed owner pursuant to (7.91) above shall be deemed valid and shall satisfy and discharge the Issuer of any obligation to such deemed owner to the extent of the amount paid.

7.10 Form of Bonds

The definitive Bonds of each Series shall be in substantially the form set forth in the relevant Series Trust Deed.

7.11 Non-Presentation of Bond Certificates

- 7.11.1 If any Certificate is not presented for payment when the principal thereof becomes due (whether at maturity or call for redemption or otherwise), all liability of the Issuer to the Bondholder thereof for the payment of such Bond shall be completely discharged if funds sufficient to pay the principal of such Bond and the coupon thereon shall be held by the Trustees for the benefit of such Bondholder, and thereupon it shall be the duty of the Trustees to hold such funds subject to sub-clause (7.11.2) below, without liability for coupon thereon, for the benefit of such Bondholder, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature under this Deed or, on or with respect to, such Bond.
- 7.11.2 Notwithstanding any provision of this Deed to the contrary, monies held by the Trustees for the payment of principal or coupon on the Bonds of any Series left unclaimed for six (6) years after the date on which such payment is due shall be disposed of by the Trustees in accordance with the provisions of the ISA or any legislation. The Bondholders of such Bonds shall thereafter be entitled to look only to their remedies under the ISA or successor legislation, and all liability of the Issuer and the Trustees with respect to such monies shall cease. Notwithstanding the foregoing, the Registrar shall use its best efforts to identify the Bondholders entitled to receive the principal, coupon and other payments due in respect of any Series of Bonds and shall promptly make payments to the account of the Bondholders.

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

The State has an Executive Council, which comprises the State Governor, the Deputy Governor, the Secretary to the State Government, the Commissioners, the Special Advisers, the Head of Service, Chief of Staff and the Deputy Chief of Staff. Special Assistants are also occasionally in attendance at the meetings of the Council.

The profiles of some key representatives of the State Executive Council are provided below:

His Excellency, Akeredolu Oluwarotimi Odunayo, SAN, Governor of Ondo State

Arakunrin Oluwarotimi Odunayo Akeredolu, SAN is the Governor of Ondo State. He attended the famous University of Ife, now Obafemi Awolowo University, Ile-Ife where he obtained the LLB degree in 1977 and the Nigerian Law School for the B.L. degree in 1978.

Oluwarotimi has, from his student days, held many positions of responsibility. He was Vice President of the Students' Union, University of Ile-Ife, Ile-Ife, 1975 to 1976. As a qualified Lawyer, he served in various capacities in the Nigerian Bar Association, such as Secretary, NBA, Ibadan Branch, 1985-1986, Member, National Executive Council, NBA, 1985 to date; National Publicity Secretary, NBA, 1988-1989; Chairman, Legal Aid Council of Nigeria, 2005-2006; Member Council of Legal Education, 1997-1999; Life Member, Body of Benchers; National President, NBA, 2008-2010; Member of Council, International Bar Association, 2008-2010; Member of Council, Pan African Lawyers Union, 2008-2010; Member, National Judicial Council, 2010-2012.

He attained the highest honour in the Legal Profession in Nigeria, in 1998 when he was conferred with the title of senior Advocate of Nigeria (SAN). He was appointed the Attorney General and Commissioner for Justice, Ondo State in 1997.

Oluwarotimi is an active and dodged fighter for equal rights and justice for the masses. He was in the centre of the fight for the validation of the June 12, 1993 Presidential Election that was annulled, among many other such activities.

Oluwarotimi Akeredolu served as the interim Chairman of All Progressives Congress (APC) in Ondo State. He was elected, on the platform of the Party, on 26th November 2016, as the Governor of Ondo State. He took the oaths of allegiance and office on Friday, February 24th, 2017 as the 6th elected Governor of Ondo State.

His Excellency, (Barr) Ajayi Agboola Alfred, Deputy Governor of Ondo State

Agboola Alfred Ajayi is the Deputy Governor of Ondo State. Agboola Ajayi holds a Bachelor's degree in Law (LL. B) from Igbinedion University, Okada, Edo State and was called to the bar in 2010 after his graduation from the Nigerian Law School, Abuja.

Agboola had his first political appointment as Supervisor for Agriculture for Ese-Odo Local Government from 1999 to 2001. In recognition of his excellent performance, he was re-appointed Supervisor for Works for Ese-Odo Local Government between 2001 and 2003. As a result of his meritorious service in previous offices, he was appointed Caretaker Chairman of Ese-odo Local Government between 2003 and 2004.

He was elected as Chairman of Ese-Odo Local Government and served between 2004 and 2007. He was also the Treasurer of the Association of Local Government of Nigeria (ALGON), Ondo State Chapter, between 2007 and 2009. He was elected to the Federal House of Representative in 2007. He served as the Chairman House Committee on NDDC between 2007 and 2010 and was a member of various other committees of the House.

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

Agboola Ajayi is a Barrister at Law and a Solicitor of the Supreme Court of the Federal Republic of Nigeria. He is a successful businessman and has served on the board of many blue-chip and multinational companies. He took the oaths of allegiance and office on Friday, February 24th, 2017 as the Deputy Governor of Ondo State.

Chief Ale Joel Olugbenga, Chief of Staff to the Governor

Chief Joel Olugbenga Ale is the Chief of Staff to the Governor. Chief Ale joined the Ondo State Civil Service after his secondary school education as a Confidential Secretary-in-Training in the Civil Service Training School (Now Public Service Training Institute), Akure from 1978-1980 where he qualified as a Confidential Secretary.

He went on study leave to the University of Ilorin, Nigeria, between 1983 to 1987 where he obtained a Bachelor of Science (B.Sc). Hons degree in Public Administration.

Olugbenga Ale is also a distinguished alumnus of the Federal University of Technology, Akure where he was awarded two Post-Graduate Diploma in Computer Science and Master's in Business Administration between 1994 and 1998.

Joel Olugbenga Ale started his working career as an auxiliary teacher at the Methodist High School, Owo in November 1977. He began a full career in the Civil Service as a Confidential Secretary-in-Training in October 1978. He thereafter transferred to the Administrative Officers' cadre. Olugbenga spent about 15 years of his Civil Service career in the Cabinet and Special Services Department, Governor's Office, Akure.

Because of his resourcefulness and hard work, Gbenga Ale had received several letters of commendation from the Civil service of Ondo State for exemplary services in various ad-hoc committees put up by government to address specific issues.

He retired meritoriously from the Civil Service of Ondo State as a Permanent Secretary in 2013 and had since gone into private business.

Joel Olugbenga Ale who holds the chieftaincy title of Baba Ijo of New Church Cathedral, Owo, belongs to many professional and social associations including Chartered Institute of Personnel Management (CIPM), The University of Ilorin Alumni Association, the All Owo Progressive Forum based in Akure and the Heritage Club (International), Owo. He was appointed the Chief of Staff to the Governor of Ondo State in 2017.

Hon. Abegunde Ifedayo Sunday, Secretary to the Government of Ondo State

Honourable Abegunde Ifedayo Sunday is the Secretary to the Government of Ondo State. He holds a Bachelor of Science Degree (B.Sc) Architecture from the Florida A&M University, Tallahassee Florida and Master of Architecture (M. Arch) from the Morgan State University, Baltimore, Maryland. He is also a Microsoft Certified System Engineer (MCSE); Cisco Certified Network Engineer (CCNE) Cisco Certified Network Professional (CCNP). He had also obtained a National Diploma in Civil Engineering from the Yaba College of Technology, Yaba, Lagos.

Honourable Abegunde started his career as Assistant Civil Engineer, Akintobi-Oyeneke & Associates, Ilupeju, Lagos in 1978 - 1979; System Engineer, State of Maryland, Annapolis Maryland, 1988 - 2000; System Engineer, United States Patent and Trade Organisation, Crystal City, Northern Virginia 2000 - 2002.

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

He was elected member, House of Representatives in 2003 to 2007. He was appointed the Chairman, Ondo State Afforestation Project 2008 – 2010; Member, House of Representatives 2011 – 2015. He was appointed as the Secretary to the Government of Ondo State on March 13, 2017.

Mr. Akinkuotu Oluwatoyin Albert, Head of Service to the State Government

Oluwatoyin Oluwabojuwomi Albert Akinkuotu is the Head of Civil Service of Ondo State. He holds a 1984 Bachelor's Degree in Political Science and Public Administration with first class Hons. from the University of Maiduguri. He was awarded a fellowship to study at the then University of Ife, Ile-Ife (now Obafemi Awolowo University) for an academic degree leading to a Doctor of Philosophy (Ph. D).

Akinkuotu joined Ondo State Civil Service in 1988 as an Administrative Officer. He later bagged a Bachelor of Law (LL. B) and a Master of Law Degree from the University of Benin, Benin City and Obafemi Awolowo University, Ile-Ife in 1999 and 2000 respectively. He was called to the Nigerian Bar as a Solicitor and Advocate of the Supreme Court of Nigeria in 1999.

He served in about 15 Ministries, Department and Agencies (MDAs) of government and held various adhoc positions in Committees and Boards. He had several in-service training programmes in Management and Administration at advance levels within and outside Nigeria. He presented numerous academic and professional papers, particularly on Administrative Law, management sciences and pension Administration. Akinkuotu who belongs to various professional groups has to his credit many scholarships, Distinctions and awards. He was appointed the Head of Service in Ondo State in July 2013.

Mr. Emmanuel Oluwatimehin, Honourable Commissioner for Commerce & Industry

Adelegbe Oluwatimehin Emmanuel is the Honourable Commissioner for Commerce and Industry. He holds a Bachelor of Science Degree in Economics and a master's degree in Business Administration. A fellow of the Institute of Debt Recovery Practitioners of Nigeria and an Associate Member of Business and Insolvency Practitioners Association of Nigeria, he has over 25 years' experience in Consulting and Banking.

Oluwatimehin started his career at the Central Bank of Nigeria, as a Youth Corps member. He worked at SEVAN Construction; Guaranty Trusty Finance, Standard Trust Bank (STB); Pacific Bank Limited; and the Unity Bank Plc. He is the Chairman/Chief executive of CARBRIDGE SOLUTION LTD; Chairman, Royal Parklane Hotel and Suites in Akure and as a party official, served as a member of the Field Office Operation Directorate, Buhari Campaign Organization and a member of Strategy and Planning Committee, Buhari Campaign Organization, Ondo State Chapter. Timehin is a philanthropist and the Asiwaju of Okeluse.

He was appointed Ondo State Commissioner for Commerce and Industry on August 30, 2017.

Mr. Ismaila Olurimisi Ayodeji, Honourable Commissioner for Culture & Tourism

Alhaji Olurimisi Ayodeji is the Honourable Commissioner for Culture and Tourism. He holds a post-graduate diploma in Public Administration. He started his career as a class teacher at Isero Grammar School, Odigbo. He later worked with Odigbo Local Government Area Council, Ore, as Press Secretary to the Executive Chairman between 1999 and 2003. He is the Managing Director/Chief Executive Officer at Olurimisi Woods and Sawmill Industry, Odigbo.

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

Ayodeji has been involved in various political activities in the State. He is a devout Muslim, and the Chief Imam of Odigbo Kingdom. He was appointed Ondo State Commissioner for Culture and Tourism in August 30, 2017.

Mr. Emmanuel Igbasan Duyile, Honourable Commissioner for Economic Planning & Budget

Pastor Igbasan Emmmanuel Duyile is the Honourable Commissioner for Economic Planning and Budget. He holds two master's degree in Business Administration and Accounting and a bachelor's degree from the Ondo State University, now Ekiti State University, Ado-Ekiti.

He started his career as an Accountant with Gladstone Kukoyi and Co. a Chartered Accountant outfit. He thereafter worked with Akpo and Partners and Open Gate Professional Services (a Financial and Management Consultancy Firm). He is a member of Chartered Institute and Management Accountants.

He is a politician, Philanthropist and a man of God. He is the Pastor-in-Charge of Redeemed Christian Church of God, Zion Arena Area, Province 13, Lagos. He was appointed Ondo State Commissioner for Economic Planning and Budget on the August 30, 2017.

Mr. Sunday Agagu Olufemi, Honourable Commissioner for Education, Science and Technology

Mr. Agagu Sunday Olufemi is the Honourable Commissioner for Education, Science and Technology. He holds a Bachelor of Science (B.Sc) degree; and a Master of Science (MSc) degree in Estate Management from the then University of Ife, now Obafemi-Awolowo University, Ile-Ife. He started his career as the Principal Partner, Femi Agagu and Co at Broad Street, Lagos before his appointment, in 2003, as the Chief of Staff to the Governor of Ondo State. He equally served as member, Ondo State Executive Council; State Security Council; Fund Allocation Committee; and Poverty Alleviation Committee; to mention just a few.

He attended many capacity building courses within and outside the country; among which is the Senior Leadership Course at Manchester Business School (2007). He published many articles in Journals such as Industrialising Ondo State Using Industrial Estates and co-authored the book "Industrial Estates and Regional Development in Lagos State".

He was appointed the Ondo State Commissioner for Education, Science and Technology on the August 30, 2017.

Mr. Adewale Akinterinwa Olumuyiwa, Honourable Commissioner for Finance

Mr. Adewale Olumuyiwa Akinterinwa is the Honorable Commissioner for Finance. He holds a Bachelor of Science Degree in Accounting and a master's degree in Business Administration from the University of Ife (Now Obafemi Awolowo University).

Mr. Adewale Akinterinwa worked as an Assistant Accountant at Afro Continental Nigeria Limited. He joined Triumph Merchant bank Plc. and worked at various positions in the organisation as an Accountant. In 1999, he became Special Assistant Finance, Investment and Strategy at Lagos State Development and Property Corporation where he was till 2002. In May 2009, he was sworn in as Commissioner for Finance in Ondo State, a position he held till November 2009.

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

He has been the Executive Vice Chairman/Chief executive Officer at Gideon Trust Investment from 2003, till date. In 2010, he became Board member/Non-Executive Director at Emergent Power and Energy Development Company Limited, a position he holds till date.

Mr. Akinterinwa had attended several trainings and workshops both locally and internationally. He is a member of several professional bodies, such as the Institute of Chartered Accountant of Nigeria (ICAN). He has received several honours and awards, among which are: Certificate of Appreciation in recognition of Support and selfless Services toward successful hosting of Eko 2012 games; Merit Award of Government College Ibadan old Boys Association – 2011.

He has a vast experience in politics. His political activities and experience include the contest for the House of Representative as candidate of the Alliance for democracy, for Ile-Oluji/Oke-Igbo/Odigbo Federal Constituency in 2003. He was appointed Commissioner for Finance Ondo State in August 2017.

Dr. Adegbenro Oluropo Wahab, Honourable Commissioner for Health

Dr. Wahab Oluropo Adegbenro is the Honourable Commissioner for Health. He holds a Bachelor of Medicine, Bachelor of Surgery (M.B; B.S) from the University of Benin, Benin City. He is a member of the Nigeria Medical Association; member of the Association of General and Private Medical Practitioners of Nigeria; Associate member, Royal College of General Practitioners of London; and member of Nigeria Guild of Medical Directors. He established Crown Hospital, Akure where he is the Chief Medical Director.

Wahab served as the Vice Chairman, Ondo State Committee on Sports for the Disabled from 1997 to 1999; and later Chairman of the Committee from 1999 to 2002. He was a Director, Ondo State Waste Management Board from 1999 to 2002 before he was appointed a Commissioner in Ondo State and was in charge of Culture and Tourism and later the Ministry of Health.

Wahab is the current Chairman, Ondo State Council of All Progressive Congress (APC) Muslim Members.

He is a recipient of several awards and honours, among which are: Honorary Officer, Security and Civil defence Corps and Most Patriotic Citizen by Galaxy Club Ilara-mokin. He was appointed Commissioner for Health in August 2017.

Mr. Olawoye Adeyeye Adekola, Honourable Commissioner for Justice

Mr. Olawoye Adekola Adeyeye is the Attorney General and Commissioner for Justice. He holds a bachelor's degree from the University of Ife, Ile-Ife (now Obafemi Awolowo University). Adekola had worked as a Clerical Officer at the Lagos State High Court Tafawa Balewa Square Lagos; an Administrative Officer in Oceanic and Marine Services Ltd Apapa, Lagos and a classroom teacher at Owo High School, Owo.

Kola was also a Solicitor at AfeBabalola & Co. Legal Practitioners before going into private legal practice at Kola Olawoye & Co. He was appointed as Attorney General and Commissioner for Justice of Ondo State in August 2017.

Mrs. Omolola Fagbemi Julianah, Honourable Commissioner for Local Government & Chieftaincy Affairs

Honourable Fagbemi Omolola Julianah is the Honourable Commissioner for Local Government and Chieftaincy Affairs. Mrs. Fagbemi holds a Bachelor of Education degree in History.

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

She started her political career as an elected Councillor, Ward 4, Ondo West Local Government Area, 1997 – 2002 and served for two terms. She held the following political offices: Secretary-General, National Councillor's Forum of Nigeria, Special Adviser to the Governor on Poverty Alleviation and Women Empowerment (2007 – 2013).

She also served in many Political Party positions, such as: the Federal Constituency Director in-charge of Ondo East/West Local Government Area's (Aketi Campaign Organisation in 2012), Member, Finance Committee, Social Democratic Party (SDP) Ondo Local Government; member, HOPE'93 Campaign Organisation, Ondo Local Government Area; Secretary, Democratic Party of Nigeria (DPN), Ondo West Local Government Area; member, Women Mobilisation Sub-Committee of All Progressive Congress (APC) Presidential Campaign Committee (2015) and the Deputy Director, Women Mobilisation Directorate of Aketi Campaign Platform in 2016.

She was appointed Ondo State Commissioner for Local Government and Chieftaincy Affairs on August 30, 2017.

Mr. Yemi Olowolabi is the Honourable Commissioner for Ministry of Information and Orientation

Mr. Yemi Olowolabi is the Honourable Commissioner for Information and Orientation. He attended the Ondo State University, now Ekiti State University, Ado-Ekiti; St. Patrick College, London; World Bank Institute Lagos and Times Institute of Journalism, Lagos. He holds a bachelor's degree in English Studies.

Yemi is an experienced media practitioner with vast experience and skills in the print, broadcast and public service journalism. He had been the Chief Executive Officer, Red Carpet Communications Limited Lagos; the Media Consultant Technical AIDS Corps, Ministry of Foreign Affairs; Media Consultant, Abuja Computerized Vehicle Testing Service, Abuja and he is the Director-General, Public Information Officers Association of Nigeria.

He was the Chief Press Secretary to the Governor, Ondo State, between August 2004 and February 2009. He had earlier worked as Senior Reporter/Senior Assistant Editor at Tell Communications Limited, Lagos, from July 1991 to August 2004. He was appointed a Commissioner for Information and Orientation in August 2017.

Mr. Donald Ojogo Kimikanboh, Honourable Commissioner for Ministry of Lands and Housing

Mr. Ojogo Donald Kimikanboh is the Honourable Commissioner for Lands and Housing. Mr. Donald holds a Bachelor of Arts and a Master of Arts degree in History and Strategic Studies from the University of Lagos.

He started his career as a Public Relations Officer with Happy Day Fish Farm at Okene, Kogi State as a Youth Corp Member. He joined the Guardian Newspaper, Lagos as Energy Reporter; held the post of State Correspondent of The Guardian Newspaper; State Correspondent of Defunct Newspaper, Senior Political Correspondent, Daily Independent Newspaper, Lagos; Associate Editor (Abuja), the New Telegraph. He was appointed Media Adviser, Ese-Odo Local Government in 2001; Press Secretary to the Governor of Ondo State, 2007 – 2009; Senior Technical Adviser on Policy and Strategy, to the Honourable Minister of State, Agriculture and until this recent appointment, Donald was the Deputy Chief of Staff in the Office of the Deputy Governor of Ondo State.

He was appointed Ondo State Commissioner for Lands and Housing, on August 30, 2017.

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

Mr. Kolade Badmus Rasheed, Honourable Commissioner for Natural Resources

Mr. Badmus Kolade Rasheed is the Honourable Commissioner for Natural Resources. He attended Akwa-Ibom State Polytechnic, Ikot Ekpene, where he read Accountancy, and graduates in 2002. Kolade Rasheed had a distinguished career in the banking and financial world. He started his working career at the defunct Owena Bank Nigeria Plc. in 1999 and rose to the position of Accounting Supervisor in the bank. In 2001, he joined Guaranty Trust Bank. Plc. where he was till 2003.

Badmus Kolade was appointed the Executive Director in Yab Enterprises in 1994. He has been the Managing Director Teslat Global Resources since 2008. In 2012 he established Teslat Oil and Gas Ltd., where he is Chairman/Chief Executive Officer till date.

He served in various capacities as a grassroots politician. His political activities and experience include the following: Chairman of the Forum of Local Government Chairmen of All Progressive Congress (APC) in Ondo State 2014 till date; Chairman, All Progressive Congress, Akoko North West of Ondo State 2014 till date; Director of Mobilization Aketi Campaign Organisation 2016; and Councillorship Aspirant, Alliance for Democracy in Akoko North West of Ondo State 1999. He was appointed a Commissioner in August 2017.

Hon. Princess Olatunji, Honourable Commissioner for Women Affairs & Social Development

Honourable (Princess) Omowumi Olatunji is the Honourable Commissioner for Women Affairs. She attended St. Mathias Primary School, Akure; St. Louis Girls' Grammar School, Akure; Data Scope Computer Institute; Bible Faith Training Center; the National Teachers' Institute, Kaduna; the Lagos State University (LASU), Ojoo, Lagos and the National Broadcast Academy. She holds a master's degree in English Language from the University of Lagos.

She started her political career as a member of All Nigerian Peoples Party (ANPP). She was a member of the Board for Youths and Sports, Lagos State, Ministry of Youth, Sports and Social Development as well as an elected member of the Lagos State House of Assembly on the platform of Action Congress of Nigeria (ACN) for two terms representing Oshodi/Isolo Constituency II, between 2007 and 2015.

She attended many Leadership training programs in Institutions such as Harvard Kennedy School, USA and London Thames Valley University Slough, UK. She was appointed Ondo State Commissioner for Women Affairs in August 30, 2017.

Mr. Gboyega Adefarati, Honourable Commissioner, Ministry of Agriculture

Mr. Adegboyega Adeyemi Adefarati is the Honourable Commissioner for Agriculture. He attended the prestigious ObafemiAwolowo University between 1985 and 1989 and bagged a Bachelor of Arts degree in History.

In 1996, he obtained a master's degree in Business Administration from the Lagos State University (LASU). Adegboyega started his working career at History Bureau, Sokoto in 1989. From 1990 to 1992, he was the Administrative Officer, Pace Mortgage Finance and the Head of Operations, Secure Savings and Loans between 1992 and 1994. He was also at Ely Samuel Limited as an Executive Director between 1996 and 2001. He was, until his nomination by Mr. Governor and confirmation by the Ondo State House of Assembly as a Commissioner, the Managing Director, Sharon Designs and Prints Limited.

Adegboyega was a foundation member, Alliance for Democracy; Action Congress of Nigeria from 2010 and 2013; All Progressive Congress from 2013 till date; Coordinator, Akeredolu Campaign

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

Organisation for Akoko South-East/West Federal Constituency in the 2012 Gubernatorial Election; and Director General, Ondo North Senatorial District, Akeredolu Campaign Platform, 2016. He was appointed Commissioner for Agriculture in August 2017.

Mr. Funso Esan, Honourable Commissioner, Ministry of Environment

Engr. Folorunso Esan is the Honourable Commissioner for Environment. He attended the University of Lagos, Lagos State. He holds a BSc Economics (Public Finance); MSc Business Administration (Marketing Research); M.Sc Economics (Project Analysis and Evaluation) and Ph.D Economics (in view).

Folorunso joined the Federal Civil Service as a Planning Officer in the Ministry of National Planning; became a Director, GL. 17 in 2006. As an experienced technocrat, he got to peak of his career and was appointed the acting Permanent Secretary, Ministry of Niger Delta Affairs in 2013.

He had several high impact achievements among which is, crafting the concept paper for the establishment of the National Council on Niger Delta.

Folorunso, on retirement from the Federal Civil Service, joined the All Progressive Congress (APC) in 2014 and played a pivotal role in the 2015 General Elections in Ilaje that brought APC to power. He was appointed Commissioner for Environment in August 2017.

Mr. Bayorile Ademodi Tolani, Honourable Commissioner, Ministry of Integration & Special Duties

Bayonile Tolani Ademodi is the Honourable Commissioner for Regional Integration and Special Duties. Prof. Ademodi holds a Bsc, Msc and Ph.D in Chemical Engineering from the Obafemi Awolowo University, Ile Ife; Howard University, Washington DC, USA, the Pennsylvania State University, USA. He parades an impressive pack of work experiences in the academic world. He had been a Professor, Department of Chemical Engineering, Obafemi Awolowo University, Ile Ife; amongst other appointments both in Nigeria and abroad. He is a renowned research fellow and has produced over two dozen research publications.

Bayonile as a politician was a National Delegate of the Alliance for Democracy (AD); Action Congress of Nigeria and All Progressive Congress. He was appointed Special Adviser to Sen. Ayo Fasanmi of AD in 1999 to 2003; Special Adviser on Bitumen and Solid Mineral to the Ondo State Governor (2003); Leader, Alliance for Democracy and Action Congress in Ondo West Ondo East Federal Constituency from 2004 to 2007.

He was appointed Ondo State Commissioner for Regional Integration and Special Duties on August 30, 2017.

Rt. Hon. Abdulsalam Olawale Taofiq, Honourable Commissioner, Ministry of Works & Infrastructure

Rt. Hon. Taofiq Olawale Adbusalam is the Honourable Commissioner for Works and Infrastructure. Taofiq holds a degree in Law from the then University of Ado-Ekiti, now Ekiti State University and a master's degree in Law from Ladoke Akintola University, Ogbomoso.

He started his career as a General Manager, Fast Ventures Limited, Akure and later worked as a Marketing Director, Roskof Nigeria Limited, Lagos; the Assistant Registrar Corporate Affairs

8. REPRESENTATIVES OF THE ONDO STATE EXECUTIVE COUNCIL

Commission, Abuja; Principal Partner, Walem Salem-Alade and Associates, Abuja; and Managing Partner, Gavelgant Law Chambers, Abuja.

He was elected into the Ondo State House of Assembly in 2003 and was elected the Speaker. He was a Senior Special Assistant to the Governor on Legislative Matters before he was appointed as Commissioner. He was appointed Ondo State Commissioner for Works and Infrastructure on August 30, 2017.

Mr. Yusuf-Ogunleye Saka Ayowole, Honourable Commissioner, Ministry of Youth & Sport

Mr. Saka Yusuf Ogunleye is the Honourable Commissioner for Youth and Sports Development. He holds a Bachelor of Arts Degree in History and International Studies.

He started his career as the Secretary, Akure North Local Government Education Authority, held several appointments on political party platforms, such as member, Election Committee, All Progressive Congress (APC); National Convention in 2014. He also served as the Secretary, Planning/Strategy Committee 2015 Presidential/National Assembly Elections for the APC, Ondo State and the Director-General, Aketi Campaign Committee, Akure North/South, Federal Constituency in 2015; among many other positions of responsibility.

He was appointed Ondo State Commissioner for Youths and Sports Development on August 30, 2017.

Prince Solagbade Amodeni is the Honourable Commissioner, Ministry Physical Planning & Urban Development

Prince Amodeni attended Rufus Giwa Polytechnic, Owo where he obtained an Advanced Diploma in Public Administration. He acquired a Higher National Diploma (HND) in Public Administration from Crown Polytechnic, Odo Ado-Ekiti in 2011.

Solagbade worked as a teacher at St. Paul's Primary School, Isua-Oke, Akoko between 1974 and 1975, an Accounts Clerk at State Schools Board, Ikare-Akoko 1975 to 1976, a teacher, Qua-Ibo Primary School, Ankpa, Benue State from 1977 to 1978, Managing Director, Solagbade Royal Enterprises from 1980 to 1982 and Chairman/Managing Director, Soni Com Nigeria Limited from 1982 to 1999.

Sola had held the following Political positions: Executive Chairman, Akoko South East Local Government from 1999 to 2002; Coordinator of the four Akoko Local Governments to oversee Log Control and Sawmills; State Commissioner, Ondo State Ministry of Natural Resources; and State Commissioner, Ondo State Ministry of Adult, Technical and Vocational Education between 2009 and 2011.

Prince Solagbade has received many awards among which are: Best Local Government Chairman by Trades and Services of Nigeria; Ambassador of Youths in Ondo State by National Council of Nigerian Youths; Odua Merit Award by Nigeria Television Authority (NTA) Ibadan; and Hall of Fame award by the Office of the Special Adviser on Education (Presidency). He was appointed Commissioner for Physical Planning and Urban Development on August 30, 2017.

9. AN OVERVIEW OF THE NIGERIAN ECONOMY

The information in this section has been extracted from documents and publications publicly available and released by various public and private organisations such as the Central Bank of Nigeria (CBN), the Economic Intelligence Unit (EIU), the World Bank, International Monetary Fund (IMF), Debt Management Office (DMO), National Bureau of Statistics (NBS), other financial magazines and journals. The Issuer and its advisers have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.

INTRODUCTION

The Federal Republic of Nigeria gained its independence on October 1, 1960. Nigeria is bounded by Cameroon to the East, Niger to the North, Benin to the West and the North Atlantic in the South. The country has a population of over 190 million citizens from over 250 ethnic groups governed under the rule of law administered through a Federal System of Government comprised of three tiers, namely the Federal Government, State Governments and Local Governments. Nigeria has Thirty-Six (36) States and a Federal Capital Territory (FCT).

The mainstay of the Nigerian economy is based on export earnings from crude oil sales and petroleum sales. Though the country is traditionally agrarian with agriculture contributing about 26% of the Gross Domestic Product (GDP), Nigeria has in the past decade seen its GDP composite shift towards more services and industry away from agriculture, with the services, manufacturing and agriculture contributing 54%, 20% and 26% respectively to GDP.

Revenue from petroleum continues to dominate external trade receipts accounting for 95% of crude exports. However, the agricultural sector remains the major employer of labour.

POLITICS & THE ECONOMY

Nigeria returned to civilian rule in 1999 after a succession of military administrations. President Olusegun Obasanjo assumed power on May 29, 1999 and was the head of government for two terms. In March 2015, the country made political history as there was a transfer of power from the Incumbent President Dr. Goodluck Ebele Jonathan and his Political Party, the People's Democratic Party PDP to the All People's Congress (APC).

Nigeria political scene is relatively stable in comparison to recent years; however, the Country's has experienced instability and irregularities in the North East region of the country with Boko-haram insurgents and the Herdsmen crisis in the middle belt of the country has affected stability, causing rises in transportation costs, ease of doing business and heightened investor apathy in the region. These issues need to be ironed out to curb growing inflationary pressures to meet the Central Bank of Nigeria (CBN) single digit inflation target.

The deregulation bill for the downstream petroleum industry is yet to be signed into law by the current president, the deal will go back on the powers of current minister of petroleum and scrap the current fixed pricing system of the downstream sector, where prices are fixed at around ₦145 per liter of PMS at the pump.

The rising price of crude oil at the international market, in the face of improving oil production in Nigeria, has improved the foreign exchange earning capacity of the country with its positive impact on the CBN's effort to sustain the on the foreign exchange rate. Already, the foreign reserves have been improving in response to these developments. The CBN has assured that it is committed to a stable exchange rate within a band of 3%. The policy thrust on exchange rate stability is informed by the overwhelming impact of exchange rate pass-through on inflation, given the import-dependent nature of the economy.

9. AN OVERVIEW OF THE NIGERIAN ECONOMY

Growth has been positive for seven (7) consecutive quarters, after five (5) consecutive quarters of contractions during the recession in 2016. Economy expansion in the Non-Oil sector and increased Oil production and stable oil receipts has seen the country grow 0.84% and 1.92% in FY 2017 and FY 2018 respectively.

Nigeria's growth has been driven by the non-oil sector and growth in the recently by the improved oil production following stabilisation of global Oil prices. The Non-Oil sector continues to be affected by the poor state of infrastructure; improving on this would have huge multiplier effects on the future growth capacity of the country. The current attention given to improve the state of infrastructure in the country (electricity and relevant transportation) should help to accelerate the growth of the economy.

EXTERNAL DEBT

In 2018, Nigeria's external debt stood at US\$79.44billion (₦24.39 trillion), constituting 19.09% of the country's GDP of US\$416.16billion (₦127.76trillion) which although relatively low has been steady rising since the current administration came into office in 2015. However, considering the high debt to revenue generation ratio in the proposed budget, there would be concerns about the high debt servicing ratio to revenue generation from the government.

According to the DMO, total external debt stood at US\$25.27 billion (₦7.76 trillion) with total domestic debt at US\$54.16 billion (₦16.63 trillion) at the end of December 31, 2018. The FGN has looked to undertake cheaper debt financing from foreign debt, and to align with its MTEF strategy for the 2019 fiscal year, the DMO aims to move change its debt ratio to 75:25 domestic: foreign.

In the NTB primary market, the CBN raised a total of ₦3.81trillion from primary market auction (PMA) broken down to ₦2.39 billion, ₦9.17 billion and ₦2.61 trillion worth of 91, 182 and 364 days NTBs at an average stop rates at 10.96%, 12.11% and 12.77% for the 91, 182 and 364-day Treasury Bills. Total government bond amounted to ₦1.07 trillion also broken down to ₦3.45 billion, ₦2.6 billion and ₦4.65 billion of 5 years, 7 years and 10 years respectively at an average yield of 14.06%, 14.36% and 14.35%.

MONETARY POLICY

In line with the CBN Act, 2007, one of the principal functions of the Central Bank of Nigeria is to "ensure monetary policy and price stability". In order to facilitate the attainment of the objective of price stability and to support the economic policy of the Federal Government, the Act provides the constitution of a twelve (12) man Monetary Policy Committee (MPC) with the Governor of the CBN as the Chairman. The CBN recognizes that achieving stable prices would require continuous assessment and evaluation of its monetary policy implementation framework to enable it respond to the ever-changing economic and financial environment. Based on the foregoing, the CBN introduced a new monetary policy framework that took effect on December 11, 2006 with the "Monetary Policy Rate" (MPR) as the Operating Target rate. The goal of this new framework was to achieve a stable value of the domestic currency through stability in short-term interest rates which serves as an indicative rate for transaction in the inter-bank money market as well as other Deposit Money Banks' (DMBs) interest rate.

The CBN recently made a slight change in its monetary stance. At the second meeting of the MPC in 2019, the CBN reduced MPR by 50 basis points (0.5 per cent) from 14% to 13.5% for the first time since July 2016. The cash reserve ratio and liquidity ratio remained unchanged at 22.50% and 30.0% respectively and the asymmetric window at +200/-500bps.

9. AN OVERVIEW OF THE NIGERIAN ECONOMY

The CBN's MPC noted the positive moderate outlook for growth and the risk in the horizon. Therefore, having achieved a relatively stable exchange rate with price stability, it was imperative that the monetary policy explored the next steps necessary for enhancing growth, reducing employment and diversifying the base of the Nigerian economy following the aftermath of the general national elections and strong inflow of foreign direct and portfolio investment into the economy.

Broad money grew 12.72% from the end of January to the end of November 2018, this was due to the growth in Net foreign assets which by grew 21.80% mainly due to the growth in reserves from oil receipts as crude output largely stabilized in 2018 and enable the CBN to hold more dollar assets. Narrow money fell 2.04% from January to December 2018. Domestic net assets grew 1.49% from January 2018 to November 2018.

The Central bank largely used government instruments, both indirect and direct to control aggregate money supply (M2) in the system. The CBN mopped up M2 using, Open Market Operations (OMO). OMO auctions were up 150% in 2018 in comparison to 2017, as the CBN mopped up ₦15.39 trillion more than it did in 2017.

In the forex markets, the supply of foreign currency has been relatively stable since the stabilization of the naira, although forex demand remains strong with the introduction of the I&E window in 2017. The introduction of the NAFFEX (I&E) window along with the increased oil receipts have enjoyed foreign exchange inflows have improved albeit still less than pre-2015 levels. The availability of increased forex has narrowed the exchange rate premiums between the various exchanges, as we have continued to see convergence in the various exchange windows and BDC rates. (bar the official CBN rate). The CBN and FPI continues to be the major supplier of forex in the market, supplying about 60% of forex to the window.

FISCAL POLICY

The government fiscal policy in 2019, was relatively expansionary in 2018, spurred on by an increasing debt profile and increasing oil stability in the global oil markets. Revenue (Dec 2018) was 40% higher than in 2017. Oil revenue was 101% than in 2017, as increased production levels, the NNPC reported in 2018 that oil production levels peaked at 2.08 p/b in Q4 2018 in comparison to the corresponding quarter in 2017. In large, the budget implementation of 53% was still rather weak in 2018. The Federal Inland Revenue Service (FIRS) reportedly collected its highest tax receipts since 2012, raking in ₦5.3 trillion in 2018. The Customs and other revenue collection bodies outperformed their revenue for 2017, reporting ₦1.1 trillion in December 2018, surpassing ₦1.01trillion for the previous year.

Budget performance Q3 2018 (latest released data) shows budget implementation at 50% for revenue generation, even as Oil prices remain relatively stable in 2018. The weak performance in the budget is allocated to optimistic revenue projections and the inability of the government to sell off its equity in its JV assets offshore. Total CAPEX expenditure referencing recently released data from the budget office, estimates just 28% of CAPEX has been completed as September 2018. Red tape bureaucracy leading to the underperformance in this regard.

Total budget expenditure was reported at 50%, as recurrent and statutory expenses are projected to be on time despite some hold backs.

GROSS DOMESTIC PRODUCT

The Nigerian economy grew 1.93% year-on-year in annual terms in 2018 up by 1.1% from FY 2017. In the fourth quarter of 2018, Nigeria GDP grew by 2.38% in real terms. This represents an increase of 0.27% points when compared to the fourth quarter of 2017 which recorded a growth rate of

9. AN OVERVIEW OF THE NIGERIAN ECONOMY

2.11%. It also indicates a rise of 0.55% points when compared with the growth rate recorded in Q3 2018. On a quarter on quarter basis, real GDP growth was 5.31%.

The Non-Oil sector activity drove growth in the broad economy, expanding 2.70% in Real terms in Q4 2018 and 2.00% on annual basis, largely due to the growth in the Information and communication, Transportation & Storage, Arts & Entertainment, Agriculture and Manufacturing.

Due to the low base effect in 2016, the Oil Sector grew -1.64% y/y in real terms in Q4 2018, a slowdown from of -12.61%, in comparison to the corresponding quarter in 2018. However, the sector grew 1.98% from preceding quarter in 2018. Oil production capacity in Q4 dropped to 1.91mbpd from 1.94mbpd in Q3 2018.

On an annual basis, real GDP growth for the oil sector stood at 1.14% as against 4.69% recorded in 2017. The Oil sector contributed 7.06% to real GDP in Q4 2018, down from figures recorded in the corresponding period of 2017 and the preceding quarter, where it contributed 7.35% and 9.38% respectively. For 2018, the contribution of the oil sector to aggregate real GDP was 8.60%, slightly lower when compared with 8.67% in 2017, the GDP aggregate figures fell due to increased contribution to GDP by the Non-Oil Sector.

AGRICULTURE

During the last quarter of 2018, the major agricultural activities remained planting in the Northern part of the country and harvesting of matured crops in the southern part of the country. The Agricultural sector remains fragmented as it is largely dominated for the most part by peasants and a few large farms. The Agricultural sector is the largest contributor to the Gross Domestic Product (GDP) 26% and is the largest employer of labour. However, the FGN has proposed ₦80 billion for the Federal Ministry of Agriculture in the 2019 appropriation bill. The current administration has highlighted the agriculture sector as a target sector, the sector has benefitted from various schemes, such as the Agricultural sector continues to grow at a sluggish rate, even as the government has highlighted this sector as a high growth sector to boost production outputs the sector has been the benefactor of various government schemes, such as Anchor's borrowers program, commercial agriculture credit scheme, Bank of Agriculture schemes amongst others, etc. The sector faced various constraints in 2018, flooding, high commodity prices globally, transportation and logistical issues, storage and the insecurity from in the middle belt of the nation from the herdsmen crisis affected the agriculture sector in 2018.

Recent data from the National Bureau of Statistics shows that which indicated that the average year-on-year change in food inflation fell from 16.55% in 2017 to 14.43% in 2018. This is partly due to the low base effect from the recession in 2016.

In most of the surveys and censuses conducted by the NBS, which is the major producer of agricultural statistics in Nigeria, crops and livestock are always considered together because of the tendency for most of the farmers to practice crop and livestock husbandry simultaneously.

OIL AND GAS PRODUCTION

Multinational oil companies operate in partnership with NNPC under Joint Operating Agreements (JOAs) or Production Sharing Contracts (PSCs). Others, especially the indigenous oil companies, operate in partnership with international companies under sole risk or as independents. Nigeria's petroleum industry is well grounded in successful exploration, beginning with the first commercially viable discovery at Oloibiri in the Niger Delta in 1956 by Shell, with a modest production rate of 5,100 barrels per day.

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Nigeria has a maximum crude oil production capacity of 2.5 million barrels per day and ranks as Africa's largest producer of oil and the eleventh (11) largest oil producing country in the world and its reserves of crude oil currently stand at about 37.2 billion barrels.

As part of Nigeria's resolve to become a major player in the international gas market, the Gas Master Plan was approved in 2008 with the intention of laying a solid framework for gas infrastructure development and expansion within the domestic market. The Master-Plan is a guide for the commercial exploitation and management of Nigeria's gas sector. It aims at growing the Nigerian economy with gas by pursuing three key strategies:

- a. Stimulate the multiplier effect of gas in the domestic economy;
- b. Position Nigeria competitively in high value export markets; and
- c. Guarantee the long-term energy security of Nigeria.

MANUFACTURING

Manufacturing activities have significant impact on the economy of a nation. In developed economies, for instance, they account for a substantial proportion of total economic activities. In Nigeria, the sub-sector is responsible for about 8.86% of total GDP annually, the same figure as in FY 2017 although from reviewing Purchase Managers Index (PMI), economic expansion in the manufacturing sector has increased since the recession in 2016.

Real GDP growth in the Manufacturing sector was recorded at 2.35% in Q4 2018, which is higher than the 0.14% recorded in the same quarter of 2017 and 1.92% recorded in the preceding quarter. On a quarter-on-quarter basis, the sector growth rate stood at 5.46%, while the annual growth rate was 2.09% in 2018. The annual growth rate was a significant improvement over the previous year's growth rate of -0.21%. The sector's contribution to real GDP in Q4 2018 did not change from its 2017 share (8.86%) and this was also reflected in the annual contribution, which rose only slightly from 9.18% in 2017 to 9.20% in 2018. (Source: National Bureau of Statistics)

TELECOMMUNICATIONS

The most recent data from the National Communication Commission (NCC) (February 2019), reported a total of 172.48 million telecommunications subscribers. The sector in 2018, faced some constraints, as the CBN through the NCC fined the largest telecom operator – with 38.92% market share – \$8.13 billion in a dispute due to an FX infraction in which the CBN alleged that \$8.13 billion was repatriated to South Africa from the companies from its shareholders funds between 2007 and 2015.

The news of the fine dampened the proposed MTN listings on the NSE in 2018. Telecommunications & Information Services under Information and Communication sector grew by 16.67% in Q4 2018 from 14.97% in Q3 2018 and -3.28% in Q4 2017. The Telecoms continue to grow their top-line as they diversify towards data services revenue from airtime subscription receipts.

FINANCIAL SERVICES

The Financial Services sector comprises banks, insurance firms, capital markets, investment management/stock broking firms and investment funds. This sector saw top line performance growth of 16% in 2018.

With the implementation and adoption of FIRS 9 in the industry, we predict 2019 will be a tougher year for the banking and financial industry due to the perceived reduced system liquidity in the economy and reduced loan books for banks in 2019, as political uncertainty is expected to affect

9. AN OVERVIEW OF THE NIGERIAN ECONOMY

economic activity. Increased competition from the mobile providers for the banking services through mobile money transactions and Fintech start-ups are expected to affect top line for banks in 2019.

Following the Insurers Committee Retreat which held between 15th and 16th February 2018 at Abeokuta, the National Insurance Commission announced the introduction of the "Tier Based Minimum Solvency Capital" (TBMSC) structure. The TBMSC is part of Risk-Based Supervision (RBS) programme of the Insurance industry that specifies capital requirement for each Tier levels, based on risk classification for each tier. The Structure introduces:

- a) Shift of focus to solvency capital rather than shareholders' fund.
- b) Revised businesses permissible for each Tier 1, Tier 2 and Tier 3 being Life Insurance, Non-Life Insurance and Composite Insurance respectively.
- c) Intervention levels and safety parameters.

FOREIGN DIRECT INVESTMENT (FDI)

Nigeria could become a prime destination for foreign investment across various sectors of the economy in the coming years if promised reforms to the trade and investment framework materialise. As Africa's largest country in terms of population, Nigeria already attracts substantial investment inflows to its oil and gas industry. However, overall FDI remains modest for a country of this size. However, FDI flows have continued to be halted in the Nigeria economy, as weak governance and poor infrastructure has continued dwindled FDI into Nigeria. FDI flows dropped 58.75% (Y-O-Y) in 2018, and a 70.59% decrease from Q3 2018 to Q4 2018.

Total capital importation was reported at \$16.1 billion in 2018. The United Kingdom and Singapore were the highest contributions to capital importation in Q4 2018 with \$6 billion and \$3 billion from the British Isles and the USA respectively representing the highest suppliers of capital inflows into the Nigeria economy in FY 2018.

CREDIT RATING

Fitch's sovereign credit rating for Nigeria (2019) remains at B+ as a result of increased reserves and stability in oil markets, which has enabled the accumulation of foreign assets and a strong balance sheet. The Standard and Poor's rated Nigeria's 2019 outlook a B, whilst Moody's has held its stable outlook for Nigeria at a B rating since 2017.

INFLATION

The NBS estimated the inflation for March 2019 to be 11.25% (year on year), which is 0.06% points lower than 11.31% recorded in February 2019.

10. ONDO STATE

10.1 OVERVIEW OF ONDO STATE

HISTORY AND LOCATION

Ondo State of Nigeria ("Ondo or "the State"), one of the seven states created on 3rd February 1976 by the then Federal Military Government of Nigeria, was carved out of the old Western State. Ondo, which is generally referred to as the "Sunshine State" is the largest state in south-western Nigeria with a land area of 15,820 square kilometers. The state lies between latitudes 5o45' and 7o52'N and longitudes 4o20' and 6o5'E. It is bounded by Edo and Delta States on the east, by Ogun and Osun States on the west, by Ekiti and Kogi States on the north and by the Bight of Benin and the Atlantic Ocean to the south. Ondo State took off formally on 1st April 1976 with 9 administrative divisions of the former Western State (Ministry of Information and Culture, 1979) but now has 18 Local Government Areas, with Akure as the State capital.

POPULATION STRUCTURE AND DISTRIBUTION

Ondo State has a population of over 3.4 million, out of a national estimate of 190 million. The structure and distribution of population in Ondo State have been affected by a high incidence of migration of people to other parts of the country; the 1991 census estimates had put the population at 3.7 million. The State is populated predominantly by Yorubas who speak various dialects of the Yoruba language such as the Akoko, Akure, Idanre, Ijaw, Ikale, Ilaje, Ondo and Owo. Ondo State indigenes are mostly subsistence farmers and fishermen. A number of the people are also found in various services especially education and the civil service, while some are traders in many large cities of the federation. Ondo State has a stable political atmosphere and there exists a relatively peaceful coexistence among the various ethnic and religious groups.

THE STRUCTURE OF GOVERNMENT

Executive

The affairs of the State are overseen by the Governor who is its Chief Executive. The Governor is elected for a four-year term of office renewable only for another four-year term. The Governor is vested with executive powers which, subject to the provisions of the Constitution and of any law made by the House of Assembly, may be exercised directly or through the Deputy Governor and Commissioners or Advisers. The Governor is empowered to appoint Commissioners and Advisers and to assign responsibilities to them, including the administration of any department of Government. The present administration led by the Executive Governor of Ondo State, His Excellency Akeredolu Oluwarotimi Odunayo, SAN, was inaugurated on February 24, 2017.

Legislature

The legislative powers of the state are vested in the State House of Assembly, constituted after the elections on April 26, 2011 and have 26 members. The Head of the House of Assembly is the Speaker, assisted by a Deputy Speaker, both of whom are elected by the members of the House from amongst themselves. The House is made up of representatives from all the local governments within the State and subject to the provisions of the Constitution, exercises identical functions at the state level with those of the National Assembly at the Federal level.

Judiciary

The Chief Law Officer of the State is the Attorney General and Commissioner for Justice of the State. In accordance with the Constitution, judicial authority is vested mainly in the following courts: The State High Court, Sharia Court of Appeal of the State and Customary Court of Appeal of the State and such other courts as may be authorised by law to exercise jurisdiction at first instance or on appeal on matters with respect to which a House of Assembly may make laws. Presently, the state judiciary is made up of the State High Courts, the Magistrate Courts and the Customary Courts.

Local Government

There are presently 18 (eighteen) local government councils in Ondo State, namely, Akoko North-East, Akoko North-West, Akoko South-East, Akoko South-West, Akure North, Akure South, Ese-Odo, Idanre, Ifedore, Ilaje, Ile-Oluji/Oke-Igbo, Irele, Odigbo, Okitipupa, Ondo East, Ondo West, Ose and Owo. Each local government area is administered by a local government council. The functions of local governments include the consideration and making of recommendations to the State on economic development, administrative and urban planning matters.

Specific matters include collection of rates, radio and television licenses, establishment and maintenance of cemeteries and homes for the destitute or infirm, naming of roads and streets, numbering of houses and such other functions as may be conferred on a local government council from time to time by the State House of Assembly.

Judicial Administration

There are nine (9) Judicial Divisions in Ondo State - namely Akure, Ondo, Ore, Owo, Okitipupa, Ikare, Ifon, Oka and Idanre Judicial Divisions - and twenty-three (23) Magisterial Districts. The Magisterial Districts are Oke Agbe, Ikare, Supare/Akungba, Okra, Ogbagi, Owo, Ifon, Ogbese, Iju-Ita Ogbolu, Akure, Idanre, Bolorunduro, Ondo, Ile Oluji, Oke Igbo, Araromi Obu, Ore, Irele, Igbotako, Ilu Titun, Okitipupa, Igbokoda and Igbekebo. The Akure Judicial Division is the headquarters of the Ondo State Judiciary.

10.2 ECONOMIC REVIEW

Ondo is the 12th largest economy by IGR based on Q3 2018 figures. The State is endowed with abundant natural resources, huge mineral deposits and rich forest reserves which create enormous potential for industrial and economic growth. In spite of these enormous resources, Ondo remains largely underdeveloped with attendant high poverty levels and low standards of living of its indigenes.

AGRICULTURE AND AGRO PROCESSING

The State is an agrarian state with agriculture providing employment opportunities for over 70% of the population. The State has varied vegetation regimes, favourable soil types, adequate rainfall and ecological diversification which support the cultivation of a large variety of crops. Agricultural produce in the State includes tree crops such as cocoa, oil palm, rubber, cashew and kolanut; arable crops such as cassava, yam, maize, rice, sugarcane; fruit crops like pineapple, citrus, mango, pepper and tomato. The State's main revenue yielding crops are cocoa (accounting for over 40% of Nigeria's annual cocoa output) and palm oil.

The State has tremendous potential for fishing owing to its location along the Atlantic Ocean and the presence of prominent rivers such as Owena, Ala, and Oni Rivers. The coastlines are known to be rich in stock fish, prawns and lobsters.

10. ONDO STATE

Livestock farming is carried out on a small-scale basis and consists mainly of the production of eggs and broiler chickens during festive seasons.

Although Ondo State is also one of the main Timber producing states in Nigeria, timber is mainly exported as timber logs for further processing outside the State as wood processing is only done on a minimal scale.

MINERAL RESOURCES

The State is one of the oil-producing states in Nigeria, with an onshore and offshore crude oil production estimated to contribute up to 12% of Nigeria crude oil production and reserves. The State is considered as one of Nigeria investment haven in the 21st century because of its abundant reserve of crude oil, natural gas and solid minerals, such as bitumen, kaolin and granite. Ondo State has the world's second largest bitumen deposit.

The presence of liquefied natural gas deposit in commercial quantities precipitated the decision to construct a natural gas plant at Olokola, a boundary community between Ondo and Ogun States. The plant is being constructed through a Joint Venture arrangement between Olokola Liquefied Natural Gas Company (OKLNG), Chevron Texaco, Royal Dutch Shell, British Gas and the Nigerian National Petroleum Corporation.

SERVICES

a) Tourism:

The State is blessed with a variety of tourist attractions that have historical, cultural and artistic appeal. These include major sites like Idanre Hills, Aghagha Hills, Palace of the Deji of Akure, Owo Museum of Antiquities. The State also has beaches like the Ebomi Lake and Igbokoda Water Front, mountain highlands and tropical rain forest which enhance tourist appeal including Igbo Olodumare, Igbo Irumole etc.

b) Financial Services:

Ondo State has a substantial number of financial institutions offering a wide range of financial services to its citizenry. These institutions include the CBN, 18 of the 24 Banks currently operating in Nigeria, 46 community banks, insurance companies and brokers, finance houses etc.

10.3 GOVERNANCE AND BEST PRACTICES

The vision of the current administration is "to make Ondo State the best administered state in Nigeria and the cynosure of all eyes of which all its citizen shall be proud of; where equity, justice and fairness are the driving force of Government action". The thrust of the administration of His Excellency, Rotimi Akeredolu, SAN is to transform the state into one of the most developed states in Nigeria through the institutionalization of good governance and best practice by Government.

10.4 MEDIUM TERM STRATEGY OF THE STATE

The State's goals, aspirations and strategies for the medium term are articulated in the First Implementation Plan 2010 – 2013, Ondo State component of Vision 20:2020. The visions for the development of the State by 2020 are as follows:

- To harness the State's abundant human and natural resources with a view to transforming the State into the most developed state in Nigeria and development reference point in Africa in 2020;
- To become one of the 3 most viable states in Nigeria by 2020;

10. ONDO STATE

- Increase per capita income to US\$5,000 by 2020;
- Bring down unemployment rate from its current double digits to 5%;
- Raise industry contributions to 40% of GDP by 2020;
- Full efficiency in e-administration, transparency, service delivery, public procurement and justice system.

Key priorities set for the key sectors are:

AGRICULTURE

Transform the State's agriculture from its largely subsistent status into commercial agriculture which provides employment and serves as a source of wealth and wellbeing for farm households. This will be done by stimulating increased interest in commercial agriculture and forestry enterprises.

EDUCATION

Revamp the educational sector of the State and make it the basis for the development of science & technology. This will be achieved by improved access, equity, quality and functionality of all tiers of education.

INDUSTRY - SOLID MINERALS

Explore and exploit the solid mineral resources of the State to create a thriving manufacturing sector that supplies the Nigerian economy and exports to neighboring countries. Collaborate with the Federal Government to explore and exploit the bitumen deposits in the State. Resuscitate state owned industries and stimulate the development of virile micro, small and medium scale enterprises.

INFRASTRUCTURE

Develop the State's infrastructure such that it can serve as a spring board for the State's industrial development through the provision of well-maintained roads and water ways, portable water and strengthening of electricity infrastructure. Infrastructure remains the highest expense in the expenditure profile of the State over the next 4 years.

TRADE & COMMERCE

Improve the business environment through institutionalizing streamlined and clear standards and regulations.

10.5 CULTURE AND TOURISM

Ondo State's majestic scenery makes it an ideal location for movie production.

10.6 EDUCATION

Universities of national and international repute with growing ICT and innovation programs

10.7 OIL & GAS

The State reserve of crude oil is believed to be in the region of 4 billion barrels combined.

10. ONDO STATE

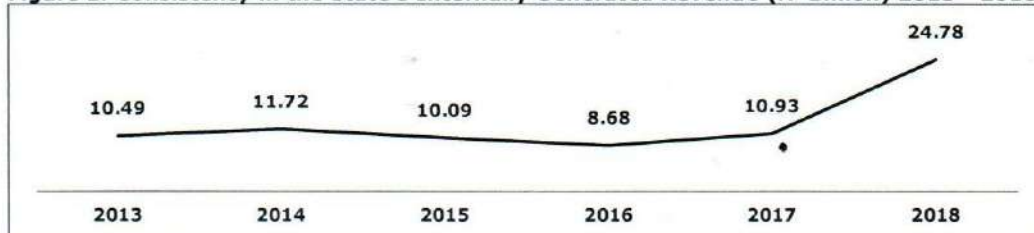
10.8 LOCAL SOURCING OF RAW MATERIALS

Ondo state is the largest cocoa producer in Nigeria responsible for over 40% all cocoa export in Nigeria. The State is also known as a major source of timber for construction and furniture making in Nigeria.

10.9 FINANCES OF ONDO STATE

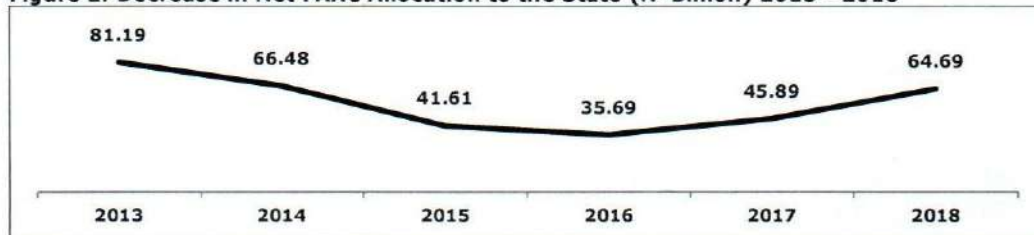
The dynamic nature of Ondo State's finances is demonstrated by the growth in the state's Internally Generated Revenue ("IGR") and the increase in budgetary provisions/executions.

Figure 1: Consistency in the State's Internally Generated Revenue (₦' Billion) 2013 - 2018



Source: National Bureau of Statistics

Figure 2: Decrease in Net FAAC Allocation to the State (₦' Billion) 2013 - 2018



Source: National Bureau of Statistics

10.10 THE BOND ISSUANCE PROGRAMME

The Ondo State Government has complied with the constitutional and legal framework for borrowing money to finance developmental projects. The National Assembly is the body empowered to legislate on borrowing of money within or outside Nigeria for the purposes of the Federation or of any State pursuant to item 8 of Part 1 of the Exclusive Legislative List in the Second Schedule to the Constitution. The National Assembly enacted the Investment & Securities Act [No. 29 of 2007] ("ISA") to provide a framework for borrowing by Federal, State and Local Governments.

The ISA requires a State desiring to borrow money to enact a law authorizing the issue of bonds and specifying that a sinking fund fully funded from the consolidated revenue fund account be established. Consequently, the Ondo State Issuance of Debt and other Securities Law 2011("the State Bonds Law") has been enacted by the Ondo State House of Assembly to fulfil the requirements of the ISA.

The Bonds Law provides a legal framework for the State to borrow money to finance developmental projects. The Bonds Law establishes a Debt Service Fund ("DSF") into which the House of Assembly shall appropriate a percentage of the State's IGR for the purpose of servicing the State's debt obligations. Furthermore, the Bonds Law provides for the establishment of Sinking Funds for the

10. ONDO STATE

purpose of servicing the State's obligations under each series, tranches or issue of Bonds or other instruments.

The Bonds Law creates a framework for the issuance of securities and the management of the Sinking Funds and provides for the appointment of Trustees who shall manage the Sinking Funds and utilize its proceeds to service debt obligations. Trust Deeds between the Trustees of the Sinking Funds and the State shall set out the obligations of the Trustees.

The overall responsibility of borrowing money on behalf of the State and managing the debt obligations of the State is vested in the Ondo State Debt Management Office established by the Ondo State Debt Management Office (Establishment) Law, 2011. The State with the enactment of the above-mentioned Laws has fulfilled the legal prerequisite for a debt issuance programme.

The State currently has one (1) bond in issue, listed on FMDQ OTC. The Ondo State ₦27,000,000,000 15.5% fixed rate bond maturing in 2022 has an outstanding value of ₦3.15 Billion as at the date of this Prospectus.

Any external borrowings that will be made by the Ondo State Government under the ₦50 billion Bond Issuance Programme will require the prior approval of the Federal Government as required by Section 21 (2) of the Debt Management Act 2003 and Section 47 (3) of the Fiscal Responsibility Act 2007. The State will also be required to have complied with the Debt Management Office's Guidelines on External Borrowing as specified in the National Debt Management Framework, 2008-2012. External creditors should note that any foreign currency credit extended to the Ondo State Government without such prior approval shall be in violation of the Laws of the Federal Republic of Nigeria.

10.11 CONCLUSION

It is expected that as the Ondo State Government continues to aggressively pursue its set objectives of developing the State through government initiatives, there will be a marked increase in productivity, growth and overall development of the State's economy.

11. RISK FACTORS

An investment in the Bonds involves a high degree of risk. Accordingly, prospective investors should carefully consider the following risk factors included in this Shelf Prospectus before purchasing the Bonds. The risks below are not the only risks facing the State. Additional risks and uncertainties not currently known to us or that we currently consider immaterial may also materially and adversely affect the State. Any of the following risks could result in a material adverse effect on the State's financial condition, results of operations and ability to service debt, including the Bonds. These risks may also have a material adverse effect on the revenue, costs and other estimates and assumptions made for purposes of the financial model shown in this Prospectus, causing actual operating results to be materially lower than those reflected in the financial model.

RISK RELATING TO THE COUNTRY

a. POLITICAL RISK

Since independence in 1960, Nigeria has experienced periods of political instability. Following 16 years of military rule, a democratic government was reinstated in 1999 following the election of the Obasanjo government. The subsequent transition of power from President Obasanjo to President Umar Musa Yar'Adua in 2007 to President Goodluck Jonathan in 2010 and then to President Muhammadu Buhari marked the first, second and third time in Nigeria's history that power had been handed democratically from one elected government to another. Although there are strong indications of a maturing of democracy in Nigeria some risks remain. The occurrence of an event of political instability, at either State or National level, could result in the termination of the Government's mandate or the appointment of a new administration that may not be inclined to continue with the existing debt programme.

b. CURRENCY RISK

A number of the projects that are to be executed may involve a foreign currency component either in terms of the cost of manpower and equipment or other foreign denominated elements required for the execution of such projects. Fluctuations in the value of the Naira can therefore make the costs of projects more expensive than currently projected, thus impacting negatively on the government's ability to complete the projects within the existing financing structure.

c. SPECIFIC RISK

Internally Generated Revenues

The State's Internally Generated Revenues may not attain the projected growth rate and thus impact the State's ability to redeem the Bonds as and when due.

Interest Rate Risk

The Bonds may, in the event of a change in market conditions which result in an adverse change in interest rates, be unattractive to investors; with the prevailing rates being more attractive than the coupon on the issued Bonds.

d. ENVIRONMENTAL RISKS

Natural disasters may have an impact on the expected revenue streams or destroy some of the projects being constructed. This would have a negative impact on the projected cash flows expected to be generated by the State. There may also be negative environmental impacts of respective projects proposed by the Ondo State Government.

e. REGULATORY ENVIRONMENT

The Statutory and Regulatory environment will change and the policies that have created an enabling environment for the issuance of the Bonds will be amended.

11. RISK FACTORS

RISK RELATING TO THE BOND

The Bonds may not be suitable for all investors:

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Shelf Prospectus or applicable SSP and/or Pricing Supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all the risks of an investment in the Bonds, including Bonds with principal and interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's home currency;

(iv) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Bonds are complex financial instruments and sophisticated institutional investors generally purchase complex instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Bonds which are complex financial instruments, unless there is the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

STRUCTURAL RISKS:

a) The market price of the Bonds may be volatile

The market price of the Bonds could be subject to significant fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes in the regulatory environment in which the Company operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of Bonds.

Each investor needs to assess the market for the right time to trade its Bonds.

b) Bonds may be subject to optional redemption by the Issuer

An optional redemption feature in the Bonds may negatively affect their market value. During any period when the Issuer may elect to redeem Bonds, the market value of those Bonds generally will not rise substantially above the price at which it can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Bonds when its cost of borrowing is lower than the interest rate on the Bonds. At those times, an investor generally would not be able to reinvest the redemption process at an effective interest rate as high as the interest rate on the Bonds being redeemed and may only be able to do so at a lower rate.

11. RISK FACTORS

c) Referencing to an index may subject the Bonds to additional risk

The Issuer may issue Bonds with Principal or Interest determined by reference to an index (or formula), to changes in the prices of the securities or commodities or other relevant factors.

Potential investors should be aware that:

- they may receive no interest;
- they may lose all or a substantial portion of their principal;
- a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices; and
- timing of changes in a Relevant Factor may affect the actual yield to investors, even if the actual level is consistent with their expectations; i.e., in general, the earlier the change in the Relevant Factor, the greater the effect on yield.

d) Changes in interest rates may affect the price of the Bonds

Where securities such as Bonds are offered with a fixed rate of interest, such securities are subject to price risk; as such securities may vary inversely with changes in prevailing interest rates. That is, where interest rates rise, prices of fixed rate securities fall and when interest rates drop, the prices increase. Accordingly, the extent of the fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of the prevailing interest rates. Increased interest rates which frequently accompany inflation, and/or a growing economy are also likely to have a negative effect on the price of the Bonds.

ENVIRONMENTAL RISKS:

Natural disasters could occur and negatively impact the expected revenue streams or destroy some of the projects under construction. This will decrease the projected cash flows which the State expects to generate. There may also be negative environmental impacts of respective projects proposed by the Ondo State Government.

REGULATORY ENVIRONMENT:

The Statutory and Regulatory environment will change and the policies that have created an enabling environment for the issuance of the Bonds will be amended.

CREDIT RISK:

The credit risk of any bond is that the issuer will default in its obligations and consequently, neither the semi-annual interest payments nor the re-payment of the principal at maturity will occur.

INFLATION RISK:

Inflation has historically been (and still is) a major concern in Nigeria. Where inflation remains above bond yields, investors stand the risk of loss in real value, if the investments are held to maturity and coupons received cannot be reinvested at higher rates.

INTEREST RATE RISK:

There is a risk that general interest rates in the economy will rise thereby making returns on the instrument unattractive and causing a decline in the value of the bond to bondholders

11. RISK FACTORS

VOLATILITY RISK:

Traditionally, one of the reasons local pension funds and fund managers are lured to the bond market is the apparent low volatility relative to other asset classes like equities. Increased volatility may therefore dampen investor appetite for bonds generally and thus have a negative impact on value to bondholders.

EXCHANGE RATE RISK:

Investors based outside Nigeria will be exposed to possible fluctuations in the exchange rate of the Naira to the currencies of their home countries. Fluctuations in exchange rate may also hamper the completion of some of the State's projects that require imports.

LIQUIDITY RISK:

The larger the size of a bond outstanding, the larger the number of investors likely to hold the bond and thus the larger the number of secondary trades on the bond from time to time. The FGN for example has total outstanding bond stock of N3.55 trillion and as such has achieved substantial liquidity (note that the majority of the trades are done in the OTC market). Though the market for State government bonds has continued to improve in overall liquidity, the low volume outstanding of some bond issues has resulted in illiquidity of such bonds and high costs of execution & rebalancing for players in the market.

12. HISTORICAL FINANCIAL INFORMATION

12.1 LETTER FROM THE REPORTING ACCOUNTANTS



Lagos: 18b Olu Holloway Road, Ikoyi, Lagos.
Tel: 01 463 0871-2 Fax: 01-463 0870

Abuja: 1st Floor, Bank of Industry Building
Central District Area, FCT, Abuja.
Tel: 09-291 2482-3
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

SIAO/AU/EO/12754/19

27 September 2019

The Executive Council
Ondo State Government of Nigeria
Akure
Ondo State.

The Directors
Greenwich Trust Limited
Plot 1698a Oyin Jolayemi Street
Victoria Island
Lagos.

Gentlemen,

PROPOSED N50 BILLION BOND ISSUANCE PROGRAMME BY THE ONDO STATE GOVERNMENT: REPORT ON THE HISTORICAL GENERAL PURPOSE FINANCIAL STATEMENTS

We have examined the audited General Purpose Financial Statements of Ondo State Government ("ODGS" or "the State") for the 5 years ended 31 December 2014 to 31 December 2018.

The financial statement which have been prepared under the accrual basis (for years 2017 and 2018) and under the cash basis (for years 2014 to 2016), were reported upon by the Auditor-General of the State in line with Section 125 (5) of the 1999 Constitution of the Federal Republic of Nigeria (as amended). The audit reports as at 31 December 2014 to 31 December 2018 were unqualified.

The financial statements on which the financial information is based are the responsibility of the State Executive Council who approves the issue. Our responsibility is to issue a report on the financial information based on our review. The State Executive Council is also responsible for the contents of the prospectus in which this report is included.

Our review was conducted in accordance with International Standard on Assurance Engagements applicable to the examination of prospective financial information. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. The review was limited primarily to inquiries from the representatives of the State Executive Council, analytical procedures applied to financial data and review of evidence obtained by the Auditor-General of those financial statements, and therefore provides less assurance than an audit. We have not performed an audit, and accordingly we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information, prepared on the basis of accounting policies normally adopted by the State Government, does not give a true and fair view of the state of affairs of ODSG for each of the years ended 31 December 2014 to 2018, and in accordance with the 1999 Constitution of the Federal Republic of Nigeria (as amended); the Finance (Control and Management) Act of 1958 (as amended); and the Financial Regulation and Revenue Allocation Laws applicable in Nigeria.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully,

IGHODALO ITUAH
FRC/2013/ICAN/00000003919
For: SIAO (Chartered Accountants)



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SIAO - Accomplish More
Audit & Accounting | Financial Advisory | Taxation | Human Resources

12. HISTORICAL FINANCIAL INFORMATION

12.2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The summary of the Accounting Policy adopted by Ondo State Government in the preparation of the year Financial Statement, addresses the following fundamental accounting issues:

- a. Definition of Accounting Terminologies;
- b. Recognition of Accounting Items;
- c. Measurement of Accounting Items; and
- d. Accounting treatment of Items.

1. Basis of Accounting

The accounts are prepared on Accrual Basis of Accounting. Accrual basis of accounting under which transactions and other events are recognised when they occur and not only when cash or its equivalent is received or paid.

2. Accounting Period

The accounting year (fiscal year) is from 1st January to 31st December. Each accounting year is divided into 12 calendar months (periods) and is set up as such in the accounting system.

3. Reporting Currency

The GPFS shall be prepared in the Nigerian Naira (₦ or NGN)

4. Foreign Currency Transaction

Foreign Currency transactions throughout the year is converted into Nigerian Naira at the prevailing (Central Bank of Nigeria CBN) rate of exchange at the dates of the transactions.

Foreign currency balances, as at year end, are valued at the exchange rates prevailing on 31st December. Foreign Exchange gains/losses are recognized in the Statement of Financial Performance.

5. Cash Flows

These are cash inflows or receipts and outflows or payments:

- a. Cash comprises of cash on hand, demand deposits, and cash equivalent.
- b. Cash equivalent are short terms, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

6. Investment

Investments represent shares held under Ministry of Finance Incorporated (MOFI) and are stated at cost under the supervision of the Honorable Commissioner of Finance.

7. Capital Cost

The Capital cost are recognizable in the year of occurrences only.

8. Assets and Liability

Assets are stated at their net value while liabilities are recognized in full as Notes to the Accounts.

9. Principal Statements in the GPFS

- a. The Consolidated Statement of Financial Performance
- b. The Consolidated Statement of Financial Position
- c. The Consolidated Cash Flow Statement
- d. The Consolidated Statement of Changes in Net Assets/Equity
- e. The Notes to the GPFS

12. HISTORICAL FINANCIAL INFORMATION

12.3 STATEMENT OF ADJUSTED ASSETS & LIABILITIES

ASSETS	Note	2018			2017		
		AFS	ADJ	Accountant's report	AFS	ADJ	Accountant's report
		₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cash and Cash Equivalents	5	31,669,638	-	31,669,638	34,754,883	-	34,754,883
Receivables	6	2,144,630	-	2,144,630	26,765,314	-	26,765,314
Inventories		34,940	-	34,940	658,904	-	658,904
Prepayments		-	-	-	382,763	-	382,763
Current Assets		33,849,208	-	33,849,208	62,561,864	-	62,561,864
Investments	7	8,974,385	-	8,974,385	3,741,032	-	3,741,032
Property, Plants and Equipment	8	183,420,793	(4,136,376)	179,284,417	114,925,703	-	114,925,703
Investment property	9	86,091	-	86,091	86,092	-	86,092
Intangible Assets	10	27,649	-	27,649	27,649	-	27,649
Non-Current Assets		192,508,918	(4,136,376)	188,372,542	118,780,475	-	118,780,475
Total Assets		226,358,126	(4,136,376)	222,221,750	181,342,339	-	181,342,339
Deposits	11	-	-	-	17,470	-	17,470
Short Term Loans and Debts	12	32,555,102	-	32,555,102	55,367,236	-	55,367,236
Unremitted Deductions	13	-	-	-	332,027	-	332,027
Payables	14	-	-	-	4,134,644	-	4,134,644
Short Term Provisions		778,262	-	778,262	778,262	-	778,262
Current Liabilities		33,333,364	-	33,333,364	60,629,639	-	60,629,639
Public Funds	15	11,109,568	-	11,109,568	13,166,699	-	13,166,699
Long Term Provisions	16	23,999	-	23,999	23,999	-	23,999
Long Term Borrowings	17	18,881,627	-	18,881,627	33,571,256	-	33,571,256
Non-Current Liabilities		30,015,193	-	30,015,193	46,761,954	-	46,761,954
Total Liabilities		63,348,557	-	63,348,557	107,391,593	-	107,391,593
Net Assets		163,009,569	(4,136,376)	158,873,193	73,950,746	-	73,950,746
Capitals and Reserves		73,950,747	-	73,950,747	53,672,964	-	53,672,964
Accumulated Surpluses/(Deficits)		89,058,822	(4,136,376)	84,922,446	20,277,782	-	20,277,782
		163,009,569	(4,136,376)	158,873,193	73,950,746	-	73,950,746

12. HISTORICAL FINANCIAL INFORMATION

12.4 STATEMENT OF CONSOLIDATED FINANCIAL POSITION

AS AT DECEMBER 31, 2018

ASSETS	Note	Audited Account	Audited Account
		2018 N'000	2017 N'000
Cash and Cash Equivalents	5	31,669,638	34,754,883
Receivables	6	2,144,630	26,765,314
Inventories		34,940	658,904
Prepayments		-	382,763
Current Assets		33,849,208	62,561,864
Investments	7	8,974,385	3,741,033
Property, Plants and Equipment	8	179,284,417	114,925,703
Investment Property	9	86,091	86,091
Intangible Assets	10	27,649	27,649
Non-Current Assets		188,372,542	118,780,476
Total Assets		222,221,750	181,342,340
Deposits	11	-	17,470
Short Term Loans and Debts	12	32,555,102	55,367,236
Unremitted Deductions	13	-	332,027
Payables	14	-	4,134,645
Short Term Provisions		778,262	778,262
Current Liabilities		33,333,364	60,629,640
Public Funds	16	11,109,567	13,166,699
Long Term Provisions	17	23,999	23,999
Long Term Borrowings	18	18,881,627	33,571,256
Non-Current Liabilities		30,015,193	46,761,954
Total Liabilities		63,348,557	107,391,594
Net Assets		158,873,193	73,950,746
Capitals and Reserves		73,950,747	51,337,064
Accumulated Surpluses		84,922,446	22,613,682
Net Assets/Equity		158,873,193	73,950,746

12. HISTORICAL FINANCIAL INFORMATION

ASSETS	Note	2016 N'000	2015 N'000	2014 N'000
Liquid Assets:-				
Cash Balance with Treasury	10	14,216,740	11,110,364	29,291,413
Cash Held by Ministries, Department & Agencies	11	1,331,995	1,501,570	-
Total liquid Assets		15,548,735	12,611,934	29,291,413
Investments and Other Cash Assets:				
State Government Investments	12	3,679,674	2,334,503	2,586,946
Advances	13	1,544,871	1,230,119	2,078,078
General Revenue Balance		-	-	6,127,249
Total Investments and Other Cash Assets		5,224,545	3,564,622	10,792,274
Total Assets		20,773,280	16,176,556	40,083,686
Public Funds				
Consolidated Revenue Fund	•	13,495,452	7,395,989	16,710,992
Capital Development Fund		3,415,343	8,779,200	23,371,327
Total Funds		16,910,795	16,175,189	40,082,319
Other Fund/Liabilities				
Deposit/Car Loan Revolving Fund		3,862,485	1,367	1,367
External Debt Portfolio	18	-	-	-
Domestic Debt	18	-	-	-
		3,862,485	1,367	1,367
Total Public Funds		20,773,280	16,176,556	40,083,686

12. HISTORICAL FINANCIAL INFORMATION

12.5 STATEMENT OF CONSOLIDATED CASH FLOW

AS AT DECEMBER 31, 2018:

	Note	Audited Account 2018 N'000	Audited Account 2017 N'000
Cash flows from operating activities			
Inflows			
Statutory Allocations	1A	57,768,489	61,504,877
Value Added Tax Allocation	1B	11,419,703	10,174,458
Internally Generated Revenue	2	119,664,963	17,708,067
Total Receipts		188,853,155	89,387,402
Outflows			
Personnel Costs		51,553,824	45,769,466
Overhead Charges	4	14,687,770	8,735,137
Consolidated revenue Fund Charges	3	25,905,759	12,227,016
Amortization Charges	5	7,646,982	-
Total Payments		99,794,335	66,731,619
Net cash provided by operating activities		89,058,820	22,655,783
Cash flows from investing activities			
Investments		(5,233,352)	(61,359)
Property, plant and Equipment		(68,495,091)	(2,820,723)
Investment Property		-	(58,881)
Net cash provided by investing activities		(73,728,443)	(2,940,963)
Cash flows from financing activities			
Capital & Reserves		-	(5,922,572)
Long term Borrowings (Proceeds)		2,592,628	13,166,699
Long term Borrowings (Repayment)		(21,008,252)	(22,641,058)
Net cash provided by financing activities		(18,415,624)	(15,396,932)
Net increase/(decrease) in cash and cash equivalents		(3,085,244)	4,317,889
Cash and cash equivalents at 1 January		34,754,883	30,436,994
Cash and cash equivalents at December 31, 2018	5	31,669,638	34,754,883

12. HISTORICAL FINANCIAL INFORMATION

		2016	2015	2014
		N'000	N'000	N'000
Cash flows from operating activities	Note			
Inflows:				
Statutory Allocations	1A	47,826,447	56,014,307	68,305,897
Value Added Tax Allocation	1B	8,513,434	8,234,258	8,313,253
Internally Generated Revenue		8,181,258	9,582,411	19,520,872
Total		64,521,139	73,830,975	96,140,022
Outflows:				
Personnel Costs	3	25,796,631	28,163,270	32,553,219
Overhead Charges	4	2,459,948	2,772,362	3,084,627
Consolidated revenue Fund Charges	5	5,510,259	4,567,338	6,617,897
Subvention to Parastatals	6	4,011,308	5,286,763	6,099,422
Special programme	7	9,192,195	6,827,781	9,750,137
Other Transfers		-	4,358,176	-
Grant & Loan		-	-	(63,000)
Total		46,970,341	51,975,689	58,042,302
Net cash provided by operating activities		17,550,797	21,855,286	38,097,720
Cash flows from investing activities				
Capital Expenditure: Administrative Sector	9	(535,934)	(481,309)	(895,522)
Capital Expenditure: Economic Sector	9	(7,884,441)	(5,736,256)	(6,184,040)
Capital Expenditure: Law and Justice Sector	9	(144,328)	(158,396)	(206,713)
Capital Expenditure: Regional Development Sector	9	(4,152,497)	(7,043,642)	(6,472,759)
Capital Expenditure: Social Service Sector	9	(2,646,657)	(6,172,524)	(4,762,301)
Capital Expenditure: Funded from Aid and Grants	8	(3,609,353)	(2,349,903)	-
Capital Expenditure: Funded from Internal Loans		(253,132)	(8,395,167)	-
Net cash provided by investing activities		(19,226,341)	(30,337,197)	(18,521,335)
Cash flows from financing activities				
Proceeds from Aid and Grants	8	3,609,353	2,349,903	-
Proceeds from FGN Bail Out		3,150,000	9,443,059	-
Proceeds from Internal loans		253,132	8,395,167	-
Repayment of External Loans		(485,616)	(12,690,239)	-
Repayment of Internal Loan-NTBs		(13,128,783)	(17,197,028)	-
Foreign loan (Aid & Grant)		-	-	763,134
Term Facilities		-	-	7,637,476
Interest Received		-	-	49,811
Dividend Received		-	-	99,964
Repayment of Internal Loans/Lease		-	-	(18,729,641)
Net cash provided by financing activities		(6,601,915)	(9,699,137)	(10,179,257)
Net increase/(decrease) in cash and cash equivalents		(8,277,459)	(18,181,049)	8,934,662
Current year adjustment cash balance/circularisation - 2016		552,664	-	-
Prior year adjustment cash balance/circularisation - 2015		12,163,065	-	-
Cash and cash equivalents at 1 January		11,110,364	29,291,413	20,356,751
Cash and cash equivalents at 31 December		15,548,735	11,110,364	29,291,413

13. FINANCIAL FORECASTS

13.1 REPORTING ACCOUNTANTS' REPORT



Lagos: 18b Olu Holloway Road, Ikoyi, Lagos.
Tel: 01 463 0871-2 Fax: 01-463 0870

Abuja: 1st Floor, Bank of Industry Building
Central District Area, FCT, Abuja.
Tel: 09-291 2462-3
E-mail: enquiries@siao-ng.com
Website: www.siao-ng.com

SIAO/AU/EO/12755/19

27 September 2019

The Executive Council
Ondo State Government of Nigeria
Akure
Ondo State.

The Directors
Greenwich Trust Limited
Plot 1698a Oyin Jolayemi Street
Victoria Island
Lagos.

Gentlemen,

PROPOSED N50BILLION BOND ISSUANCE PROGRAMME BY THE ONDO STATE GOVERNMENT: REPORT ON THE FINANCIAL FORECAST

We have examined the accompanying financial forecast (the consolidated statement of performance and the consolidated statement of cash-flow) of Ondo State Government of Nigeria ("ODSG" or "the State Government") for the five years ending 31 December, 2019 to 31 December 2023 in accordance with the International Standard on Assurance Engagements applicable to the examination of prospective financial information. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the forecast is free of material misstatement. The ODSG Executive Council is solely responsible for the forecast including the bases and assumptions which it is based on.

Based on our examination of the evidence supporting the bases and assumptions, nothing has come to our attention which causes us to believe that these bases and assumptions do not provide a reasonable basis for the forecast. Furthermore in our opinion, the forecast is properly compiled on the basis of the bases and assumptions made by the State Executive Council and it is prepared on a basis consistent with accounting policies normally adopted by the State Government. Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

Finally, we emphasize that the forecast information is not intended to, and does not provide all the information and disclosures necessary to give a fair presentation of the results of the activities of ODSG in accordance with the 1999 Constitution of the Federal Republic of Nigeria (as amended); the Finance (Control and Management) Act of 1958 (as amended); and the Financial Regulation and Revenue Allocation Laws applicable in Nigeria.

We have no responsibilities to update this Report for events and circumstances occurring after the date of this Report.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ighodalo Ituah', written over a horizontal line.

IGHODALO ITUAH
FRC/2013/ICAN/000G0003919
For: SIAO (Chartered Accountants)



Page 2

13. FINANCIAL FORECASTS

13.2 REVENUE AND EXPENDITURE FORECAST

The ODSG Executive Council is of the opinion that subject to unforeseen circumstances and based on the assumptions, the surplus for the years ending 31 December 2019, 2020, 2021, 2022 and 2023 is expected to be in the order of ₦43.27bn, ₦60.14bn, ₦86.44bn, ₦106.04bn, and ₦110.66bn respectively as detailed below:

FIVE YEAR CONSOLIDATED					
FINANCIAL PERFORMANCE PROJECTIONS:	2019	2020	2021	2022	2023
REVENUE	₦'000	₦'000	₦'000	₦'000	₦'000
STATUTORY ALLOCATION FROM FAAC:					
STATUTORY ALLOCATION (GROSS)	45,880,198	45,880,198	45,880,198	53,179,737	53,179,737
MINERAL DERIVATION	21,079,257	21,079,257	21,079,257	24,432,966	24,432,966
VALUE ADDED TAX (VAT)	13,236,578	13,236,578	13,236,578	15,342,518	15,342,518
REFUND-FGN (PARIS CLUB)	16,369,276	16,369,276	16,369,276	18,973,628	18,973,628
FOREX STABILIZATION ACCOUNT	2,660,101	2,660,101	2,660,101	3,083,323	3,083,323
EXCHANGE GAIN	8,551	8,551	8,551	9,911	9,911
EXCESS BANK CHARGES	10,411	10,411	10,411	12,067	12,067
Additional Fund (Excess Crude)	281,443	281,443	281,443	326,220	326,220
SUB-TOTAL FAAC	99,525,814	99,525,814	99,525,814	115,360,371	115,360,371
INTERNALLY GENERATED REVENUE:					
CONSOLIDATED IGR	14,734,514	22,101,772	33,152,657	36,467,923	40,114,715
REVENUE RETAINING AGENCIES & OTHERS	22,476,648	33,714,971	50,572,457	55,629,703	61,192,673
SUB-TOTAL FOR IGR	37,211,162	55,816,743	83,725,114	92,097,626	101,307,388
TOTAL REVENUE	136,736,976	155,342,557	183,250,928	207,457,996	216,667,759
Revenue Change (%)	↑23.6%	↑13.6%	↑18.0%	↑13.2%	↑4.4%
EXPENDITURE					
PERSONNEL COSTS	36,232,000	38,044,000	39,945,000	41,943,000	44,040,000
SUBVENTION- PARASTATALS & TERTIARY Inst.	7,555,173	7,555,173	7,555,173	7,555,173	7,555,173
CONSOLIDATED REVENUE FUND CHARGES	19,855,000	18,738,000	15,159,000	17,738,000	19,098,000
GRANTS/LOAN	142,612	142,612	142,612	142,612	142,612
OVERHEAD COST	4,000,000	4,200,000	4,500,000	3,500,026	3,500,026
SPECIAL PROGRAMME	11,172,733	11,172,733	11,172,733	11,172,733	11,172,733
BOND ISSUE EXPENSES	592,000	-	-	-	-
INTEREST ON BOND	488,400	488,400	488,400	488,400	488,400
LEAVE BONUS 10%	3,623,200	3,804,400	3,994,500	4,194,300	4,404,000
SUB-TOTAL FOR RECURRENT	83,661,118	84,145,318	82,957,418	86,734,244	90,400,944
GRANTS TO OSOPADEC	4,976,886	4,976,886	4,976,886	4,976,886	4,976,886
10% IGR TO LG	3,721,116	5,581,674	8,372,511	9,209,763	10,130,739
TOTAL EXPENSES	92,359,121	94,703,879	96,306,816	100,920,893	105,508,569
Expense Change (%)	↑24.1%	↑2.5%	↑1.7%	↑4.8%	↑4.5%
SURPLUS FOR THE YEAR	44,377,855	60,638,678	86,944,112	106,537,104	111,159,190
ACCUMULATED SURPLUS AT JAN. 1	84,922,446	129,300,301	189,938,979	276,883,091	383,420,195
ACCUMULATED SURPLUS AT DEC. 31	129,300,301	189,938,979	276,883,091	383,420,195	494,579,385

13. FINANCIAL FORECASTS

13.3 ASSESSMENT OF BOND – RELATED CASHFLOWS

The ODSG Executive Council is of the opinion that subject to unforeseen circumstances and based on the assumptions, the Cash & Cash Equivalent for the years ending 2019, 2020, 2021, 2022 and 2023 is expected

FIVE YEAR CASHFLOW PROJECTIONS:

	2019	2020	2021	2022	2023
	N'000	N'000	N'000	N'000	N'000
CASHFLOW FROM OPERATING ACTIVITIES					
STATUTORY ALLOCATION FROM FAAC:					
STATUTORY ALLOCATION (GROSS)	45,880,198	45,880,198	45,880,198	53,179,737	53,179,737
MINERAL DERIVATION	21,079,257	21,079,257	21,079,257	24,432,966	24,432,966
VALUE ADDED TAX (VAT)	13,236,578	13,236,578	13,236,578	15,342,518	15,342,518
REFUND-FGN (PARIS CLUB)	16,369,276	16,369,276	16,369,276	18,973,628	18,973,628
FOREX STABILIZATION ACCOUNT	2,660,101	2,660,101	2,660,101	3,083,323	3,083,323
EXCHANGE GAIN	8,551	8,551	8,551	9,911	9,911
EXCESS BANK CHARGES	10,411	10,411	10,411	12,067	12,067
Additional Fund (Excess Crude)	281,443	281,443	281,443	326,220	326,220
SUB-TOTAL FOR FAAC	99,525,814	99,525,814	99,525,814	115,360,371	115,360,371
INTERNALLY GENERATED REVENUE:					
CONSOLIDATED IGR	14,734,514	22,101,772	33,152,657	36,467,923	40,114,725
REVENUE RETAINING AGENCIES & OTHERS	22,476,648	33,714,971	50,572,457	55,629,703	61,192,670
SUB-TOTAL FOR IGR	37,211,162	55,816,743	83,725,114	92,097,626	101,307,395
TOTAL RECEIPTS	136,736,976	155,342,557	183,250,928	207,457,996	216,667,766
PAYMENTS:					
PERSONNEL COSTS	(36,232,000)	(38,044,000)	(39,945,000)	(41,943,000)	(44,000,000)
SUBVENTION- PARASTATALS & TERTIARY Inst.	(7,555,173)	(7,555,173)	(7,555,173)	(7,555,173)	(7,555,173)
CONSOLIDATED REVENUE FUND CHARGES	(19,855,000)	(18,738,000)	(15,159,000)	(17,738,000)	(19,098,000)
OVERHEAD COST	(4,000,000)	(4,200,000)	(4,500,000)	(3,500,026)	(3,500,026)
SPECIAL PROGRAMME	(11,172,733)	(11,172,733)	(11,172,733)	(11,172,733)	(11,172,733)
GRANTS/LOAN	(142,612)	(142,612)	(142,612)	(142,612)	(142,612)
GRANTS TO OSOPADEC	(4,976,886)	(4,976,886)	(4,976,886)	(4,976,886)	(4,976,886)
10% IGR TO LG	(3,721,116)	(5,581,674)	(8,372,511)	(9,209,763)	(10,130,739)
LEAVE BONUS 10%	(3,623,200)	(3,804,400)	(3,994,500)	(4,194,300)	(4,404,000)
TOTAL RECURRENT EXPENSES	(91,278,721)	(94,215,479)	(95,818,416)	(100,432,493)	(105,020,169)
NET CASHFLOW FROM OPERATING ACTIVITIES	45,458,255	61,127,078	87,432,512	107,025,504	111,647,597
CASHFLOW FROM INVESTING ACTIVITIES					
CAPITAL EXPNEDITURE	(78,469,600)	(66,061,600)	(81,061,600)	(104,061,600)	(110,061,600)
NET CASHFLOW FROM INVESTING ACTIVITIES	(78,469,600)	(66,061,600)	(81,061,600)	(104,061,600)	(110,061,600)
CASHFLOW FROM FINANCING ACTIVITIES					
BOND ISSUANCE	14,800,000	-	-	-	-
BOND ISSUE EXPENSES	(592,000)	-	-	-	-
BOND REPAYMENT	(2,960,000)	(2,960,000)	(2,960,000)	(2,960,000)	(2,960,000)
INTEREST ON BOND	(488,400)	(488,400)	(488,400)	(488,400)	(488,400)
NET CASHFLOW FROM FINANCING ACTIVITIES	10,759,600	(3,448,400)	(3,448,400)	(3,448,400)	(3,448,400)
NET CASH AND CASH EQUIVALENT					
NET CASH AND CASH EQUIVALENT AT JAN. 1	(22,251,745)	(8,382,922)	2,922,512	(484,496)	(1,862,410)
NET CASH AND CASH EQUIVALENT AT DEC. 31	31,669,638	9,417,893	1,034,971	3,957,483	3,472,980

13. FINANCIAL FORECASTS

13.4 BASES AND ASSUMPTIONS FOR REVENUE AND EXPENDITURE FORECAST

The Financial Forecast has been arrived at on the following bases and assumptions:

Bases

- (i) Previous year's actual performances have been reviewed as the basis for measuring the reasonableness of the financial forecasts for the financial years ending 31 December 2019, 2020, 2021, 2022 and 2023.
- (ii) The financial forecast for the years ending 31 December 2019, 2020, 2021, 2022 and 2023 have been prepared on the basis consistent with the accounting policies normally adopted by the Ondo State Government.

Assumptions

1. There will be no significant changes in Federal and State Government monetary and fiscal policies during the forecast period that will adversely affect the State Government;
2. The Federation Account and Value Added Tax sharing formula would not alter significantly from those used in June 2018;
3. The Federal Government fiscal policies will not have a negative impact on income realizable from VAT allocation;
4. Gross Revenue is expected to be ₦136.7bn, ₦155.3bn, ₦183.3bn, ₦207.5bn, and ₦216.7bn in 2019, 2020, 2021, 2022, and 2023 respectively representing a growth rate of 23.6%, (with 2018 as the base year), 13.6%, 18%, 13%, and 4% over the forecast five year period respectively.
5. Statutory Allocation (FAAC) contribution to the State Government's gross revenue projection is projected to be ₦100bn over 2019 to 2021 and increase to ₦115bn for 2022 and 2023; this will represent 73%, 64%, 54%, 56%, and 53% of the projected gross revenue respectively over the forecast period.
6. Internally generated revenues are expected to contribute 27% to gross revenue in 2019 and grow to 36%, 46%, 44%, and 47% over 2020 to 2023 representing ₦37bn, ₦56bn, ₦84bn, ₦92bn, and ₦101bn over the forecast period;
7. Total revenue expenses for the five-year forecast period is forecast at ₦92bn, ₦95bn, ₦97bn, ₦101bn, and ₦106bn respectively.
8. A Sinking Fund Account will be established to accumulate monies towards the payment of interest and repayment of the principal over the 7 years redemption period. The sums accreted to the Sinking Fund Account will be a direct charge to the federal allocations due the State.
9. It is assumed that the bond will be fully subscribed;
10. Bond issue expenses is project to be 2.293% of the gross proceed and will be paid in the first year 2019.
11. Redemption of the Bond is projected to be by amortization over five years commencing 2019;
12. The coupon rate for the Bond is forecast at 16.5%

13. FINANCIAL FORECASTS

- 13.**The bond proceeds shall be used to finance social projects which are expected to improve the social infrastructure and also stimulate economic activities in the State. These projects have been identified and their respective business plans will be submitted to the Securities and Exchange Commission as part of the approval process;
- 14.**There will be no litigation or other contingent liabilities that will adversely affect the operations of the State.
- 15.**The economic and political climate of Nigeria will remain relatively stable.

14. EXTRACT OF THE ISSUE AND ISSUER'S RATING REPORT

The following information is an extract from the Rating Report prepared by DataPro Limited:



DataPro
2019 Bond

Ondo State Government

ONDO STATE GOVERNMENT

BOND AND ISSUER RATING

₦14,800,000,000 Series 1 Fixed Rate Bonds

References

Abiodun Adeseyoju, FCA
Abimbola Adeseyoju
Oladele Adeoye

EVALUATION

Expires November, 2020

SUMMARY

- Issue Rating:

A

- Issuer Rating:

BBB

- Report Type:

Bond Rating

- Client:

Ondo State
Government

- Date

Bond Rating: A
Issuer Rating: BBB
Rating Watch: Applicable
Rating Outlook: Stable
Instrument: ₦14.8billion Series 1
Fixed Rate Bond
Naira
Maturity Profile: 7 years

EXECUTIVE SUMMARY

	2018 N'M	2017 N'M	2016 N'M	2015 N'M	2014 N'M
Total Revenue	188,853	89,386	64,520	73,830	96,140
Statutory Rev. Allocation	57,768	61,504	47,826	56,014	68,306
Internally Gen. Revenue	119,665	17,708	8,181	9,582	19,521
Personnel Cost	51,554	45,769	25,797	28,163	32,553
Capital Expenditure	73,728	2,941	19,226	30,337	18,521
Recurrent Expenditure	103,930	66,773	33,767	35,502	42,256
Total Debt	63,349	107,391	20,773	16,177	40,084

RATING EXPLANATION

The **Issue** rating of **A** indicates Low Risk and **Issuer** rating of **BBB** indicates Slight Risk. It shows very good financial strength when compared with the standard established by DataPro. This **Issue/Issuer**, in our opinion, has a strong ability to meet their ongoing obligation.

Rating issued subject to ratification of document presented to us for review.

This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.

Ondo State Bond Rating

DataPro @ 2019

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15. STATUTORY AND GENERAL INFORMATION

15.1 AUTHORIZATION/LEGAL FRAMEWORK OF THE PROGRAMME

The National Assembly is the body empowered to legislate the borrowing of money within or outside Nigeria for the purpose of the Federation or any State pursuant to Item 8 of Part 1 of the Exclusive Legislative List in the Second Schedule to the Constitution. The National Assembly enacted the ISA to provide a framework for borrowing by the Federal, State and Local Governments.

The ISA requires a State desirous of borrowing money to finance developmental projects to enact a law authorizing the issuance of bonds or promissory notes and specify that a sinking fund fully funded from the Consolidated Revenue Fund of the State be established. Consequently, the Ondo State Issuance of Debt and other Securities 2011 (the "Enabling Law") has been enacted by the Ondo State House of Assembly in compliance with the requirements of the ISA.

The Enabling Law establishes a Debt Service Fund for the purpose of accumulation of monies to make the required payments and meet obligations on principal and/or interest for all liabilities and debt obligations of the State. In addition, the Enabling Law provides for the establishment of Sinking Funds – which shall be used for the purpose of servicing the State's obligations under each Series of Debt Securities issued under the Programme.

The Enabling Law also creates a framework for the issuance of Debt Securities and management of Sinking Funds and provides for the appointment of Trustees who shall manage the applicable Sinking Funds. A Trust Deed between the Trustee of the Sinking Funds and the State set out the obligations of the Trustees. The overall responsibility of borrowing money on behalf of and managing the debt obligations of the State is vested in the Ondo State Debt Management Office established under the Enabling Law.

The State, with the enactment of the Enabling Law and its provisions, has thus fulfilled the constitutional and legal requirements for borrowing money to finance developmental projects. This Programme is a framework of standard terms, conditions and agreements under which the State may from time to time issue Bonds or a series of Bonds, bearing its sole, full faith and credit, to public and private capital markets in order to finance the Capital Budget.

Under the Program, the State may from time to time issue Bonds:

- a) to finance annual public investment commitments specified in the Capital Budget, or
- b) to refinance commercial banking and other bilateral obligations engaged in respect of public investment projects specified in the Capital Budget.

Bonds issued shall be subject to the terms and conditions of the Programme, its SSP and/or Pricing Supplements and SSP and/or Pricing Supplement.

The SSP and/or Pricing Supplement and SSP and/or Pricing Supplement shall document financial, structural and operational details of each issue.

Applicable terms of any Bonds shall be agreed between the State and investors, prior to issuance, and will be set out in the Terms and Conditions of the Programme as incorporated by reference to, modified by, or supplemented by an applicable SSP and/or Pricing Supplement.

Under the Program, the State may from time to time issue Bonds denominated in Naira as described below, and having such minimum or maximum maturities as may be allowed or required from time to time by the NSE and SEC.

15. STATUTORY AND GENERAL INFORMATION

A summary of the Terms and Conditions of the Programme and the Bonds appear on pages 19 to 25 of this Prospectus.

15.2 PURPOSE OF THE PROGRAMME

a. Debt Management Objectives

The primary objective of the Ondo State Government with regards to the Programme is to have flexibility to access long term debt financing for projects with long gestation periods and that the terms and conditions of such debt, including maturity rate, result in the most efficient repayment schedules that are compatible with the periodic cashflow of the Government and the projects.

b. Debt Management Strategy

The debt management strategy of the Ondo State Government is an integral part of its fiscal discipline. The key elements of the Ondo State Government's debt management strategy include:

- Maintaining a satisfactory and prudent debt structure;
- Refinancing high cost loans to reduce debt servicing and adjusting the maturity profile of the State in a way that balances lower financing cost and risk; and
- Supporting the development of a well-functioning market to provide low cost funds for the State.

c. Transparency and Accountability

The Ondo State Government is continuously seeking ways of improving its system of accountability and transparency. The Programme, under which the State intends to access the capital market and borrow using a variety of debt instruments, will facilitate the State's adoption of more prudent and transparent fiscal management practices. As a consequence, disclosure of information on the cashflow and debt stock will be made more frequently for all investors, consistent with the SEC Rules and Regulations and the NSE listing requirements.

d. Institutional Framework – Establishment of State Debt Management Office

A Debt Management Office ("the Office") has been established under the Enabling Law, with the overall responsibility of administering the Ondo State Government debt portfolio on a daily basis and for implementing the Government's debt strategy. The Office is directly accountable to the State Ministry of Finance.

The Office is charged with the following responsibilities:

- issue, on behalf of the State, such Instruments as the State may desire from time to time;
- borrow on behalf of the Government, from any individual or institutional bodies;
- maintain a reliable database of all Instruments issued, loans taken or guaranteed by the Government;
- or any of its agency, and all contingent liabilities related to it;
- prepare and submit to the Government, a forecast of loan service obligations for each financial year;
- prepare and implement a plan for the efficient management of the State's debt obligations at sustainable levels compatible with desired economic activities for growth and development; and participate in negotiations aimed at realizing those objectives;
- verify and service debts guaranteed or taken directly by the Government;
- reconcile and where applicable service debts taken by local governments where such debts are authorized and guaranteed by the Government;

15. STATUTORY AND GENERAL INFORMATION

- set guidelines for managing Government financial risks and financial exposure with respect to all loans and Instruments;
- advise the government on the restructuring and refinancing of all debt obligations;
- advise the Government on the terms and conditions on which monies are to be borrowed;
- submit to the Government, for consideration in the annual budget, a forecast of the State's borrowing capacity;
- prepare a schedule of any other Government obligation such as trade debts and other contingent liabilities and provide advice on policies and procedures for their management;
- establish and maintain relationships with international and local financial institutions, creditors and institutional investors in Government debts;
- collect and collate data on debt management and disseminate information with the approval of the Board;
- advise and propose funding mechanisms for infrastructural projects that may be referred to it;
- carry out such other functions which are required for the effective implementation of its functions under this Law or any other law, or which may be delegated to it by the Commissioner.

15.3 EXTRACT FROM PROGRAMME TRUST DEED

The Programme Trust Deed contains, inter alia, the following provisions which must be read together in their entirety with the Terms and Conditions set out in Section 7 of this Shelf Prospectus:

EXTRACT FROM PROGRAMME TRUST DEED

15.3.1 APPOINTMENT OF TRUSTEES AND CREATION OF SECURITY INTEREST

- 15.3.1.1** The Trustees are hereby appointed as representatives of the Bondholders and will hold the benefit of the payment obligations and other covenants herein in trust for the Bondholders, in accordance with the terms of the Programme Trust Deed ("the Deed").
- 15.3.1.2** Pursuant to the provisions of the Deed, and in furtherance thereof, the Issuer hereby creates a Security Interest in the Pledged Revenues and hereby grants and conveys the said Security Interest unto the Trustees for the benefit of all the Bondholders.
- 15.3.1.3** The provisions of the Deed shall be binding on the Trustees and the Bondholders and all persons claiming through the Trustees or Bondholders respectively, as if such Bondholders and the persons claiming through them or through the Trustees are parties to the Deed.
- 15.3.1.4** The Security Interest created above shall be a continuing security and shall be of full force and effect until the satisfaction, performance and discharge of all of the Issuer's obligations stated in the Deed. The term "obligations" as used in the Deed, means all or the indebtedness, obligations and liabilities of the Issuer to the Bondholders, individually or collectively, whether direct or indirect, joint or several, absolute or contingent, due or to become due or hereafter arising under or in respect of the Issue.

15.3.2 ACCEPTANCE OF TRUST

- 15.3.2.1** By execution of the Deed, each Trustee has accepted and agreed to be bound by the powers, duties and obligations of the Trustees specifically set forth in the Deed.
- 15.3.2.2** The Trustees shall have no duty, responsibility or obligation for the issuance of Debt Securities or for the validity or exactness thereof, or of the Issue Documents.
- 15.3.2.3** The Trustees shall have no duty, responsibility or obligation for the payment of Debt Securities except in accordance with the terms and provisions of the Deed or any Series Trust Deed or any agreement to which it is a party, and only to the extent, of the Pledged Revenues held in trust by the Trustees for the purpose of such payment.

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- 15.3.2.4** Prior to an Event of Default and after the curing or waiving of any Event of Default which may have occurred, the Trustees shall not be liable except for the performance of such duties as specifically set down in the Deed.
- 15.3.2.5** The Trustees shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Trustees' gross negligence and wilful misconduct.
- 15.3.2.6** The duties and obligations of the Trustees shall be determined solely by the express provisions of the Deed, and no implied powers, duties or obligations of the Trustees save as mandated by the ISA shall be construed into the Deed or the applicable Series Trust Deed.
- 15.3.2.7** Upon the occurrence of an Event of Default, the Trustees shall exercise such rights and utilise such powers vested in them under the Deed and by the Enabling Law, and shall use the required degree of care and skill in the exercise of their duties.
- 15.3.2.8** No Trustee shall be required to expend or risk its own funds or otherwise incur any liability in the performance of its duties or in the exercise of its rights or powers as Trustee, except as may result from its gross negligence and wilful misconduct.
- 15.3.2.9** Notwithstanding any other provisions hereof, no Trustee shall have any liability for (a) an error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the said Trustee was grossly negligent in ascertaining the pertinent facts or (b) action taken or omitted to be taken by it in good faith in accordance with a resolution passed at a meeting of the Bondholders of not less than a simple majority in principal amount of Debt Securities then outstanding.

15.3.3 REDEMPTION OF BONDS

15.3.3.1 Redemption of Bonds

The redemption of principal and the payment of any coupon in relation to the Bonds of a Series shall be effected in accordance with the provisions of the applicable Series Trust Deed and the relevant Issue Documents of that Series.

15.3.3.2 Early Redemption

Notwithstanding the provisions of Clause C.1., the relevant Series Trust Deed may indicate either that the relevant Bonds cannot be redeemed prior to their stated maturity or that such Bonds will be so redeemable at the option of the Issuer. The terms of any such redemption, including the notice periods, any relevant conditions to be satisfied and the relevant redemption dates, will be as specified in the applicable Series Trust Deed.

15.3.4 CREATION OF SINKING FUND

- 15.3.4.1** Pursuant to the provisions of Section 11 of the Enabling Law, there is under the Deed established the Sinking Funds, to be held by the Trustees separately for each Series and shall be credited from time to time with the Pledged Revenues described in Clause 15.3.4.2 and 15.3.4.3 below.
- 15.3.4.2** The Issuer undertakes to credit in the Sinking Fund on a monthly basis such amounts from the Debt Service Fund ("DSF") as determined by the Office, as being required to repay the principal and coupon including other monies (if any) due and payable by the Issuer in respect of the Bonds.
- 15.3.4.3** In addition to such amount to be credited from the DSF to the Sinking Fund in (b) above, the Issuer shall procure an ISPO issued by the office of the AGS, as a first line fixed charge upon and payable out of the monthly statutory allocations due to the State from the Federation Account, to enable the AGF deduct the amount specified in the ISPO and pay the deducted amounts into the Sinking Fund to be utilized towards the payment of the

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principal, coupon and other monies (if any) due and payable in respect of any series of Bonds as may be determined by the Issuer and the Trustees from time to time.

15.3.4.4 Amounts standing to the credit of the Sinking Fund from time to time shall be applied to meet the obligations of the Issuer as follows:

- i. Firstly, for payment of all Trustees' fees and Expenses;
- ii. to pay *pari passu* and pro rata according to the respective amounts thereof, the Coupon payments due and payable on the Bonds on the payment date as specified in the relevant Series Trust Deed;
- iii. to pay *pari passu* and pro rata according to the respective amounts thereof, the scheduled Principal repayment or early redemption amount due and payable as specified in the relevant Series Trust Deed (as the case may be);
- iv. to pay any outstanding rating agency fees, Project Monitoring Fees, and/or other incidental expenses (if any); and
- v. any excess left over at the end of the Programme and after due discharge of all the Issuer's obligations aforesaid shall be paid over to the Issuer.

15.3.5 INVESTMENT OF MONIES IN THE SINKING FUND

15.3.5.1 Monies in the Sinking Fund shall be invested as soon as practicable upon receipt in Permitted Investments as selected by the Trustees; provided that (i) the maturity date or the date on which such Permitted Investments may be redeemed at the option of the holder thereof shall coincide as nearly as practicable with (but in no event shall be later than) the date(s) on which monies in the Sinking Fund from which the investments were made will be required for the purposes thereof, and (ii) the Trustees shall select Permitted Investments in accordance with prudent investment standards.

15.3.5.2 Investment of amounts comprised in any Sinking Fund shall be made in the name of such Sinking Fund.

15.3.5.3 The return on any investment made pursuant to this sub-clause shall be invested by the Trustees so as to form a part of that Sinking Fund.

15.3.5.4 The Trustees shall not be liable for making any investment authorised by the provisions of the Deed in the manner provided in this clause or for any loss caused by any such depreciation in value of investment so made for whatever reason, except for its own gross negligence, wilful misconduct, insider or self-dealing constituting a breach of trust under any applicable law.

15.3.6 OBLIGATIONS OF THE ISSUER

The Issuer covenants and agrees that:

15.3.6.1 it will ensure that the Pledged Revenues are deposited into the applicable Sinking Fund in accordance with the terms of the relevant Series Trust Deed.

15.3.6.2 it shall ensure that in the event of a reduction in the monthly statutory allocations accruing to the State from the Federation Account, resulting in shortfall of the deductions due under the ISPO which in the opinion of the Trustee would occasion an event of default in the payment of coupon due on any Series of Bond on any Coupon Payment Date, the Sinking Fund shall be funded from the DSF with an amount equal to the shortfall and if the amount in the DSF is insufficient, 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.

15.3.6.3 without limiting the generality of the granting clauses set forth in Clause F.2 above and as security for the payment of the principal, coupon and other payments due with respect to the Bonds, it hereby grants the Trustees a pledge of and lien on the Pledged Revenues. Such pledge and lien shall be valid and binding from and after the date hereof and all Pledged Revenues shall immediately be subject to the pledge and lien as and when received by the Issuer, without any physical delivery thereof or further act.

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- 15.3.6.4** save for the Security Interest referred to in Clause 15.3.2 and 15.3.6.3 above in favour of the Trustees, it will not create any pledge, lien or encumbrance upon, or permit any pledge, lien or encumbrance to be created on the Pledged Revenues in favour of a third party.
- 15.3.6.5** it will do, execute, acknowledge and deliver or cause to be done, executed and delivered, such instruments supplemental hereto and such further acts, instruments and transfers as the Trustees may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustees, the Issuer's interest in and to the Pledged Revenues and all other property that is conveyed, pledged or assigned to secure or provide for the payment of the principal, coupon and other payments due in respect of each Bond issued in the manner and to the extent contemplated herein or therein.
- 15.3.6.6** it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions on its part to be performed as provided in the Deed, in the Prospectus and in any Issue Document for each and every issue of Bonds executed and delivered under the Deed and in all proceedings of the Issuer pertaining thereto.
- 15.3.6.7** it shall pay the Trustees such fees as may be agreed between the Parties, and reimburse the Trustees, all reasonable and proper out-of-pocket costs and expenses as it may incur in connection with the performance of its duties under the Deed including the costs for convening and holding meetings of the Bondholders; provided that, for any additional costs which will cause the costs to exceed an aggregate sum of ₦1,000,000.00 in any one calendar year, the Trustees shall seek and obtain the prior written consent of the Commissioner to incur such costs and expenses, unless such expense is incurred for the purpose of enforcing the provisions of the Deed against the Issuer upon the occurrence of an Event of Default in which case such consent shall not be required.
- 15.3.6.8** it shall make available to the Trustees, any monies necessary to perform or discharge any contractual commitment, indemnity or other obligation entered into by or binding upon the Trustees in the exercise of its powers under the Deed, and all liabilities in respect thereof shall be a charge upon the Sinking Fund.

15.3.7 POWERS, RIGHTS, DUTIES AND RELIEFS OF THE TRUSTEES

- 15.3.7.1** Subject to the provisions of the Enabling Law and the Deed, the Trustees shall enjoy all powers, reliefs, and indemnities of trustees preserved under the Trustees Act and all other applicable laws for the time being in force.
- 15.3.7.2** The Trustees shall have the power to:
- 15.3.7.2.1** manage any Sinking Fund in accordance with ISA, the Enabling Law and the Deed, for the purpose of making principal and coupon payments on the Debt Securities issued under the Programme;
- 15.3.7.2.2** enforce any agreement or covenant made to secure the interest of the Bondholders, and resort to such remedies as may be appropriate, including instituting or defending proceedings in connection with the management of any Sinking Fund;
- 15.3.7.2.3** do any act in accordance with the Enabling Law, the ISA, and any applicable law which shall be for the benefit of the Bondholders.
- 15.3.7.3** The Trustees shall have the following duties and responsibilities:
- 15.3.7.3.1** To act in accordance with the provisions of the Enabling Law, the ISA, and any applicable law and safeguard the security for the Issuer's debt obligations, provided by the Pledged Revenues and any Sinking Fund;
- 15.3.7.3.2** To exercise the required degree of care, skill and diligence in the management of the Sinking Fund.
- 15.3.7.3.3** To receive, manage and administer all of the Pledged Revenues for the benefit of the Bondholders, and to hold and apply the Pledged Revenues received in accordance with the ISA, the Enabling Law and the Deed.

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- 15.3.7.3.4** To retain control over any Sinking Fund and keep the money and assets derived from the management of any Sinking Fund separate from all other monies and assets within its control, in its ordinary course of business;
- 15.3.7.3.5** To advise the Issuer when contributions to the Sinking Fund will be sufficient with or without further accumulations of coupon, but without further payments of contributions to enable the Issuer to redeem the Bonds, at the time of their maturity; and also to inform the Issuer when to recommence contributions into the Sinking Fund;
- 15.3.7.3.6** To summon, as and when necessary, meetings of Bondholders of a Series whereat a statement of affairs on the management of the applicable Sinking Fund shall be presented and or any other necessary business and or matter shall be presented and determined. A meeting shall be convened by the giving of at least twenty-eight (28) clear days written notice to all Bondholders (specifying the agenda at the meeting), and the said notice shall also be published in at least two (2) national newspapers. The procedure and or regulations governing such meetings shall be in accordance with Schedule 2 to the Deed (see below);
- 15.3.7.3.7** Not to enter into contracts or other arrangements that would amount to a conflict of interest in the performance of its obligations under the ISA, the Enabling Law or the Deed, or any other customary obligations of a trustee;
- 15.3.7.3.8** To prepare and deliver to the Commissioner, quarterly reports and financial statements in respect of the management of the Sinking Fund in a format determined by the Commissioner; and
- 15.3.7.3.9** To prepare and deliver to the SEC and the Issuer, quarterly returns in respect of the management of all the Sinking Fund.
- 15.3.7.4** It is hereby expressly agreed and declared as follows:
- 15.3.7.4.1** The Trustees, acting reasonably and in good faith, may in relation to this Deed, act on the opinion or advice of, or any information from any solicitor, valuer, surveyor, broker, auctioneer, accountant, or other expert, whether obtained by the State or by the Trustees, and shall not be responsible for any loss occasioned by its reliance on such opinion, advice or information; and any such advice, opinion or information may be obtained or sent by letter, facsimile or, electronic mail;
- 15.3.7.4.2** The Trustees shall, at the Issuer's expense, establish a Project Monitoring Committee made up of three (3) persons who shall be responsible for monitoring the projects being financed by the Bond Proceeds, requiring periodic financial and progress reports from the Issuer, and appointing a Project Monitoring Consultant.
- 15.3.7.4.3** Save as herein otherwise provided, the Trustees shall not be bound to take any steps to ascertain whether any event has happened upon the occurrence of which the Bonds may be declared immediately repayable;
- 15.3.7.4.4** The Trustees shall not be responsible for having acted upon any resolution passed at a duly convened, properly constituted meeting of the Bondholders in respect whereof minutes have been made and signed, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution with the effect that the resolution was not valid or binding upon Bondholders;
- 15.3.7.4.5** Without prejudice to the right of indemnity by law given to trustees, the Trustees and every attorney, manager, agent or other person appointed by it hereunder shall be entitled to be indemnified by the Issuer in respect of all liabilities and expenses incurred by them or him in the execution of the powers and trusts hereof or of any powers, authorities or discretions vested in them or him pursuant to the Deed provided that the Trustees has not acted grossly negligently or in default of its powers;

- 15.3.7.4.6** Without prejudice to the jurisdiction of any competent court, the Trustees shall have the full powers to determine all questions and doubts arising in relation to any of the provisions of the Deed, (whether or not the same shall relate in whole or in part to acts or proceedings of the Trustees under the Deed);
- 15.3.7.4.7** The Trustees shall not be liable for any act pursuant to or under the Deed save only for any breach of trust committed by it, provided that nothing contained in this clause shall exempt the Trustees from or indemnify it against any liability for breach of trust where the Trustees fail to show the degree of care and diligence required of it having regard to the provisions hereof conferring on it any powers, authorities or discretions;
- 15.3.7.4.8** The Trustee shall ensure that an amount equal to the coupon amount net of all transaction costs, is transferred to the Registrar for payment to the Bondholders before the subsequent Coupon Payment Date. Any payment made by the Trustee to the Registrar pursuant to the foregoing shall be deemed valid and shall satisfy and discharge the Issuer from any obligation to make payment on the Bonds to the extent of the amount paid. Provided that no such payment made to the Registrar shall be deemed to have been irrevocably paid (until receipt by the Bondholders) if such payment or credit of such amount is capable of being avoided or reduced because of any laws on bankruptcy, insolvency, liquidation or any similar laws;
- 15.3.7.4.9** The Issuer shall indemnify the Trustees in so far as may be lawful in respect of all costs and expenses incurred by the Trustees in relation to or arising out of any application made to any court by the Trustees or any of the Bondholders for an order that the trust hereof may be carried out under the direction of the court or for an order or declaration relating to the administration of the trust hereof or the enforcement of the rights hereunder of the Trustees or the construction of the Deed;
- 15.3.7.4.10** In the absence of bad faith and gross negligence on the part of the Trustees, the Trustees may conclusively rely upon and shall be protected in acting or refraining from acting upon any document, including but not limited to any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document reasonably believed by it to be genuine and to have been signed or presented by proper officials of the Issuer relating to any matter primarily within the knowledge of the Issuer, the Bondholders or agents or attorneys of the Bondholders, as sufficient evidence thereof, provided, in the case of any such document specifically required to be furnished to the Trustees hereby, the Trustees shall be under a duty to examine the same to determine whether it conforms to the requirements thereof. The Trustees shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, or other paper or document submitted to the Trustees; provided, however, the Trustees, in its discretion, may make such further inquiry or investigation into such facts or matters as it may deem prudent;
- 15.3.7.4.11** Except as herein otherwise expressly provided, the Trustees shall be entitled to assume without enquiry, in the absence of knowledge by or express notice to them to the contrary, that the Issuer is duly performing and observing all the covenants and provisions contained in the Deed and it shall be in the discretion of the Trustees whether to take any action or proceedings or to enforce the performance thereof, and the Trustees shall not be bound to declare any Series of the Debt Securities immediately repayable or to take any steps to enforce payment thereof or any of the provisions of the Deed unless and until in any of such cases the Trustees is required to do so in writing by the registered

Bondholders of at least three quarters ($\frac{3}{4}$) of the nominal value of the Debt Securities or by a Special Resolution passed at a duly convened meeting of Bondholders. Provided that the Trustees shall in any case inform the Bondholders of the happening of any Event of Default (as defined under the Deed) that comes within its knowledge;

15.3.7.4.12 The Trustees in the exercise of the powers and discretions vested in it pursuant to the Deed shall comply with the provisions of the ISA, and any other applicable law.

Schedule 2- Provisions for Meetings of The Bondholders

A. Who may Convene Meetings?

- i. The Issuer or the Trustees respectively may at any time at their discretion, and the Trustees shall on the requisition in writing of the Bondholders holding not less than fifty-one percent (51%) of the aggregate nominal amount of the Debt Securities for the time being outstanding, and upon being indemnified to its satisfaction against all costs and expenses to be thereby incurred, convene a meeting or meetings of the Bondholders in accordance with the provisions of this schedule to discuss and determine any matter affecting their interest. Any such meeting shall be held at such place as the Trustees shall determine or approve.
- ii. Bondholders holding at least 10% of the nominal value of the Bonds for the time being outstanding shall be entitled to convene a meeting at which a resolution to compel the Trustees to take steps against the Issuer will be passed, upon the occurrence of an Event of Default.

B. Notice of Meetings

- i. A meeting of the Bondholders may be called by giving not less than twenty-eight (28) days' notice in writing.
- ii. A meeting may be called after giving shorter notice than that specified in paragraph 2.1 above if consent is accorded thereto by Bondholders holding not less than seventy-five per cent (75%) of the nominal amount of the Debt Securities for the time being outstanding.

C. Content and manner of service of notice

- i. Every notice of a meeting shall specify the place, the day and hour of the meeting and shall contain a statement of the business to be transacted and the terms of every resolution to be proposed thereat.
- ii. Notice of every meeting shall be given to:
 - a. every Bondholder;
 - b. the person entitled to a Debt Security in consequence of the death, insolvency, winding-up or dissolution of a Bondholder by sending it through the post in a prepaid letter addressed to him by name or by the title of the representative of the deceased or assignee of the insolvent or by any like description at the address (if any) supplied for the purpose by the person claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death, insolvency, winding-up or dissolution had not occurred;
 - c. to the Registrar;

- d. to the Trustees when the meeting is convened by the Issuer; and
 - e. the Commissioner.
- iii. Any notice shall be served by personally delivering the same by hand to the registered office or to the address of the person to be served, or by sending the same by a reputable courier service to such address or by dispatching the same by legible facsimile transmission or other means of communication in permanent written form, and due service shall be deemed to have been made at the time of actual receipt, save that in the case of any facsimile transmission sent after 4.00pm, it shall be deemed to have been at 9.00am on the next business day.
- iv. The accidental omission to give notice to or the non-receipt of notice by any Bondholder or other person to whom it should be given shall not invalidate the proceedings of the meeting.

D. Quorum for Meeting

- i. Any two or more persons holding or representing by proxy at least one-quarter ($\frac{1}{4}$) of the nominal amount of the Debt Securities for the time being outstanding shall be a quorum for the conduct of business at a meeting of the Bondholders unless the business of the meeting includes the consideration of a Special Resolution, in which event the necessary quorum shall be two (2) or more persons holding or representing by proxy a simple majority of the nominal amount of the Debt Securities for the time being outstanding and no business shall be transacted at any meeting unless the requisite quorum be present when the meeting proceeds to business, Provided that at any meeting the business of which includes any of the following matter (each of which shall only be capable of being effected after having been approved by Special Resolution):
- a) to amend the dates of maturity or redemption of the Bonds, any instalment date or any date for payment of coupon on the Bonds;
 - b) to reduce or cancel the nominal amount of, or any instalment amount of, or any premium payable on redemption of, the Bonds;
 - c) to reduce the rate or rates of coupon in respect of the Bonds or to vary the method or basis of calculating the rate or rates or amount of coupon or the basis for calculating any coupon in respect of the Bonds;
 - d) if a minimum and/or a maximum rate of coupon, installment amount or redemption amount is specified in respect of the Bonds, to reduce any such minimum and/or maximum;
 - e) to vary any method of, or basis for, calculating the prepayment fee payable upon early redemption of the Bonds; to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass the Special Resolution,
- in which case the necessary quorum shall be two or more persons holding or representing not less than 51%, or at any adjourned meeting not less than 25%, in nominal amount of the Bonds for the time being outstanding.
- ii. If within an hour from the time appointed for the holding of the meeting a quorum is not present for the meeting, if called upon the requisition of Bondholders, shall stand dissolved. In any other case the meeting shall stand adjourned to such day and time not being less than seven (7) days thereafter and to such place as the Chairman may determine.

- iii. At least three (3) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting, but it shall not be necessary to specify in such notice the business to be transacted at the adjourned meeting. Any two (2) or more persons being Bondholders or holding proxies for Bondholders whatever the amount of Debt securities held by them, shall be a quorum for all purposes including the passing of Special Resolutions and to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

E. Chairman of Meeting

- i. The Trustees or such other person nominated by the Trustees shall be entitled to chair at every meeting and if no such nomination is made or if at any meeting the Trustees or the person nominated shall not be present within thirty (30) minutes after the time appointed for holding the meeting the Bondholders personally present shall on a show of hands elect one of themselves to be the Chairman thereof.
- ii. If a poll is demanded on the election of the Chairman it shall be taken forthwith and the Chairman elected on a show of hands shall exercise all the powers of the Chairman until the result of such poll is declared.
- iii. If some other person is elected Chairman as a result of the poll, he shall be the Chairman for the rest of the meeting.

F. Persons entitled to attend meeting

In addition to the Bondholders, the Trustees, its solicitors, the Commissioner and any authorised officer of the State and any other person authorised in that behalf by the Trustees may attend any meeting but shall not be entitled to vote thereat.

G. Evidence of Passing of Resolution

At any meeting a resolution or any question put to the vote the meeting shall be decided on a show of hands unless a poll is demanded in the manner hereinafter mentioned, and unless a poll is so demanded a declaration by the Chairman that on a show of hands the resolution has been carried either unanimously or by a particular majority or lost or not carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the meeting, shall be conclusive evidence of that fact without proof of the number or proportion of the votes cast in favour of, or against such resolution.

H. Demand for Poll

- i. Before or on the declaration of the result of the voting on any point or question on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion, and shall be ordered to be taken by him on demand made in that behalf by at least five (5) Bondholders having the right to vote on the resolution and present in person or by proxy or by the Bondholders of not less than one-quarter ($\frac{1}{4}$) in nominal amount of the Debt Securities for the time being outstanding.
- ii. The demand for a poll may be withdrawn at any time by any person or persons who made the demand.

I. Time of taking Poll

- i. A poll demanded on a question of adjournment shall be taken forthwith.
- ii. A poll demanded on any other question (not being a question relating to the election of a Chairman as provided for in Paragraph 6 hereof) shall be taken in such manner and at such time not being later than thirty (30) days from the time when the demand was made as the Chairman may direct.

J. Votes

On a show of hands, every Holder who (being an individual) is present in person or by proxy or (being a body corporate) is present by its duly authorised representative shall have one (1) vote, and on a poll every Bondholder who is present in person or by proxy shall have one (1) vote in respect of every unit of the Debt Security of which he is the holder.

K. Representatives of Bodies Corporate

Any Body Corporate which is a Bondholder may by writing under the hand of a duly authorised officer authorise such person as it thinks fit to act as its representative at any meeting of the Bondholders and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual Bondholder.

L. Proxies

- i. The registered Bondholder or in case of joint holders any one of them shall be entitled to vote in respect thereof either in person or by proxy and in the latter case, as if such joint holders were solely entitled to such Debt Securities. A registered Bondholder shall be entitled to appoint another person (whether a Bondholder or not) as his proxy to attend and vote instead of himself.
- ii. In every notice calling a meeting of the Bondholders there shall appear with reasonable prominence a statement that a Bondholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Bondholder.
- iii. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarised copy of the power of authority, shall be deposited at such place as may be specified in the notice convening the meeting or in some document accompanying the same or if no place is so specified then at the office of the Registrars for the time being, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.
- iv. The instrument appointing a proxy shall:
 - a. be in writing in the usual common form or such other form as the Trustees may approve; and

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- b. be signed by the Bondholder so appointing or his attorney duly authorised in writing or if the Bondholder so appointing is a body corporate be under its seal or be signed by an officer or any attorney duly authorised by it.
- v. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of execution. An instrument appointing a proxy shall be deemed to confer authority to demand or to join in a demand for a poll.
- vi. Every Bondholder entitled to vote at a meeting of the Bondholders or on any resolution to be moved thereat shall be entitled during the period beginning twenty-four (24) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect by himself or through a duly authorised person the proxies lodged at any time during the business hours of the Registrar, provided that not less than three (3) days' notice in writing of the intention so to inspect is given to the Registrar.
- vii. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Trustees at their respective registered offices before the commencement of the meeting or adjourned meeting at which the proxy is used.

M. Entitlement of Bondholder to vote differently

On a poll taken at a duly convened meeting of the Bondholders a Bondholder entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast all his votes in the same way.

N. Scrutineers at Poll

- i. Where a poll is to be taken the Chairman of the meeting shall appoint two (2) scrutineers to scrutinize the votes given on the poll and to report thereon to him.
- ii. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or for any other cause.
- iii. Of the two (2) scrutineers appointed under this clause one shall always be a Bondholder present at the meeting, provided that such a Bondholder is available and willing to be appointed.

O. Manner of Poll and result thereof

The Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

P. Voting in the case of joint holding

In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint first holder, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Debt Securities.

Q. Power to adjourn meeting

The Chairman may with the consent of the meeting of the Bondholders at which a quorum is present (and shall if directed by any such meeting), adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

R. Casting Vote

In the case of equality of votes whether on a show of hands or a poll the Chairman of the meeting of Bondholders at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as or on behalf of a Bondholder.

S. Proceedings and Demand for Poll

The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

T. Chairman to be sole judge

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting, and the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

U. Power of General Meeting

A meeting of the Bondholders shall *inter alia* have the following powers exercisable by Special Resolution: -

- (a) to sanction the release of the Issuer from all or any part of the principal monies and coupon owing upon the Debt Securities;
- (b) to sanction any modification or compromise or any agreements in respect of the rights of the first Bondholders against the Issuer whether such rights shall arise under this Deed or a Bond Certificate or otherwise;
- (c) to assent to any modification of the provisions contained in this Deed proposed or agreed by the Issuer;
- (d) to give any sanction, direction or request which under any of the provisions of this Deed is required to be given by Special Resolution;
- (e) to authorise and empower the Trustees to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Special Resolution;
- (f) to give any release to the Trustees in respect of anything done or omitted to be done by the Trustees hereunder before the giving of the release;
- (g) to approve the appointment or removal of a Trustee;

- (h) to appoint any person (whether a Bondholder or not) as a committee or committees to represent the interest of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholders could themselves exercise by Special Resolution;
- (i) to sanction any scheme or proposal for the exchange of part or all of the Bonds for the conversion of the Bonds into or cancellation of the Bonds in consideration for other securities of the Issuer or any company formed or to be formed for this purpose.

V. Resolution Binding

A resolution passed at a meeting of the Bondholders duly convened and held in accordance with this Deed shall be binding upon all the first Bondholders whether present or not present at such meeting and whether or not voting, and each of the first Bondholders shall be bound to give effect thereto accordingly, and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof, the intention being that it shall rest with the meeting to determine without appeal whether or not the circumstances justify the passing of such resolution.

W. Minutes

Minutes of all resolutions and proceedings at such meeting as aforesaid shall be made and duly entered in the books to be provided from time to time for that purpose by the Trustees at the expense of the Issuer, and every such minutes as aforesaid if signed by the Chairman of the meeting at which such resolutions were passed or proceedings had or by the Chairman of the next succeeding meeting of the Bondholders shall be conclusive evidence of the matters therein contained, and until the contrary is proved every such meeting in respect of the proceedings in which minutes have been signed as aforesaid shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken to have been duly passed and taken.

X. Resolution in Writing

A resolution in writing duly signed by all the Bondholders of the Debt Securities entitled to attend and vote for the time being outstanding, shall be as effective for all purposes as a Special Resolution duly passed at a meeting of the Bondholders. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Bondholders.

15.4 STATEMENT OF INDEBTEDNESS

As at December 31, 2018, Ondo State Government had outstanding local loans totalling about ₦63.34 billion and foreign commercial loans totalling about \$79.85 million. Other than as stated above, the State had no outstanding debentures, mortgages, loans, charges or similar indebtedness or material contingent liabilities or other similar indebtedness, other than in the ordinary course of governance.

15.5 CLAIMS, LITIGATIONS AND DISPUTES

The Ondo State Government in its ordinary course of governance and administration is involved in [64] civil and criminal cases pending in the Court of first instance and in the Appellate Courts. The claims against Ondo State have an estimated monetary value of ₦5,479,993,947.50 (Five Billion, Four Hundred and Seventy-Nine Million, Nine Hundred and Ninety-Three Thousand, Nine Hundred and Forty-Seven Naira, Fifty Kobo Only).

15.6 MATERIAL CONTRACTS

The Agreements that are specifically material to this transaction are:

- A Programme Trust Deed dated January 17, 2020 between the Ondo State Government on the one part and Joint Trustees on the other part by which the latter have agreed to act as Trustees to the sinking fund to be established in connection with the ₦50 Billion Ondo State Bond Issuance Programme.
- A Vending Agreement dated January 17, 2020 between the Ondo State Government on the one part and the Joint Issuing Houses on the other part by which the latter have agreed to act as Issuing House to the ₦50 Billion Ondo State Bond Issuance Programme.

Save as disclosed above, the Issuer has not entered into any contract which may be deemed material in connection with the Programme.

15.7 COSTS AND EXPENSES

The cost, charges and expenses of and incidental to the Issue, including fees payable to SEC, the NSE, professional parties' fees, brokerage commission, printing and distribution expenses will be determined at each issuance. These costs are payable by the State and deductible from the proceeds of the Issue.

15.8 CONSENTS

The under listed have given and not withdrawn their written consents to the issue of this prospectus with their names and reports included in the form and context in which they appear:

Representatives of the State Executive Council	His Excellency, Akeredolu Oluwarotimi Odunayo, SAN
	Hon. (Barr) Ajayi Agboola Alfred
	Chief Ale Joel Olugbenga
	Mr. Akinkuotu Oluwatoyin Albert
	Mr. Emmanuel Oluwatimehin
	Mr. Ismaila Olurimisi Ayodeji
	Mr. Emmanuel Igbasan Duyile
	Mr. Sunday Agagu Olufemi
	Mr. Adewale Akinterinwa Olumuyiwa
	Dr. Adegbenro Oluropo Wahab
	Mr. Olawoye Adeyeye Adekola
	Mrs. Omolola Fagbemi Julianah

	Mr. Yemi Olowolabi
	Mr. Donaldo Ojogo Kimikanboh
	Mr. Kolade Badmus Rasheed
	Hon. Princess Olatunji Omowumi
	Mr. Gboyega Adefarati
	Mr. Funso Esan
	Mr. Bayorile Ademodi Tolani
	Rt. Hon. Abdulsalam Olawale Taofiq
	Mr. Yusuf-Ogunleye Saka Ayowole
	Prince Solagbade Amodeni
Accountant-General to the State	Mr. Herbert Laolu Akindolire
Auditor-General to the State	Sunday Adegoke
Financial Adviser/Lead Issuing House	Greenwich Trust Limited
Joint Issuing Houses	Cordros Capital Limited
	FBNQuest Merchant Bank Limited
	MBC Capital Limited
	Vetiva Capital Management Limited
Stockbrokers	Greenwich Securities Limited
	Global View Capital Limited
	Icon Stockbrokers Limited
	Morgan Capital Group
Solicitors to the Offer	Primera Africa Legal
	SPA Ajibade & CO.
Solicitors to the Issuer	SimmonsCooper Partners
Receiving Banks	Access Bank Plc
	Fidelity Bank
	Providus Bank Limited

15. STATUTORY AND GENERAL INFORMATION

Joint Trustees

GTL Trustees Limited
Sterling Asset Management and Trustees Limited
UTL Trust Management Services Limited
ARM Trustees Limited
Custodian Trustees Limited
STL Trustees Limited

Reporting Accountants

SIAO Partners Limited

Registrars to the State

Greenwich Registrars & Data Solution Limited

Rating Agency

DataPro Limited

15.9 DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection throughout the life of the Bond at the principal offices of the Issuing Houses and from the Ondo State Ministry of Finance, Ondo State Secretariat Complex Independence Way, Akure, Ondo State:

- The Shelf Prospectus dated January 17, 2020 issued in respect of the ₦50,000,000,000 Ondo State Bond Issuance Programme;
- Ondo State's published accounts (including its annual Statement of revenue and expenditure) for each of the 5 years ended December 31, 2014, 2015, 2016, 2017 & 2018;
- Ondo State's Annual Budget for the 2018/2019 financial year, as presented to the Ondo State House Assembly of Ondo State;
- The Ondo State Government Gazette containing the Ondo State Issuance of Debt & Other Securities Law 2011 and the Ondo State Debt Management Office (Establishment) Law 2011;
- The Resolution from the State EXCO authorizing the Bond Issuance Programme;
- The Resolution from the House of Assembly authorizing the Bond Issuance Programme;
- Reporting Accountants Report on the State's financials for the 5 years ended December 31, 2014, 2015, 2016, 2017 & 2018;
- The Issuer Rating Report issued by DataPro Limited;
- Letter from the Joint Solicitors to the Programme on the outstanding claims, litigations and material contracts involving the State;
- Letter from SEC confirming the Shelf registration of the Programme;
- Programme Trust Deed dated January 17, 2020 between the Ondo State Government on the one part and Joint Trustees on the other part by which the latter have agreed to act as Joint Trustees to the sinking fund to be established in connection with the ₦50 Billion Ondo State Bond Issuance Programme;
- Vending Agreement dated January 17, 2020 between the Ondo State Government on the one part and the Joint Issuing Houses on the other part by which the latter have agreed to act as Joint Issuing Houses to the ₦50 Billion Ondo State Bond Issuance Programme;
- The Material Contract referred to in Section 15.6 above; and
- The written Consents referred to in Section 15.8 above.

15.10 RELATIONSHIP BETWEEN THE PARTIES

As of date of this prospectus, there is no relationship that exists between the Issuer and any of its advisers except in the ordinary course of governance and administration.



SSG.008/VOL.VII/221

26th July, 2019

The Hon. Commissioner,
Ministry of Finance,
Secretariat Complex,
Alagbaka,
Akure.

MEMORANDUM ON THE REQUEST FOR COUNCIL APPROVAL FOR THE STATE FIFTY BILLION (N50B) BOND ISSUANCE PROGRAMME

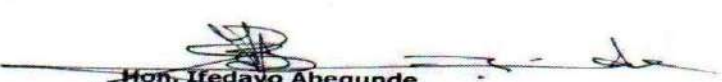
At its 4th Meeting, 2019, held on Thursday 30th May, 2019, the State executive Council considered the Memorandum on the above request and made the following conclusions:

- Council: **CONCLUSION 3.**
- i. noted that the revenues accruable to the State were grossly inadequate to meet the expected financial obligations and it was therefore imperative to look for alternative sources of funding the myriad of government capital projects from the capital market via the issuance of bonds;
 - ii. noted that the State Government planned to raise a N50 billion bond in two tranches of N30 billion in 2019 and N20 billion in subsequent years for a tenure of seven years with coupon rate between 16.5% and 17% depending on the market situation at the point of entry;
 - iii. noted that raising bonds required the appointment of professional parties as recommended in paragraph 3.3.5 (a-1) above; and
 - iv. approved:
 - a. a N50 billion bond issuance programme to be issued in tranches of N30 billion in 2019 and N20 billion thereafter;
 - b. the appointment of the professional parties as recommended in paragraph 3.3.5 (a-1) above; and

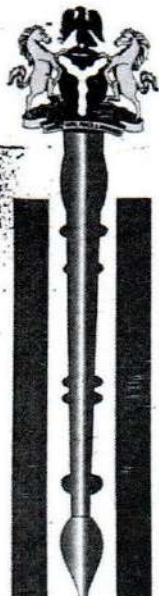


Governor's Office, Obafemi Awolowo Avenue, Alagbaka, Akure, Ondo State, Nigeria.

- c. that necessary machinery be put in place by the Ministry of Finance to commence the issuance of the Bond.
2. You are to please, implement Council approval accordingly.
 3. Thank you.


Hon. Ifedayo Abegunde
Secretary to the State Government

N50 Billion Medium Term Note Issuance Programme



ONDO STATE HOUSE OF ASSEMBLY

Akure, Nigeria

Your Ref: No.....
All communications should be addressed to the
Clerk, Ondo State House of Assembly quoting:

Our Ref: No.....
ODHA/98/253/323

Parliament Building Igbatoro Road,
P.M.B. 733, Akure, Ondo State, Nigeria.
☎034-240996, 242039, 241149.

September, 2019

The Secretary to the State Government,
Office of the Secretary to the State Government,
Governor's Office
Alagbaka,
Akure.



HOUSE RESOLUTION

RE: MEMORANDUM ON THE REQUEST FOR COUNCIL APPROVAL FOR THE STATE FIFTY BILLION (N50B) BOND ISSURANCE PROGRAMM

I wish to refer to your letter **NO SSG 013/VOL.III/201** dated 26th June 2019 resolving on the above subject.

2. The Honourable House at its plenary sitting today Wednesday 4th September, 2019 has given due Legislative consideration to the request.
3. After exhaustive deliberation, the Honourable House resolved that:
 - i. the State Government should go ahead with the plan of the **Fifty Billion Naira (N50B) Bond** issuance programme to be issued in two tranches of **Thirty Billion Naira (N30B)** in 2019 and **Twenty Billion Naira (N20B)** thereafter.
 - ii. necessary machinery be put in place by Ministry of Finance to commence the issuance of the bond.
4. Kindly place the House Resolution before Mr. Governor for further action.
5. Thank you.

Adeyelu M. Bode
Clerk of the House.

N50 Billion Medium Term Note Issuance Programme