

IMPORTANT NOTICE

THIS INVITATION TO EXCHANGE IS AVAILABLE ONLY TO REGISTERED OWNERS OF ELIGIBLE BONDS (AS DEFINED BELOW) (i) THAT ARE NOT INDIVIDUAL INVESTORS (AS DEFINED BELOW) OR (ii) THAT ARE OTHERWISE ACCEPTED AS REGISTERED OWNERS OF ELIGIBLE BONDS BY THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA, AT ITS SOLE DISCRETION, TO PARTICIPATE IN THIS INVITATION TO EXCHANGE ("ELIGIBLE HOLDERS").

An "**Individual Investor**" is a natural person that is the legal owner of record of Eligible Bonds and will not be eligible to participate in the Invitation to Exchange.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached document following this page. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached document. In accessing the attached document, you agree to be bound by the following terms and conditions, including any modifications to them, any time you receive any information from the Republic (as defined in the attached document), as a result of such access.

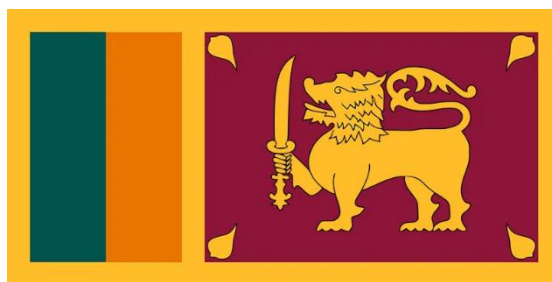
The New Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any State or other jurisdiction of the United States. New Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

Nothing in this document constitutes an offer of securities for sale in any other jurisdiction apart from Sri Lanka. Any securities to be offered or sold have not been, and will not be, registered under the securities laws of any state or any other jurisdiction.

Each version of the Exchange Memorandum as attached hereto will be available on the website of the Ministry of Finance, Economic Stabilization and National Policies (www.treasury.gov.lk/web/ddo).

In order to be able to view the attached document or make an investment decision with respect to the Invitation to Exchange described therein, investors must be an Eligible Holder.

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THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

EXCHANGE MEMORANDUM

Invitation to Exchange the Sri Lanka Development Bonds of the Democratic Socialist Republic of Sri Lanka Specified Below under "*The Eligible Bonds*" (the "*Eligible Bonds*") for New USD or LKR Treasury Bonds of the Democratic Socialist Republic of Sri Lanka (the "*New Bonds*").

The Invitation to Exchange (as defined below) will expire at 4:00p.m. (IST) on 25 July 2023 (such time and date, as may be extended or earlier terminated by the Republic at its sole discretion with respect to each series of Eligible Bonds, the "**Expiration Date**"). Eligible Holders (as defined below) who validly deliver an Offer or Exchange Instruction (as defined below) on or before the Expiration Date will be eligible to receive on the Settlement Date (as defined below) the applicable principal amount of relevant New Bonds in accordance with the Offer(s) submitted. Offers may not be revoked or withdrawn at any time. The Republic reserves the right to extend the Expiration Date with respect to one or more series of Eligible Bonds at its sole discretion.

The Democratic Socialist Republic of Sri Lanka ("**Sri Lanka**" or the "**Republic**") is hereby inviting Eligible Holders to submit Offers (as defined below) to exchange their Eligible Bonds for New Bonds of the Republic on the terms and subject to the conditions described herein (the "**Invitation to Exchange**"). In relation to an Eligible Holder's Eligible Bonds, it may submit a USD Offer 1, a USD Offer 2 and/or an LKR Offer (each as defined below) in relation to each series of Eligible Bonds. Eligible Holders located outside of Sri Lanka who cannot own the New LKR Bonds should submit either a USD Offer 1 or a USD Offer 2. Individual Investors should contact their Designated Agent (as defined below) to discuss a resolution for their Eligible Bonds. For the list of the Eligible Bonds, see "*The Eligible Bonds*" below. For a detailed description of the financial terms of the New Bonds, see "*Financial Terms of the New Bonds*" below.

Eligible Holders whose validly submitted Offers are accepted by the Republic will receive on the Settlement Date principal amounts of New Bonds per applicable principal amount of Eligible Bonds tendered as follows in accordance with the Option(s) elected in the relevant Exchange Form (as defined below):

Option	Exchange Consideration
<i>USD Option 1</i>	U.S.\$7,000.00 principal amount of New USD 2029 Bond per U.S.\$10,000.00 principal amount of Eligible Bonds.
<i>USD Option 2</i>	U.S.\$10,000.00 principal amount of New USD 2038 Bond per U.S.\$10,000.00 principal amount of Eligible Bonds.
<i>LKR Option</i>	LKR equivalent of U.S.\$10,000.00 ¹ principal amount of New LKR Bonds per U.S.\$10,000.00 principal amount of Eligible Bonds, calculated with the following LKR exchange consideration ratios

¹ Note: LKR/USD exchange rate will be fixed on the Settlement Date in accordance with prevailing market conditions.

	(the " LKR Exchange Consideration Ratios ") per applicable principal amount of Eligible Bonds tendered:	
	<i>New LKR Bond</i>	<i>LKR Exchange Consideration Ratio</i>
	New LKR 2025 Bond	20%
	New LKR 2027 Bond	20%
	New LKR 2029 Bond	20%
	New LKR 2031 Bond	20%
	New LKR 2033 Bond	20%

04 July 2023

RESPONSIBILITY STATEMENT

The Republic accepts responsibility for the information contained in this Exchange Memorandum.

To the best of the knowledge and belief of the Republic, the information contained in this Exchange Memorandum is true and accurate in every material respect and is not misleading in any material respect.

IMPORTANT NOTICE

No person has been authorised to give any information or to make any representation other than those contained in this Exchange Memorandum in connection with the Invitation to Exchange and any offering of the Eligible Bonds under this Invitation to Exchange and, if given or made, such information or representation must not be relied upon as having been authorised by the Republic. Neither the delivery of this Exchange Memorandum nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Republic since the date hereof.

This Exchange Memorandum may only be used for the purpose for which it has been published. This Exchange Memorandum does not constitute an offer of, or an invitation by, or on behalf of, the Republic to tender Eligible Bonds or to subscribe for, exchange or purchase, any of the New Bonds in any other jurisdiction.

Neither this Exchange Memorandum nor any other information supplied in connection with the Invitation to Exchange or any New Bonds is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Republic that any recipient of this Exchange Memorandum should tender offers in connection with Eligible Bonds. Each investor contemplating tendering its Eligible Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Republic and the implications of accepting the Invitation to Exchange in respect of its holdings of Eligible Bonds.

The New Bonds have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any State or other jurisdiction of the United States. New Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Invitation to Exchange is made solely to Eligible Holders and is made pursuant to the RSSO and the Regulations. The Invitation to Exchange was authorised by a resolution of The Parliament of Sri Lanka dated 01 July 2023.

This Exchange Memorandum does not constitute, and may not be used for or in connection with, an offer to sell or the solicitation of an offer to buy or exchange any securities whether in the Republic or in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Exchange Memorandum and the Invitation to Exchange are restricted to the territory of the Republic. The distribution of this Exchange Memorandum and the Invitation to Exchange may be restricted by law in certain jurisdictions. The Republic does not represent that this Exchange Memorandum may be lawfully distributed, or that any securities described herein may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or assume any responsibility for facilitating any such distribution or offer, or that all actions have been taken by the Republic which would permit the Invitation to Exchange or distribution of this Exchange Memorandum in any jurisdiction where action for that purpose is required.

Each Eligible Holder must, when submitting an Offer in relation to its Eligible Bonds pursuant to the Invitation to Exchange, make certain required representations and agreements as set out in this Exchange Memorandum.

CONTENTS

	Page
LETTER FROM THE MINISTER OF FINANCE, ECONOMIC STABILIZATION AND NATIONAL POLICIES OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA	1
THE ELIGIBLE BONDS	3
FINANCIAL TERMS OF THE NEW BONDS	4
TRANSACTION TIMETABLE	5
TERMS AND CONDITIONS OF THE OFFER TO EXCHANGE.....	6
GLOSSARY OF TERMS.....	12
KEY CONTACTS.....	15
APPENDIX 1 EXCHANGE PROCEDURES.....	16
APPENDIX 2 EXCHANGE FORM	18
INDEX OF DEFINED TERMS	26

**LETTER FROM THE MINISTER OF FINANCE, ECONOMIC STABILIZATION AND
NATIONAL POLICIES OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA**

04 July 2023

To: Eligible Holders of Sri Lanka Development Bonds

Re: Sri Lanka Development Bonds invitation to exchange (Invitation to Exchange).

On behalf of the Government of the Democratic Socialist Republic of Sri Lanka (Republic) I wish to set out the background to a domestic debt optimisation programme, of which this Invitation to Exchange forms part, that will allow our country to restore sovereign debt sustainability following the ongoing economic and humanitarian crisis. The invitation is to exchange certain Sri Lanka Development Bonds issued by the Republic (collectively, the Eligible Bonds) for new domestic treasury bonds of the Republic is made in terms of the Foreign Loans Act, No.29 of 1957 (as amended), Registered Stock and Securities Ordinance (as amended) and regulations issued thereunder, and the other applicable laws. The details of the Invitation to Exchange are provided in this Exchange Memorandum.

The Invitation to Exchange is an arrangement through which Eligible Holders of Eligible Bonds can submit their holdings of Eligible Bonds governed by Sri Lankan law and denominated in United States Dollars for either: (i) a new USD treasury bond with a reduced aggregate principal amount and a 4% per annum interest rate; (ii) a new USD treasury bond with the same aggregate principal amount but extended average maturity compared with the Eligible Bonds and a lower interest rate; or (iii) a basket of new LKR treasury bonds with the same aggregate principal amount but extended average maturity compared with the Eligible Bonds and a floating interest rate above the CBSL policy rate. The offered terms have been calibrated to provide a choice to Eligible Holders and minimise the impact as much as possible whilst being mindful of the need to reduce the Republic's gross financing needs and close the financing gap.

This transaction is a vital element of the measures which, together with economic reform programme, we are undertaking consistent with the Extended Fund Facility agreed with the International Monetary Fund (the IMF) (the IMF Programme) in March 2023.

In the 75 years of the Republic's independence, there has never been a more critical period for our economic wellbeing and future development. That is why we have introduced a robust reform agenda aimed at achieving sovereign debt sustainability, strengthening governance, widening the social safety nets supporting the most vulnerable and ensuring we can grow an inclusive economy attractive to international business. This is how we will improve the lives of our people and ensure they are first in line to benefit from improvements in our economic conditions.

The IMF's debt sustainability analysis has determined the Republic's public debt to be unsustainable and the IMF Programme is critical to achieving our vision for our country. Hence, this new era starts with the full implementation of IMF Programme and the resolution of our external public debt situation with our external official and commercial creditors.

However, in addition to the resolution of the Republic's external debt situation, a domestic public debt optimisation – of which this Invitation to Exchange is one element – is necessary to, among other things, bring down the Republic's gross financing needs and restore long-term sovereign debt sustainability.

The successful completion of this domestic debt optimisation is a critical component of both the debt resolution programme and the IMF Programme; it will contribute to unlocking the support of the Republic's external creditors and will allow the Republic to reach debt targets agreed with the IMF. I therefore urge you to give it your full consideration.

On behalf of the Government of Sri Lanka, I request your full support for this Invitation to Exchange.

Yours sincerely,

Sgd. Ranil Wickremesinghe

Minister for Finance, Economic Stabilisation and National Policies
Democratic Socialist Republic of Sri Lanka

THE ELIGIBLE BONDS

The following tables set forth the series of Eligible Bonds subject to the Invitation to Exchange (collectively, the "Eligible Bonds").

	ISIN	Maturity Date	Outstanding Principal Amount (incl. arrears of principal) (USD) as at 28 June 2023
1.	LKH00222H014	01 August 2022	75,607,322
2.	LKH00523A226	22 January 2023	17,421
3.	LKG00523A227	22 January 2023	22,000,000
4.	LKH00523C164	16 March 2023	50,000,000
5.	LKG00523C165	16 March 2023	142,150,000
6.	LKH00523E012	01 May 2023	225,023,898
7.	LKG00523E013	01 May 2023	57,807,413
8.	LKH00223A017	01 January 2023	517,220
9.	LKH00223F156	15 June 2023	4,445
10.	LKH00223G154	15 July 2023	175
11.	LKG00223G221	22 July 2023	74,028
12.	LKH00223G220	22 July 2023	269,772
13.	LKH00223H012	01 August 2023	360,141
14.	LKH00223I150	15 September 2023	1,130,741
15.	LKG00223I169	16 September 2023	631,072
16.	LKH00223I168	16 September 2023	2,593,232
17.	LKH00223J216	21 October 2023	27,096
18.	LKH00223K016	01 November 2023	12,956,268
19.	LKH00224A015	01 January 2024	103,501
20.	LKH00324A153	15 January 2024	61,000
21.	LKH00324E015	01 May 2024	206,391,185
22.	LKH00224H010	01 August 2024	297
23.	LKG00525A222	22 January 2025	6,180,000
24.	LKH00525A221	22 January 2025	14,716,132
25.	LKH00225C018	01 March 2025	5,376,369
26.	LKH00225C166	16 March 2025	2,595,528
27.	LKH00526A153	15 January 2026	3,000
28.	LKH00526G309	30 July 2026	6,930,000
29.	LKH00526L150	15 December 2026	3,946,000
30.	LKH00527F150	15 June 2027	115,813
31.	LKH00527G224	22 July 2027	3,947
32.	LKH00527I162	16 September 2027	399
		Total:	837,593,415

FINANCIAL TERMS OF THE NEW BONDS

The table set forth below presents a summary description of key financial terms of the New Bonds, and should be read in conjunction with the more detailed description of the bonds appearing elsewhere in this Exchange Memorandum. You should refer to "Terms and Conditions of the Invitation to Exchange" to determine your allocation of New Bonds by reference to the Offer(s) submitted.

New Bonds	Interest Rate	Interest Payment Dates	Maturity Date	Principal Grace Period	Principal Repayment
New USD 2029 Bonds	4.0% per annum	Semi-annual payments, on 31 January and 31 July of each year	31 July 2029	None	Linear annual amortization, first principal repayment on 31 July 2024
New USD 2038 Bonds	1.5% per annum	Semi-annual payments, on 31 January and 31 July of each year	31 July 2038	9 years	Linear annual amortization following expiry of the principal grace period, first principal repayment on 31 July 2033
New LKR 2025 Bonds	SLFR + 1.0% per annum	Semi-annual payments, on 15 January and 15 July of each year	15 July 2025	N/A	Bullet repayment
New LKR 2027 Bonds	SLFR + 1.0% per annum	Semi-annual payments, on 15 January and 15 July of each year	15 July 2027	N/A	Bullet repayment
New LKR 2029 Bonds	SLFR + 1.0% per annum	Semi-annual payments, on 15 January and 15 July of each year	15 July 2029	N/A	Bullet repayment
New LKR 2031 Bonds	SLFR + 1.0% per annum	Semi-annual payments, on 15 January and 15 July of each year	15 July 2031	N/A	Bullet repayment
New LKR 2033 Bonds	SLFR + 1.0% per annum	Semi-annual payments, on 15 January and 15 July of each year	15 July 2033	N/A	Bullet repayment

TRANSACTION TIMETABLE

The following summarises the anticipated time schedule for the Invitation to Exchange, assuming, among other things, that the Republic does not extend the Expiration Date or terminate Invitation to Exchange early. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Exchange Memorandum. All references are to Indian Standard Time (IST) unless otherwise noted. Eligible Holders of the Eligible Bonds should inform themselves of any earlier deadlines that may be imposed by any intermediaries, which may affect the timing of the submission of an Offer or Exchange Instruction.

<u>Date</u>	<u>Action</u>
04 July 2023	<p><i>Launch Date</i></p> <p>On this date the Republic will distribute this Exchange Memorandum describing the terms of the Invitation to Exchange. Eligible Holders may submit Offers.</p>
04 July 2023 to 25 July 2023.....	<p><i>Invitation Period (unless extended or earlier terminated)</i></p> <p>The Invitation is open during this period.</p>
07 July 2023 at 10:00 a.m. (IST).....	<p><i>Presentation</i></p> <p>Presentation to Eligible Holders regarding the Invitation to Exchange.</p>
25 July 2023 at 4:00 p.m. (IST).....	<p><i>Expiration Date</i></p> <p>Deadline for Eligible Holders to submit Offers.</p>
On or about 28 July 2023	<p><i>Announcement Date</i></p> <p>Announcement of acceptance of Offers by the Republic via Designated Agents and in local newspapers.</p>
31 July 2023	<p><i>Settlement Date</i></p> <p>SPD takes steps to cancel Eligible Bonds of Eligible Holders whose Offers have been accepted. The Republic shall also issue the New USD Bonds to relevant Eligible Holders. The New USD Bonds so issued shall be sent by post to the custodian, if notice and particulars of the custodian is given in the relevant Exchange Form, or if no such notice and particulars have been given, be despatched to the applicant at the mailing address of the applicant given in the Exchange Form. The Republic shall also issue the New LKR Bonds to relevant Eligible Holders by way of credit to their respective CDS securities accounts.</p>

TERMS AND CONDITIONS OF THE OFFER TO EXCHANGE

General

The Republic, acting through its Ministry of Finance, Economic Stabilization and National Policies, invites Eligible Holders (as defined below) holding Eligible Bonds to submit Offers to exchange Eligible Bonds for New Bonds in this Invitation to Exchange on the terms and conditions set out in this section and in this Exchange Memorandum generally.

The Invitation to Exchange is made to registered owners of Eligible Bonds (i) that are not Individual Holders or (ii) that are otherwise accepted by the Republic, at its sole discretion, to participate in this Invitation to Exchange (each an "**Eligible Holder**"). An "**Individual Investor**" is a natural person that is the legal owner of record of Eligible Bonds and will not be eligible to participate in the Invitation to Exchange.

Individual Investors should contact their Designated Agent to discuss a resolution for their Eligible Bonds.

It is the responsibility of each owner of Eligible Bonds, and not of the Republic or its agents, to determine its eligibility as an Eligible Holder (or request that the Republic accepts it as such) and whether it is an Individual Investor. If the Republic determines that an owner that submits an Offer or Exchange Instruction is an Individual Investor, the Republic may, in its sole discretion, reject such Offer.

Each owner of Eligible Bonds delivering Offers will represent and warrant, among others set forth under "*Representations, Warranties and Covenants Made by Eligible Holders Submitting Offers*" in this section, that it (i) has full power and authority to deliver such Offer, (ii) has not relied on SPD in connection with its investigation of the accuracy of the information contained in this Exchange Memorandum, and (iii) acknowledges that the information contained in this Exchange Memorandum has not been independently verified by SPD and has been provided by the Republic and other sources that the Republic deems reliable. Use of this Exchange Memorandum for any other purpose is not authorised.

Purpose of this Invitation to Exchange

On 20 March 2023, the International Monetary Fund (the "**IMF**") approved a U.S.\$3 billion extended fund facility ("**EFF**") for the Republic (the "**IMF Programme**").

The purpose of this Invitation to Exchange is to enable the Republic to reduce the cost and lengthen the maturity of certain of its debt instruments in furtherance of the objective of restoring sovereign debt sustainability consistent with the IMF Programme. A successful Invitation to Exchange in which Eligible Holders of the outstanding Eligible Bonds make successful Offers to exchange Eligible Bonds for New Bonds, will be a critical element in securing ongoing access to borrowing facilities granted to the Republic by the IMF and borrowing facilities expected to be granted to the Republic by other multilateral lenders.

The Republic will not make payments of principal or interest on the Eligible Bonds which are not subject to an Offer by an Eligible Holder. If Eligible Holders wish to resume receiving payments from the Republic then participating in this Invitation to Exchange will be necessary.

In the event that following the Expiration Date, an Eligible Holder has not submitted an Offer in relation to its Eligible Bonds (or has submitted an Offer relating to less than the total amount of Eligible Bonds held) such Eligible Holder may contact SPD to exchange such Eligible Bonds on terms equivalent to the LKR Option only, provided that, whereas Eligible Holders who submit offers before the Expiration Date will receive past due interest and accrued interest in cash on the Settlement Date (see below), Eligible Holders who subsequently contact SPD will be invited to submit offers to receive their past due interest and accrued interest capitalised and not paid in cash.

Terms and conditions of Invitation to Exchange

The Invitation to Exchange is made subject to the terms and conditions set out in this section and this Exchange Memorandum generally.

All Eligible Holders submitting Offers shall be considered to have accepted the terms and conditions of this Invitation to Exchange that are set out in this section and this Exchange Memorandum generally.

Offers generally

Eligible Holders should analyse the implications of making or not making an Offer by reference to the legal, tax, financial, regulatory, currency risk, accounting and related aspects of such Offer.

Eligible Holders who respond by submitting Eligible Bonds for exchange for New Bonds will be making an Offer to the Republic which the Republic may or may not accept. All such Offers must be made in accordance with the procedures set out in Appendix 1 of this Exchange Memorandum.

Receipt by the Republic (or SPD on its behalf) of any Offer does not constitute acceptance of such Offer by the Republic, nor does such receipt constitute any representation or warranty by the Republic or SPD as to the validity or completeness of any Offer made by an Eligible Holder, or that the Offer will be accepted.

Eligible Bonds

Only the Eligible Bonds that are listed under "*Eligible Bonds*" in this Exchange Memorandum (the "**Eligible Bonds**") are eligible for exchange for New Bonds in this Invitation to Exchange.

Under "*Financial Terms of the New Bonds*" elsewhere in this Exchange Memorandum the Republic sets out the key financial terms of the New Bonds.

The Eligible Bonds eligible for, and subject to, this Invitation to Exchange are Sri Lanka Development Bonds, which were issued in certificated scrip form.

Amount of New Bonds Received in respect of the Eligible Bonds

Eligible Holders whose validly submitted Offers are accepted by the Republic will receive on the Settlement Date principal amounts of:

- (i) New USD Bonds due 2029 (the "**New USD 2029 Bonds**"); and/or
- (ii) New USD Bonds due 2038 (the "**New USD 2038 Bonds**"); and/or
- (iii) New LKR Bonds due 2025 (the "**New LKR 2025 Bonds**"), New LKR Bonds due 2027 (the "**New LKR 2027 Bonds**"), New LKR Bonds due 2029 (the "**New LKR 2029 Bonds**"), New LKR Bonds due 2031 (the "**New LKR 2031 Bonds**"), and New LKR Bonds due 2033 (the "**New LKR 2033 Bonds**"),

per applicable principal amount of relevant Eligible Bonds tendered as follows in accordance with the Option(s) elected in the relevant Exchange Form (as defined below):

Option	Exchange Consideration	
<i>USD Option 1</i>	U.S.\$7,000.00 principal amount of New USD 2029 Bond per U.S.\$10,000.00 principal amount of Eligible Bonds.	
<i>USD Option 2</i>	U.S.\$10,000.00 principal amount of New USD 2038 Bond per U.S.\$10,000.00 principal amount of Eligible Bonds.	
<i>LKR Option</i>	LKR equivalent of U.S.\$10,000.00 ² principal amount of New LKR Bonds per U.S.\$10,000.00 principal amount of Eligible Bonds, calculated with the following LKR Exchange Consideration Ratios per applicable principal amount of Eligible Bonds tendered:	
	<i>New LKR Bond</i>	<i>LKR Exchange Consideration Ratio</i>
	New LKR 2025 Bond	20%

² Note: LKR/USD exchange rate will be fixed on the Settlement Date in accordance with prevailing market conditions.

	New LKR 2027 Bond	20%
	New LKR 2029 Bond	20%
	New LKR 2031 Bond	20%
	New LKR 2033 Bond	20%

The principal amount of New USD Bonds issued to an Eligible Holder will be rounded to the nearest U.S.\$1.00. The principal amount of New LKR Bonds issued to an Eligible Holder will be round to the nearest LKR1.00.

All calculations by the Republic will be final and binding on Eligible Holders save in the event of manifest error.

Offers to exchange any of the Eligible Bonds may only be submitted in a minimum principal amount of U.S.\$1,000.00 and integral multiples of U.S.\$1.00 in excess thereof. Any New USD Bonds to be issued to any Eligible Holder in the Invitation to Exchange will be in a minimum principal amount of U.S.\$1,000.00 and integral multiples of U.S.\$1.00 in excess thereof. Any New LKR Bonds to be issued to any Eligible Holder in the Invitation to Exchange will be in a minimum principal amount of LKR1.00 and integral multiples of LKR1.00 thereof.

If selecting the LKR Option, an Eligible Holder must provide details of its Designated Agent and its LankaSecure account details in the relevant Exchange Form. New LKR Bonds cannot be issued to an Eligible Holder without such details. Eligible Holders located outside of Sri Lanka who cannot own the New LKR Bonds should submit either a USD Offer 1 or a USD Offer 2.

Amendment and Extension of this Invitation to Exchange by the Republic

The Republic reserves the right to amend any of the terms and conditions set out in this section or to terminate this Invitation to Exchange at any time, **provided that** any such amendment shall not, in the sole discretion of the Republic, be materially adverse to the interests of some or all Eligible Holders. The Republic shall endeavour to notify Eligible Holders of any such amendments or termination promptly, by way of press release or a notice published on the MOF Website, communicated via Designated Agents and published in local newspapers, in each case as promptly as practicable.

These amendment rights of the Republic shall include, but shall not be limited to, the rights to act in its sole discretion in order to:

- (1) amend the coupon, maturity, currency or other commercial features of any or all the New Bonds, on a series by series basis;
- (2) amend, shorten or extend any date set out in the transaction timetable for this Invitation to Exchange (including with respect to one or more series of Eligible Bonds), or make provision for additional settlement dates or the period of this Invitation to Exchange generally;
- (3) determine any person that can participate in this Invitation to Exchange as an Eligible Holder;
- (4) amend the procedures for making Offers;
- (5) waive any defect in any Offer submitted by an Eligible Holder, or grant any exceptions to the terms and conditions set out in this section or the procedures for making Offers set out in Appendix 1, either on a case by case basis or generally;
- (6) determine whether to accept or reject any Offer made by an Eligible Holder;
- (7) amend the procedures for the making of Offers by Eligible Holders;
- (8) amend the procedures for the receipt, acceptance and settlement of Offers, including the receipt, acceptance and settlement of late Offers;

- (9) include or exclude any series of Eligible Bonds from this Invitation to Exchange; or
- (10) amend the terms and conditions set out in this section, or the procedures for making Offers set out in Appendix 1.

Blocking, Debit and Disclosure Instructions

By submitting an Offer or Exchange Instruction, Eligible Holders consent to SPD and the relevant Designated Agent:

- blocking any attempt to transfer an owner's Eligible Bonds prior to the Settlement Date or the termination of the Invitation to Exchange;
- cancelling on the Settlement Date all of an owner's Eligible Bonds, or in respect of such lesser portion of an owner's Eligible Bonds as are accepted for exchange by the Republic; and
- disclosing to the Republic and its financial and legal advisors any information that SPD maintains regarding the applicable holder and the legal and beneficial owners of the Eligible Bonds being tendered.

Extension of Settlement Date and Longstop Date

The Republic reserves the right to extend the Settlement Date of this Invitation to Exchange (including with respect to one or more series of Eligible Bonds), **provided that** such extended Settlement Date is not later than 31 August 2023 (the "**Longstop Date**"). The Republic may extend the Settlement Date beyond such Longstop Date and designate a new Longstop Date.

Arrears and Accrued Interest

Eligible Holders who submit successful Offers in respect of Eligible Bonds will receive an amount in LKR³ equal to (i) past due interest in arrears *plus* (ii) interest accrued and unpaid, in each case up to (but excluding) the Settlement Date on such Eligible Bonds (without double counting), on the Settlement Date *provided that* any amount previously paid to any such Eligible Holder in lieu of such interest arrears or accrued interest (in LKR or USD cash or securities) shall be deducted from any such payment.

Eligible Holders located outside of Sri Lanka who cannot receive cash payments in LKR should contact their Designated Agent to discuss an alternative arrangement.

All calculations made in respect of principal and interest due on Eligible Bonds made by the Republic shall, in the absence of manifest error, be final and binding.

Expiration Date for Offers

Offers may be made by Eligible Holders after the Launch Date. All such Offers must be delivered by 4:00p.m. (IST) on the Expiration Date. The Republic may in its sole discretion extend the Expiration Date (including for one or more series of Eligible Bonds).

The deadlines set by any Designated Agent to Eligible Holders will be earlier than the Expiration Date.

Acceptance of Offers by the Republic and No Revocation Rights

All Offers made by Eligible Holders are irrevocable.

The Republic shall, in its sole discretion, determine whether to accept or reject any Offer, without any obligation to provide its reasons for doing so.

In the event that any Offer is rejected, the relevant Eligible Holder will no longer be blocked from transferring the relevant Eligible Bonds.

³ Note: LKR/USD exchange rate will be fixed on the Settlement Date in accordance with prevailing market conditions.

Presentation to Eligible Holders

The Republic intends to give a virtual presentation on the Invitation to Exchange to Eligible Holders on 07 July 2023 at 10:00a.m. (IST).

You can register for the presentation [here](#).

Announcement of Results of Invitation to Exchange

The Republic intends to announce the result of this Invitation to Exchange on the Announcement Date.

Representations, Warranties and Covenants to be Made by Eligible Holders Submitting Offers

In addition to the other representations, warranties and covenants contained elsewhere in this Exchange Memorandum, in the Offer or Exchange Instruction each Eligible Holder shall make the following representations, warranties and covenants to the Republic:

- (1) the Eligible Holder is or will be the legal owner of record of the Eligible Bonds by the Settlement Date, with full power and authority to make the Offer in respect of Eligible Bonds for the purposes of this Invitation to Exchange;
- (2) the Eligible Holder meets the criteria of an Eligible Holder;
- (3) the Eligible Holder is not an Individual Investor;
- (4) the Eligible Holder has accepted the terms and conditions of this Invitation to Exchange set out in this section and in the Exchange Memorandum generally;
- (5) there are no liens, pledges, charges, security interest, encumbrances, or similar restrictions (for the purposes of this paragraph only, "**restrictions**") on the Eligible Bonds that are the subject of the Offer made by the Eligible Holder; or, if any such restrictions exist at the time the Offer is made, the Eligible Holder has made the necessary arrangements with any beneficiary of the restriction to either (i) remove the restriction at the time any Offer is made, so that the Eligible Bonds may be accepted by the Republic free of such restrictions but subject to the imposition of the restriction on the New Bonds issued in place of the Eligible Bonds by the Eligible Holder (or its custodian) or (ii) to fully discharge the restriction on or before the Settlement Date;
- (6) not to assign, pledge or otherwise transfer or trade in the Eligible Bonds from the date on which an Offer or Exchange Instruction in respect of Eligible Bonds is sent by such Eligible Holder to a Designated Agent until the earlier of the Settlement Date and the termination of the Invitation to Exchange;
- (7) consents to the blocking by the relevant Designated Agent and SPD of any attempt to transfer such Eligible Holders' Eligible Bonds, from the date on which an Offer or Exchange Instruction in respect of Eligible Bonds is sent by such Eligible Holder to a Designated Agent until the Settlement Date or the termination of the Invitation to Exchange; and
- (8) the Eligible Holder agrees to disclose to the Republic and its financial and legal advisors any information that SPD maintains regarding the applicable holder, the legal and beneficial owner of the Eligible Bonds and the Eligible Bonds being tendered, and all the information included in the relevant instruction.

Final settlement and delivery of New Bonds

On the Settlement Date the Republic will:

- (i) issue the New USD Bonds, in certificated scrip form, to Eligible Holders whose USD Offers are accepted. Such New USD Bonds shall be sent by post to the custodian, if notice and particulars of the custodian is given in the relevant Exchange Form, or if no such notice and particulars have been given, be despatched to the applicant at the mailing address of the applicant given in the Exchange Form; and

- (ii) issue the New LKR Bonds, as scripless treasury bonds, to Eligible Holders whose LKR Offers are accepted for credit to such Eligible Holder's CDS securities account the particulars of which have been given in the relevant Exchange Form.

Where Eligible Bonds are subject to any liens, pledges, charges, security interest, encumbrances, or similar restrictions (for purposes of this paragraph only, "**restrictions**"), the Eligible Holder who has made an Offer or Exchange Instruction to exchange such Eligible Bonds shall be considered to represent and warrant to the Republic that it has made the necessary arrangements with the party benefiting from the restriction, to release the restriction for the purposes of this Invitation to Exchange.

Validity of Invitation to Exchange and the New Bonds

The Eligible Bonds were issued pursuant to the FLA.

The Invitation to Exchange is made pursuant to the RSSO and the Regulations. The Invitation to Exchange was authorised by a resolution of Parliament of Sri Lanka dated 01 July 2023.

The New Bonds will be issued pursuant to the FLA, the RSSO, the Regulations and the Exchange Offer Order. A copy of the Regulations is available on the MOF Website.

Trading of New Bonds in the secondary market is not restricted.

Transfer Procedure for New USD Bonds

Transfers of New USD Bonds shall be effected by endorsement and delivery and registration of the transfer by serving on the Superintendent of Public Debt at the Central Bank of Sri Lanka, 30 Janadhipathi Mawatha, Colombo 00100, Sri Lanka, a duly executed notice of transfer (a "**Notice of Transfer**") on a form obtainable from a Designated Agent. Upon the registration of a transfer, the transferor and the transferee shall be informed in writing by the Republic of the registration of the transfer.

A transferee shall be entitled to be registered only if a duly executed Notice of Transfer is served on the Superintendent of Public Debt at the above address to reach him at least thirty (30) days prior to next interest payment date.

Governing Law

This Exchange Memorandum, the Invitation to Exchange and any written contract arising from acceptance by the Republic of Offers made by Eligible Holders will be governed by the laws of Sri Lanka.

GLOSSARY OF TERMS

In this Exchange Memorandum, the following terms shall have the following meanings:

"Acceptance Date" means a date on or prior to the Settlement Date that the Republic shall designate for the purposes of accepting any or all Offers made by Eligible Holders in this Invitation to Exchange.

"Announcement Date" means 28 July 2023, or such date as the Republic shall designate for the purposes of announcing the results of this Invitation to Exchange.

"CDS" mean the Central Depository System, the registry of scripless treasury bonds issued under the RSSO which forms part of the LankaSettle System.

"Custodian" means a person who provides custodian services for clients transacting in scripless treasury bonds issued under the RSSO.

"Designated Agents" means selected licensed commercial banks and primary dealers as follows:

- (a) Acuity Securities Limited;
- (b) Bank of Ceylon;
- (c) Capital Alliance Limited;
- (d) Commercial Bank of Ceylon PLC;
- (e) Deutsche Bank AG, Colombo Branch;
- (f) DFCC Bank PLC;
- (g) First Capital Treasuries PLC;
- (h) Habib Bank Limited;
- (i) Hatton National Bank PLC;
- (j) Indian Bank;
- (k) Indian Overseas Bank;
- (l) MCB Bank LTD;
- (m) National Development Bank PLC;
- (n) Nations Trust Bank PLC;
- (o) NSB Fund Management Company Limited;
- (p) Pan Asia Banking Corporation PLC;
- (q) People's Bank;
- (r) Public Bank Berhad;
- (s) Sampath Bank PLC;
- (t) Seylan Bank PLC;
- (u) Union Bank of Colombo PLD; and
- (v) Wealth Trust Securities Ltd

"Eligible Bond(s)" has the meaning assigned to it under "*The Eligible Bonds*" in this Exchange Memorandum.

"**Eligible Holder(s)**" has the meaning assigned to it under "*Terms and Conditions of the Invitation to Exchange—General*" in this Exchange Memorandum.

"**Exchange Form**" means a form in the form set out in Appendix 2 attached hereto.

"**Exchange Memorandum**" means this document, including its appendices.

"**Exchange Offer Order**" means the exchange offer order which will be published in the *Gazette* pursuant to Article 4 of the RSSO on or around the Settlement Date confirming the issuance of the New Bonds and the economic terms thereof.

"**Exchange Procedures**" means the exchange procedures set out in Appendix 1 attached hereto.

"**Expiration Date**" means 25 July 2023 or such date as the Republic shall designate as the date on which all Offers to be made by Eligible Holders must be submitted by 4:00p.m. (IST).

"**FLA**" means the Foreign Loans Act, No.29 of 1957, as amended.

"**Government**" means the Democratic Socialist Republic of Sri Lanka, acting through the MOF (unless otherwise indicated).

"**Individual Investor**" means a natural person that is the legal owner of record of Eligible Bonds and will not be eligible to participate in the Invitation to Exchange.

"**Invitation to Exchange**" means the invitation made by the Republic to Eligible Holders to offer to exchange their holdings of Eligible Bonds for New Bonds subject to the terms and conditions set out in this Exchange Memorandum generally.

"**LankaSettle System**" means the system established and operated by the Central Bank of Sri Lanka pursuant to the Monetary Law Act, comprising of CDS, Scripless Securities Settlement System (which together form the LankaSecure system) and the Real Time Gross Settlement System.

"**Launch Date**" means 04 July 2023, or such date as the Republic shall designate for the purposes of the commencement of the submission of Offers by Eligible Holders.

"**LKR**" means the Sri Lankan rupee, which is the lawful currency of the Democratic Socialist Republic of Sri Lanka.

"**LKR Exchange Consideration Ratios**" has the meaning assigned to it on the cover page of this Exchange Memorandum.

"**LKR Offer**" means an offer by an Eligible Holder to the Republic to exchange one or more Eligible Bond(s) for New LKR Bonds pursuant to this Invitation to Exchange, which offer may take the form of an instruction to exchange pursuant to this Invitation to Exchange given by such Eligible Holder to a Designated Agent.

"**Longstop Date**" means 31 August 2023, or such date as the Republic shall designate as the latest date that the Republic may select as the Settlement Date of this Invitation to Exchange.

"**MOF**" means the Ministry of Finance, Economic Stabilization and National Policies of Sri Lanka.

"**MOF Website**" means the website of MOF accessible at the following address: www.treasury.gov.lk/web/ddo.

"**Monetary Law Act**" means the Monetary Law Act, No. 58 of 1949 (Chapter 422), as amended or replaced.

"**New LKR 2025 Bonds**" has the meaning assigned to it under "*Terms and Conditions of the Invitation to Exchange—Amount of New Bonds Received in respect of the Eligible Bonds*".

"**New LKR 2027 Bonds**" has the meaning assigned to it under "*Terms and Conditions of the Invitation to Exchange—Amount of New Bonds Received in respect of the Eligible Bonds*".

"**New LKR 2029 Bonds**" has the meaning assigned to it under "*Terms and Conditions of the Invitation to Exchange—Amount of New Bonds Received in respect of the Eligible Bonds*".

"**New LKR 2031 Bonds**" has the meaning assigned to it under "*Terms and Conditions of the Invitation to Exchange—Amount of New Bonds Received in respect of the Eligible Bonds*".

"**New LKR 2033 Bonds**" has the meaning assigned to it under "*Terms and Conditions of the Invitation to Exchange—Amount of New Bonds Received in respect of the Eligible Bonds*".

"**New LKR Bonds**" means any new debt security denominated in LKR issued by the Republic for the purposes of this Invitation to Exchange, including the New LKR 2025 Bonds, New LKR 2027 Bonds, New LKR 2029 Bonds, New LKR 2031 Bonds and the New LKR 2033 Bonds.

"**New USD 2029 Bonds**" has the meaning assigned to it under "*Terms and Conditions of the Invitation to Exchange—Amount of New Bonds Received in respect of the Eligible Bonds*".

"**New USD 2038 Bonds**" has the meaning assigned to it under "*Terms and Conditions of the Invitation to Exchange—Amount of New Bonds Received in respect of the Eligible Bonds*".

"**New USD Bonds**" means any new debt security denominated in USD issued by the Republic for the purposes of this Invitation to Exchange, including the New USD 2029 Bonds and the New USD 2038 Bonds.

"**New Bond(s)**" means the New LKR Bonds and the New USD Bonds.

"**Offer(s)**" or "**Exchange Instruction**" means either an LKR Offer or a USD Offer.

"**person(s)**" means a legal or natural person, as the context shall require.

"**Regulations**" means the Registered Stock and Securities (Conversion of Securities) Regulations, No. 2 of 2023 issued on 3 July 2023.

"**RSSO**" means the Registered Stock and Securities Ordinance, No. 7 of 1937, as amended.

"**Settlement Date**" means 31 July 2023, or such date as the Republic shall designate, being the date of termination of the Eligible Bonds and issue of the New Bonds belonging to Eligible Holders whose Offers were accepted by the Republic.

"**SLFR**" means, in relation to the calculation of the interest rate on any New LKR Bond, the 6-month historical average of the Standing Lending Facility Rate as published by the Central Bank of Sri Lanka, as calculated on the date which is 30 days before the relevant interest payment date for such New LKR Bond (or, if such calculation date is not a business day, the immediately following business day).

"**SPD**" means the Superintendent of Public Debt of the Republic.

"**Sri Lanka**" or the "**Republic**" means the Democratic Socialist Republic of Sri Lanka.

"**USD**" or "**U.S.\$**" means the lawful currency of the United States of America.

"**USD Offer**" means either a USD Offer 1 or a USD Offer 2.

"**USD Offer 1**" means an offer by an Eligible Holder to the Republic to exchange one or more Eligible Bond(s) for New USD 2029 Bond(s) pursuant to this Invitation to Exchange, which offer may take the form of an instruction to exchange pursuant to this Invitation to Exchange given by such Eligible Holder to a Designated Agent.

"**USD Offer 2**" means an offer by an Eligible Holder to the Republic to exchange one or more Eligible Bond(s) for New USD 2038 Bond(s) pursuant to this Invitation to Exchange, which offer may take the form of an instruction to exchange pursuant to this Invitation to Exchange given by such Eligible Holder to a Designated Agent.

KEY CONTACTS

Set out below is the contact information for representatives of SPD. These parties are available to assist Eligible Holders with general inquiries with respect to this Exchange Memorandum or this Invitation to Exchange. Eligible Holders should note that those persons are not authorised to offer legal, tax, business, financial, accounting or other advice with respect to whether any Eligible Holder should submit Offers in this Invitation to Exchange.

Eligible Holders should contact their Designated Agent for assistance with regard to matters related to the Invitation to Exchange processing or matters related to the submission of Offers in the first instance.

Individual Investors should contact their Designated Agent to discuss a resolution for their Eligible Bonds.

SPD may be contacted for assistance and with regard to matters related to the Invitation to Exchange processing or matters related to the submission of Offers at:

The Registrar and the Superintendent of Public Debt

Central Bank of Sri Lanka

30 Janadhipathi Mawatha

Colombo 00100

Sri Lanka

Inquiries

Local - Hotline: 1935

Foreign: +94 11 2477 000

+94 11 2477 966

9.00 am - 4.00 pm (IST)

9.00 am - 4.00 pm (IST)

9.00 am - 4.00 pm (IST)

Email address: ddo.sldb@cbsl.lk

Website: www.cbsl.gov.lk

For information and announcements relating to the Invitation to Exchange please refer to the MOF Website.

Each version of the Exchange Memorandum will be available on the MOF Website (www.treasury.gov.lk/web/ddo).

**APPENDIX 1
EXCHANGE PROCEDURES**

Exchange Procedures for Eligible Holders (other than Designated Non-Dealer Bidders)

Eligible Holders interested in participating in the Invitation to Exchange are invited to send an Offer or Exchange Instruction to their respective Designated Agent, in the Exchange Form (format for the Exchange Form to be filled by the Eligible Holders is provided in Microsoft Excel on the MOF Website) and via the channels agreed and customary between them.

As of the Launch Date until the Expiration Date of the Invitation to Exchange, Eligible Holders having active securities accounts' balances and interested in participating in the Invitation to Exchange will have the opportunity to send an Offer or Exchange Instruction to their respective Designated Agent.

Eligible Holders can use any of the following avenues to participate in the Invitation to Exchange:

Send an Offer or Exchange Instruction to the relevant Designated Agent via:

- (a) email **OR**
- (b) an internal communication platform provided by the relevant Designated Agent to customers (if any) **OR**
- (c) both (a) and (b) above.

Eligible Holders should strictly adhere to the format provided in Microsoft Excel on the MOF Website when filling out the Exchange Form. Accordingly, Eligible Holders shall:

1. Download a copy of the Exchange Form in Microsoft Excel.
2. Fill out the (electronic) form in full with all due care.
3. Save the duly completed Exchange Form in Microsoft Excel format (searchable electronic version).
4. Print the duly filled form and place the authorised signatures and the official stamps (signed printed original of the Exchange Form).
5. Scan the signed printed original of the Exchange (scanned copy of the signed Exchange Form).

All Offers and Exchange Instructions sent electronically as above must include both the searchable electronic version of the Exchange Form and a scanned copy of the signed Exchange Form.

The signed printed original of the Exchange Form shall be provided to SPD by 4:00p.m. (IST) at the address provided in the Exchange Memorandum on the Expiration Date. It is the Eligible Holder's responsibility to maintain constancy (i.e. have NO discrepancy) between the electronic version and the signed printed original of the Exchange Form.

When submitting the signed original of the Exchange Form to SPD, an Eligible Holder must enclose the certificate representing the relevant Eligible Bonds to be cancelled by SPD.

If an Offer is rejected, the relevant certificates will be returned to the relevant Eligible Holder or its custodian where details are provided.

In the event that an Eligible Holder holds Eligible Bonds with more than one Designated Agent, such Eligible Holder will need to provide the instructions set out above to each relevant Designated Agent in respect of the relevant Eligible Bonds.

The deadlines set by any Designated Agent to Eligible Holders will be earlier than the Expiration Date.

Exchange Procedures for Designated Agent

Once an Offer or Exchange Instruction is received by a Designated Agent from an owner of Eligible Bonds, such Designated Agent shall not accept any other instructions from the relevant Eligible Holder to transfer

or otherwise deal in such Eligible Bonds until the earliest of the Settlement Date and the termination of the Invitation to Exchange.

Once an Offer or Exchange Instruction is received by a Designated Agent from an owner of Eligible Bonds, such Designated Agent is required to collate the information in such Offer or Exchange Instruction in the form and file format provided to them by SPD.

During the duration of the Invitation to Exchange, on each business day Designated Agent are required to forward to SPD the collated file containing the information on (i) each Offer or Exchange Instruction received from each owner of Eligible Bonds that expressed interest to participate in the Invitation to Exchange, (ii) each Individual Investor that has requested a resolution of their Eligible Bonds and (iii) Eligible Holders located outside of Sri Lanka who cannot receive cash payment of past due interest in arrears or accrued interest in LKR, on or before 4:00p.m. (IST) using the form and file format provided to them by SPD.

**APPENDIX 2
EXCHANGE FORM**



EXCHANGE FORM

To be completed by Eligible Holders and sent to the respective Designated Agent to participate in the Invitation to Exchange

ELIGIBLE HOLDERS ARE STRONGLY ADVISED TO READ THE EXCHANGE PROCEDURES SET OUT IN APPENDIX 1 TO THE EXCHANGE MEMORANDUM BEFORE COMPLETING THIS EXCHANGE FORM.

-- USE THE MICROSOFT EXCEL FORMAT PROVIDED IN THE SAME LINK TO FILL OUT THE EXCHANGE FORM --

Invitation to Exchange Certain Sri Lanka Development Bonds of the Democratic Socialist Republic of Sri Lanka (the "Eligible Bonds") for New Treasury Bonds of the Democratic Socialist Republic of Sri Lanka (the "New Bonds")

THE INVITATION TO EXCHANGE IS AVAILABLE ONLY TO REGISTERED OWNERS OF ELIGIBLE BONDS (i) THAT ARE NOT INDIVIDUAL INVESTORS (AS DEFINED BELOW) OR (ii) THAT ARE OTHERWISE ACCEPTED AS REGISTERED OWNERS OF ELIGIBLE BONDS BY THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA, AT ITS SOLE DISCRETION, TO PARTICIPATE IN THIS INVITATION TO EXCHANGE ("ELIGIBLE HOLDERS").

An "**Individual Investor**" is a natural person that is the legal owner of record of Eligible Bonds and will not be eligible to participate in the Invitation to Exchange.

Eligible Holders whose validly submitted Offers are accepted by the Republic will receive on the Settlement Date principal amounts of New Bonds per applicable principal amount of Eligible Bonds tendered as follows in accordance with the Option elected in this Exchange Form:

Option	Exchange Consideration	
<i>USD Option 1</i>	U.S.\$7,000.00 principal amount of New USD 2029 Bond per U.S.\$10,000.00 principal amount of Eligible Bonds.	
<i>USD Option 2</i>	U.S.\$10,000.00 principal amount of New USD 2038 Bond per U.S.\$10,000.00 principal amount of Eligible Bonds.	
<i>LKR Option</i>	LKR equivalent of U.S.\$10,000.00 ⁴ principal amount of New LKR Bonds per U.S.\$10,000.00 principal amount of Eligible Bonds, calculated with the following LKR exchange consideration ratios (the " LKR Exchange Consideration Ratios ") per applicable principal amount of Eligible Bonds tendered:	
	<i>New LKR Bond</i>	<i>LKR Exchange Consideration Ratio</i>
	New LKR 2025 Bond	20%
	New LKR 2027 Bond	20%

⁴ Note: LKR/USD exchange rate will be fixed on the Settlement Date in accordance with prevailing market conditions.

	New LKR 2029 Bond	20%
	New LKR 2031 Bond	20%
	New LKR 2033 Bond	20%

INVITATION TO EXCHANGE TIMETABLE:

Launch Date: 04 July 2023 (launch of the Invitation to Exchange)

Expiration Date: 25 July 2023 at 4:00p.m. (IST) (Deadline for Eligible Holders to submit Offers). (Note that the deadlines set by any Designated Agent to Eligible Holders will be earlier than the Expiration Date).

Announcement Date: On or about 28 July 2023 (Announcement of acceptance of Offers by the Republic)

Settlement Date: 31 July 2023 (Settlement of New Bonds vs tendered Eligible Bonds)

The above summarises the anticipated schedule for the Invitation to Exchange, assuming, among other things, that the Democratic Socialist Republic of Sri Lanka does not extend the Expiration Date or terminate Invitation to Exchange early. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in the Exchange Memorandum. All references are to Indian Standard Time (IST) unless otherwise noted. Eligible Holders of the Eligible Bonds should inform themselves of any earlier deadlines that may be imposed by any intermediaries, which may affect the timing of the submission of an Offer or Exchange Instruction. Capitalised terms not defined herein shall have the meanings assigned to them in the Exchange Memorandum.

SECTION A (ELIGIBLE HOLDER'S DETAILS)

NAME OF ELIGIBLE HOLDER:		DATE(DD/MM/YYYY):	
NAME OF DESIGNATED AGENT:		BENEFICIAL OWNER CODE (BOC):	
ADDRESS OF ELIGIBLE HOLDER:		TELEPHONE & MOBILE NUMBER OF ELIGIBLE HOLDER:	
EMAIL ADDRESS OF ELIGIBLE HOLDER:		TAX IDENTIFICATION NUMBER / TAX FILE NUMBER:	

SECTION B (SECURITIES TO OFFER FOR EXCHANGE)

The following table set forth the series of Eligible Bonds subject to a USD Offer 1:

SLDB Certificate No: (Unless already submitted to the CBSL)	ISIN:	SLDB Series:	AMOUNT:	AMOUNT (In words):
	LKH00222H014	2022F Fixed		
	LKH00523A226	2023A Fixed		
	LKG00523A227	2023A Floating		
	LKH00523C164	2023B Fixed		

	LKG00523C165	2023B Float		
	LKH00523E012	2023C Fixed		
	LKG00523E013	2023C Floating		
	LKH00223A017	2023D Fixed		
	LKH00223F156	2023J Fixed		
	LKH00223G154	2023G Fixed		
	LKG00223G221	2023K Floating		
	LKH00223G220	2023K Fixed		
	LKH00223H012	2023M Fixed		
	LKH00223I150	2023N Fixed		
	LKG00223I169	2023O Floating		
	LKH00223I168	2023O Fixed		
	LKH00223J216	2023P Fixed		
	LKH00223K016	2023L Fixed		
	LKH00224A015	2024D Fixed		
	LKH00324A153	2024B Fixed		
	LKH00324E015	2024A Fixed		
	LKH00224H010	2024C Fixed		
	LKG00525A222	2025B Floating		
	LKH00525A221	2025B Fixed		
	LKH00225C018	2025C Fixed		
	LKH00225C166	2025D Fixed		
	LKH00526A153	2026C Fixed		
	LKH00526G309	2026A Fixed		
	LKH00526L150	2026B Fixed		
	LKH00527F150	2027A Fixed		
	LKH00527G224	2027B Fixed		
	LKH00527I162	2027C Fixed		

The following table set forth the series of Eligible Bonds subject to a USD Offer 2:

SLDB Certificate No: (Unless already submitted to the CBSL)	ISIN:	SLDB Series:	AMOUNT:	AMOUNT (In words):
	LKH00222H014	2022F Fixed		
	LKH00523A226	2023A Fixed		
	LKG00523A227	2023A Floating		
	LKH00523C164	2023B Fixed		
	LKG00523C165	2023B Float		
	LKH00523E012	2023C Fixed		
	LKG00523E013	2023C Floating		
	LKH00223A017	2023D Fixed		
	LKH00223F156	2023J Fixed		
	LKH00223G154	2023G Fixed		
	LKG00223G221	2023K Floating		
	LKH00223G220	2023K Fixed		
	LKH00223H012	2023M Fixed		
	LKH00223I150	2023N Fixed		
	LKG00223I169	2023O Floating		
	LKH00223I168	2023O Fixed		
	LKH00223J216	2023P Fixed		
	LKH00223K016	2023L Fixed		
	LKH00224A015	2024D Fixed		
	LKH00324A153	2024B Fixed		
	LKH00324E015	2024A Fixed		
	LKH00224H010	2024C Fixed		
	LKG00525A222	2025B Floating		
	LKH00525A221	2025B Fixed		
	LKH00225C018	2025C Fixed		
	LKH00225C166	2025D Fixed		

	LKH00526A153	2026C Fixed		
	LKH00526G309	2026A Fixed		
	LKH00526L150	2026B Fixed		
	LKH00527F150	2027A Fixed		
	LKH00527G224	2027B Fixed		
	LKH00527I162	2027C Fixed		

The following table set forth the series of Eligible Bonds subject to an LKR Offer:

SLDB Certificate No: (Unless already submitted to the CBSL)	ISIN:	AMOUNT:	AMOUNT (In words):
	LKH00222H014		
	LKH00523A226		
	LKG00523A227		
	LKH00523C164		
	LKG00523C165		
	LKH00523E012		
	LKG00523E013		
	LKH00223A017		
	LKH00223F156		
	LKH00223G154		
	LKG00223G221		
	LKH00223G220		
	LKH00223H012		
	LKH00223I150		
	LKG00223I169		
	LKH00223I168		
	LKH00223J216		
	LKH00223K016		
	LKH00224A015		
	LKH00324A153		

	LKH00324E015		
	LKH00224H010		
	LKG00525A222		
	LKH00525A221		
	LKH00225C018		
	LKH00225C166		
	LKH00526A153		
	LKH00526G309		
	LKH00526L150		
	LKH00527F150		
	LKH00527G224		
	LKH00527I162		

Note: the Beneficial Owner Code (BOC) must be stated for each series of Eligible Bonds

SECTION C (BANK DETAILS)

Required for payment of accrued interest and arrears (if any) and for interest payments and principal repayment

ACCOUNT NO:	
NAME OF THE BANK:	
ADDRESS OF THE BANK:	
BIC CODE (if known):	

Required for Eligible holders opting USD Option 1 or USD Option 2

ACCOUNT NO:	
NAME OF THE BANK:	
ADDRESS OF THE BANK:	
BIC CODE (if known):	

SECTION D (CUSTODIAN ARRANGEMENT, IF ANY)

To be completed if selecting a USD Option and identifying a custodian

NAME:	
MAILING ADDRESS:	
TELEPHONE NUMBER:	
FAX NUMBER:	
EMAIL ADDRESS:	

SECTION E (DESIGNATED AGENT ARRANGEMENT)

To be completed if selecting the LKR Option

NAME:	
MAILING ADDRESS:	
TELEPHONE NUMBER:	
FAX NUMBER:	
EMAIL ADDRESS:	
LANKASECURE ACCOUNT NUMBER:	
BENEFICIAL OWNER CODE (BOC):	

SECTION E (REPRESENTATIONS AND WARRANTIES)

In addition to the other representations, warranties and covenants contained in the Exchange Memorandum, by submitting an Offer or Exchange Instruction each Eligible Holder makes the following representations, warranties and covenants to the Republic:

- (1) the Eligible Holder is or will be the legal owner of record of the Eligible Bonds by the Settlement Date, with full power and authority to make the Offer in respect of Eligible Bonds for the purposes of this Invitation to Exchange;
- (2) the Eligible Holder meets the criteria of an Eligible Holder;
- (3) the Eligible Holder is not an Individual Investor;
- (4) the Eligible Holder has accepted the terms and conditions of this Invitation to Exchange set out in this section and in the Exchange Memorandum generally;
- (5) there are no liens, pledges, charges, security interest, encumbrances, or similar restrictions (for the purposes of this paragraph only, "**restrictions**") on the Eligible Bonds that are the subject of the Offer made by the Eligible Holder; or, if any such restrictions exist at the time the Offer is made, the Eligible Holder has made the necessary arrangements with any beneficiary of the restriction to either (i) remove the restriction at the time any Offer is made, so that the Eligible Bonds may be accepted by the Republic free of such restrictions but subject to the imposition of the restriction on the New Bonds issued in place of the Eligible Bonds by the Eligible Holder (or its custodian) or (ii) to fully discharge the restriction on or before the Settlement Date;
- (6) not to assign, pledge or otherwise transfer or trade in the Eligible Bonds from the date on which an Offer or Exchange Instruction in respect of Eligible Bonds is sent by such Eligible Holder to a Designated Agent until the earlier of the Settlement Date and the termination of the Invitation to Exchange;
- (7) consents to the blocking by the relevant Designated Agent and SPD of any attempt to transfer such Eligible Holders' Eligible Bonds, from the date on which an Offer or Exchange Instruction in respect of Eligible Bonds is sent by such Eligible Holder to a Designated Agent until the Settlement Date or the termination of the Invitation to Exchange; and
- (8) the Eligible Holder agrees to disclose to the Republic and its financial and legal advisors any information that SPD maintains regarding the applicable holder, the legal and beneficial owner of the Eligible Bonds and the Eligible Bonds being tendered, and all the information included in the relevant instruction.

SECTION F (ELIGIBLE HOLDER INSTRUCTIONS TO SPD)

I authorize and instruct the Designated Agent and SPD to block any transfer of the Eligible Bonds described above until the Settlement Date or the termination of the Invitation to Exchange.

I hereby authorise and instruct SPD to execute the exchange of the above referenced Eligible Bonds for New Bonds in accordance with each Option elected above and, if selecting the LKR Option, to reflect such exchange in the relevant CDS securities account(s) held under the name and BOC specified above and to take any other action incidental to the execution of such exchange.

SECTION G (ELIGIBLE HOLDER SIGNATURE)

ELIGIBLE HOLDER'S SIGNATURE		DATE(DD/MM/YYYY)	
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Official Stamp of Eligible Holder:

Name:

Designation of Authorized Officer:

FOR OFFICE USE ONLY (THE DESIGNATED AGENT)			
SIGNATURE of authorised signatory:		DATE(DD/MM/YYYY)	
AUTHORISED BY (Name & ID):			

SPECIMEN

INDEX OF DEFINED TERMS

Acceptance Date.....	12	MOF Website.....	13
Announcement Date	12	Monetary Law Act	13
CDS	12	New Bond(s).....	14
Custodian.....	12	New Bonds.....	2, 18
Designated Agents.....	12	New LKR 2025 Bonds.....	7, 13
EFF.....	6	New LKR 2027 Bonds.....	7, 13
Eligible Bond(s)	12	New LKR 2029 Bonds.....	7, 14
Eligible Bonds	2, 3, 7, 18	New LKR 2031 Bonds.....	7, 14
Eligible Holder	6	New LKR 2033 Bonds.....	7, 14
Eligible Holder(s).....	13	New LKR Bonds.....	14
Eligible Holders.....	1, 18	New USD 2029 Bonds.....	7, 14
Exchange Consideration Ratios.....	13	New USD 2038 Bonds.....	7, 14
Exchange Form.....	13	New USD Bonds.....	14
Exchange Instruction	14	Offer(s).....	14
Exchange Memorandum.....	13	person(s).....	14
Exchange Offer Order	13	Principal Grace Period	4
Exchange Procedures	13	Principal Repayment	4
Expiration Date.....	2, 13	Regulations	14
FLA	13	Republic	2, 14
Government	13	restrictions.....	10, 11, 24
IMF.....	6	RSSO	14
IMF Programme	6	Securities Act.....	i
Individual Investor	1, 13, 18	Settlement Date.....	14
Interest Payment	4	SLFR.....	14
Interest Rate.....	4	SPD	14
Invitation to Exchange.....	2, 13	Sri Lanka.....	2
LankaSettle.....	13	The Eligible Bonds	2
Launch Date	13	U.S.\$	14
LKR.....	13	USD	14
LKR Offer	13	USD Offer.....	14
LKR Option.....	3, 7, 18	USD Offer 1.....	14
Longstop Date	9, 13	USD Offer 2.....	14
Maturity Date	4	USD Option 1	2, 7, 18
MOF	13	USD Option 2	2, 7, 18

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The Secretariat
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