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Investing in this offer involves risks. For information concerning certain risk factors which should be considered by prospective investors, see "risk factors" on pages 60 to 63



## AXXELA FUNDING 1 PLC

RC 1517428

### ~~₦~~50,000,000,000 BOND ISSUANCE PROGRAMME

THIS SHELF PROSPECTUS AND THE SECURITIES THAT IT OFFERS HAVE BEEN APPROVED AND REGISTERED BY THE SECURITIES & EXCHANGE COMMISSION. IT IS A CIVIL WRONG AND CRIMINAL OFFENCE UNDER THE INVESTMENTS & SECURITIES ACT (NO. 29 OF 2007) TO ISSUE A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. THE CLEARANCE AND REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS DOES 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.

THIS SHELF PROSPECTUS IS TO BE READ AND CONSTRUED IN CONJUNCTION WITH ANY SUPPLEMENT THERETO AND ALL DOCUMENTS WHICH ARE INCORPORATED HEREIN, BY REFERENCE AND, IN RELATION TO ANY TRANCHES (AS DEFINED HEREIN) OF INSTRUMENTS, TOGETHER WITH THE APPLICABLE PRICING SUPPLEMENT. THIS SHELF PROSPECTUS SHALL BE READ AND CONSTRUED ON THE BASIS THAT SUCH DOCUMENTS ARE INCORPORATED HEREIN AND FORM PART OF THIS SHELF PROSPECTUS

THE REGISTRATION OF THE SHELF PROSPECTUS AND ANY PRICING SUPPLEMENT THEREAFTER DOES NOT IN ANY WAY WHATSOEVER SUGGEST THAT THE SECURITIES & EXCHANGE COMMISSION ENDORSES OR RECOMMENDS THE SECURITIES OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED THEREIN.

THE ISSUER ACCEPTS RESPONSIBILITY FOR THE INFORMATION CONTAINED IN THIS DOCUMENT. TO THE BEST OF THEIR KNOWLEDGE AND BELIEF (HAVING TAKEN ALL REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE), THE INFORMATION CONTAINED IN THIS DOCUMENT IS IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION.

THIS PROSPECTUS HAS BEEN APPROVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF AXXELA FUNDING 1 PLC 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.

INVESTORS ARE ADVISED TO NOTE THAT LIABILITY FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS SHELF PROSPECTUS IS PROVIDED IN SECTIONS 85 AND 86 OF THE INVESTMENTS & SECURITIES ACT 2007

THIS SHELF PROSPECTUS SHALL BE VALID FOR A PERIOD OF THREE YEARS.

### ISSUING HOUSES/BOOK RUNNERS:

Afrinvest (West Africa)  
Limited



RC 261272

Chapel Hill Denham  
Advisory Limited



RC 1381308

FBNQuest Merchant  
Bank Limited



RC 264978

Rand Merchant Bank  
Nigeria Limited



RC 1031371

Renaissance Securities  
(Nigeria) Limited



RC685973

Stanbic IBTC Capital  
Limited



RC 1031358

Vetiva Capital  
Management Limited



RC485600

THIS SHELF PROSPECTUS IS DATED THE 20<sup>TH</sup> DAY OF MAY, 2020

This Shelf Prospectus will be available on the following websites throughout the Validity Period

[www.axxelagroup.com](http://www.axxelagroup.com)

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# 1. PRESENTATION OF INFORMATION

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The Issuer and Sponsor maintain their books of accounts in Naira and in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

Unless otherwise indicated, financial information set forth herein related to the Issuer and Sponsor and its consolidated subsidiaries (the "Group") has been derived from the Group's audited consolidated and separate financial statements as at and for the year ended 31 December 2018 financial statements (the "2018 Financial Statements"), 31 December 2017 financial statements (the "2017 Financial Statements"), 31 December 2016 financial statements (the "2016 Financial Statements"), 31 December 2015 financial statements (the "2015 Financial Statements"); together, these Financial Statements shall be called ("Financial Statements"). The 2018, 2017, 2016 and 2015 Financial Statements were prepared in accordance with IFRS issued by the International Accounting Standards Board.

The Financial Statements were also prepared in accordance with the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004 ("CAMA") and the Financial Reporting Council Act No. 6, 2011.

The Financial Statements, including the audit report of Ernst & Young ("Auditors") thereon are set forth in this Prospectus. The Financial Statements were audited by the Auditors, in accordance with International Standards on Auditing.

Ernst & Young is the independent auditor of the Company in accordance with the International Standards on Auditing. The firm is located at UBA House (10th & 13<sup>th</sup>) Floors, 57 Marina, Lagos.

Certain statistical information presented in this document on topics such as the Nigerian economy and political landscape and related subjects have been obtained from certain third-party sources, as described herein. This third-party information is presented in the following sections of this document: "Nigeria Overview", and "Risk Factors". Axxela has accurately reproduced such information and as far as the Company is aware and is able to ascertain, from information published by such third parties, no facts have been omitted that would render the information inaccurate or misleading.

Nevertheless, prospective investors are advised to consider this data with caution. Prospective investors should note that some of the Company's estimates are based on such third-party information. The Issuer, Sponsor and the Issuing Houses have not independently verified the figures, market data or other information on which third-parties have based their studies.

Solely for the convenience of the reader, this document presents unaudited translations of certain US dollar amounts into Naira at the rate of US\$1.00 = ₦360.00<sup>1</sup>. No representation is made that the Naira or US dollar amounts in this document could have been converted in US dollars or Naira, as the case may be, at any particular rate.

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<sup>1</sup> Source: NAFEX

## 2. NOTICE TO PROSPECTIVE INVESTORS

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### PRESENTATION OF INFORMATION

This Shelf Prospectus has been prepared by Axxela Limited (“Axxela” or “Company” or “Sponsor”) and Axxela Funding 1 Plc (“Issuer” or “Axxela Funding”) with the assistance of the Issuing Houses in connection with its ₦50,000,000,000 Bond Issuance Programme (pursuant to which the Issuer will issue Bonds with varying maturities) for purposes of giving information to prospective investors in respect of the Issuer, the Sponsor and the Bonds described herein.

Following the registration of this Shelf Prospectus, SEC will register the specific Bonds as issued from time to time, under a Series.

This Shelf Prospectus includes certain statements, estimates and projections with respect to the future performance of the Sponsor and the Issuer. These statements, estimates and projections reflect various assumptions by the Sponsor concerning its anticipated development and expansion 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 performance of the Sponsor 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. Neither this Shelf Prospectus nor any other information supplied in connection with the Programme or the Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Issuing Houses or the Trustees to any person to subscribe for or to purchase the Bonds.

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

The Issuer, Sponsor and members of its Board 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 office of the Lead Issuing Houses as listed on page 18 of this Prospectus on any Business Day during the period of the respective opening and closing dates of the issuance of Bonds under the Bond Issuance Programme, provided the Lead Issuing Houses possess such information or can acquire it without unreasonable effort or expense.

Certain figures included in this Shelf Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

The Sponsor obtained certain statistical and market information that is presented in this Shelf Prospectus in respect of the Nigerian economy and the Nigerian political landscape in general from certain government and other third-party sources as identified where it appears herein.

This third-party information is presented in the following sections of the Shelf Prospectus: “*Nigeria Overview*”, and “*Risk Factors*”. The Sponsor has accurately reproduced such information and as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the information inaccurate or misleading.

There is not necessarily any uniformity of views among such sources as to such information provided. The Company has not independently verified the information included in these sections. Some of the information in this Shelf Prospectus has been derived substantially from publicly available information, such as annual reports,

official data published by the Nigerian government or regional agencies or other third-party sources as indicated in the text. The Company has accurately reproduced such information and, so far as the Company is aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Company has relied on the accuracy of this information without independent verification.

Nevertheless, prospective investors are advised to consider these data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. The Issuer, Sponsor and the Issuing Houses have not independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein has been reproduced from official publications of, and information supplied by, a number of government agencies and ministries, and other governmental and intergovernmental organisations, including:

- the CBN;
- the International Monetary Fund;
- the Nigerian Debt Management Office; and
- the National Bureau for Statistics of Nigeria.

## **FORWARD-LOOKING STATEMENTS**

Certain statements included herein and in any Pricing Supplement may constitute forward looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward looking statements can be identified by the use of forward looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “approximately” “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Issuer and Sponsor’s intentions, beliefs or current expectations concerning, amongst other things, the Issuer and Sponsor’s operating results, financial condition, liquidity, prospects, growth, strategies and the industry in which they operate. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward looking statements are not guarantees of future development of the industry in which the Company operates, as this may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. In addition, even if the Company’s results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Shelf Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from the Company’s expectations are contained in the cautionary statements in this Shelf Prospectus.

The sections of this Shelf Prospectus titled “Risk Factors”, “Description of Axxela Funding 1 Plc” and “Statutory and General Information” contain a more detailed discussion of the factors that could affect the Company’s future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

The Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Shelf Prospectus.

## **STATEMENTS IN THE PRICING SUPPLEMENT**

Following the publication of this Shelf Prospectus, Pricing Supplement(s) will be issued in relation to each issuance of a Series or Tranche of Bonds that are offered for subscription from time to time by the Company under the Programme. Each applicable Pricing Supplement will be cleared and approved by the SEC.

Specific statements on a Bond as contained in the relevant Pricing Supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Shelf Prospectus. Any statements so modified shall not, except as modified or superseded, constitute a part of this Shelf Prospectus.

## **AMENDMENTS TO THE SHELF PROSPECTUS**

In the event of any significant change, material mistake or inaccuracy relating to information included in this Shelf Prospectus, which is capable of affecting the assessment of the Bonds, the Issuer shall prepare an addendum to this Shelf Prospectus. The addendum shall also be subject to the clearance and approval of the Commission.

### 3. DEFINITION OF TERMS

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“Account Bank”	Stanbic IBTC Bank PLC, or any other appointed Bank
“Afrinvest”	Afrinvest (West Africa) Limited
“Afrinvest Securities Limited”	Afrinvest Securities
“Agusto & Co”	Agusto & Co Limited
“Allotment Date”	The date on which Bonds are allotted to successful bidders
“Allotment”	The issue of Bonds to successful bidders pursuant to the relevant Pricing Supplement
“Auditors”	Ernst & Young Nigeria, or any other appointed auditor
“Axxela” or “Company” or “Sponsor”	Axxela Limited
“Axxela Funding” or “Issuer”	Axxela Funding 1 Plc
“Axxela Companies”	Axxela Limited, Central Horizon Gas Company Limited, Gaslink Nigeria Limited, Gas Network Services Limited, Transit Gas and any other portfolio of new ventures
“Bidder”	Any Qualified Investor, as defined by SEC Rules, who makes a bid pursuant to the terms of a Pricing Supplement
“Board” or “Directors”	Board of Directors of Axxela Funding
“Bond Issuance Programme” or the “Programme”	The N50,000,000,000 Bond Issuance Programme being undertaken by Axxela Funding 1 Plc as described in this Shelf Prospectus and each other Pricing Supplement, pursuant to which the Issuer may issue several Series or Tranches of Bonds from time to time with varying maturities, terms and conditions and variable rates of interests; provided however that the aggregate value does not exceed N50,000,000,000
“Bond Maturity Date”	The date specified in the applicable Pricing Supplement on which the bonds are due to be redeemed
“Bondholder”	In relation to any Bonds of a Series or Tranche, a person (whether currently or in the future) registered in the applicable Register of such Tranche or Series of Bonds, as the holder of those Bonds from time to time and shall include the legal, personal representative or successor of such holder and those entered as joint holders
“Bonds”	The instruments that will be issued by the Issuer from time to time in accordance with the terms of the Shelf Prospectus and any subsequent Pricing Supplement

“Bond Trustee”	ARM Trustees Limited or any successor trustee acting on behalf of the Bondholders that may be appointed by the Issuer from time to time, acting in respect of the Bonds and the Notes
“Book”	The "book" is the off-market collation of investor demand by the bookrunner and is confidential to the Bookrunner and Issuer
“Book Runner(s)”	The Issuing House(s) duly appointed by the Issuer to maintain the Book in respect of the Bonds being sold by way of Book Building
“Book Building”	A process of price and demand discovery through which a Book Runner seeks to determine the price at which securities should be issued, based on the demand from Qualified Institutional Investors and High Net-Worth Investors
“Business Day”	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria
“CAC”	Corporate Affairs Commission
“CAGR”	Compound Annual Growth Rate
“CAMA”	Companies and Allied Matters Act Cap C20, LFN, 2004
“CBN”	Central Bank of Nigeria
“Chapel Hill Denham”	Chapel Hill Denham Advisory Limited
“CHGC”	Central Horizon Gas Company Limited, a subsidiary of Axxela
“CITA”	Companies Income Tax Act Cap C21, LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007))
“CNG”	Compressed natural gas
“Conditions” or “Terms and Conditions”	Terms and conditions in accordance with which the Bonds will be issued, set out in the section of this Shelf Prospectus headed “Terms and Conditions of the Bonds”, in the section of the Pricing Supplement headed “Summary of the Offer” and in the Programme Trust Deed
“Co-obligors ”	Axxela Limited, Gaslink Nigeria Limited, or as may be supplemented or replaced from time to time in accordance with the Trust Deeds
“Coupon”	The interest paid on the Bond periodically, expressed as a percentage of the face value of the Bond as specified in the applicable Pricing Supplement

“Coupon Commencement Date”	The date on which the Coupons on each Bond start accruing to Bondholders as specified in the applicable Pricing Supplement
“Coupon Payment Date”	The date on which the Coupons becomes payable to the Bondholders as specified in the applicable Pricing Supplement
“CSCS” or the “Clearing System”	Central Securities Clearing Systems Plc
“Daily Official List”	The publication of The Nigerian Stock Exchange, published daily, detailing price movements and information on all securities quoted on the Exchange
“Daily Quotations List”	The publication of FMDQ OTC Plc, published daily, detailing price movements and information on all securities quoted on the OTC platform
“Dealers”	All Broker/Dealers and Primary Dealers/Market Makers with substantive registrations with the SEC and the NSE/FMDQ, who may be appointed by the Company to facilitate liquidity in the instruments to be issued under the Programme
“Deed of Guarantee”	Where applicable, refers to the deed of guarantee executed by the Guarantor and the Bond Trustee pursuant to a Series
“Events of Default”	All such events as are defined under the Programme Trust Deed
“Exchanges”	The Nigerian Stock Exchange, FMDQ , and any other SEC approved securities exchanges that the Issuer elects to list the Bonds
“FBNQuest MB”	FBNQuest Merchant Bank Limited
“FGN” or “Federal Government”	Federal Government of Nigeria
“Fixed Rate”	The rate of interest payable in respect of Fixed Rate Bonds
“Fixed Rate Bonds”	Bonds in respect of which interest is to be calculated and paid on a fixed rate basis
“Final Terms”	means the document specifying the final terms applicable to a Series
“Floating Rate”	The rate of interest payable in respect of Floating Rate Bonds
“Floating Rate Bonds”	Bonds in respect of which interest is to be calculated and paid on a floating rate basis
“FMDQ” or “FMDQ OTC”	FMDQ Securities Exchange PLC
“Gaslink” or “GNL”	Gaslink Nigeria Limited, a subsidiary of Axxela
“GCR”	Global Credit Ratings Company
“GNSL”	Gas Network Services Limited, a subsidiary of Gaslink

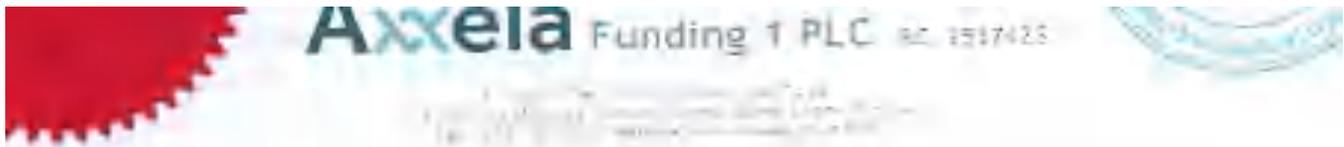
“Guarantee”	The credit enhancement (if applicable) provided by the Guarantor in relation to the applicable Series, the details of which are set out in the Deed of Guarantee
“Guarantor”	The entity providing the Guarantee in relation a Series or Tranche of the Bonds
“High Net-Worth Investors or “HNI”	As defined in the SEC Rules 321
“IFRS”	International Financial Reporting Standards
“ISA”	Investments and Securities Act (No. 29 of 2007)
“Issue Date”	In respect of any particular Series or Tranche, the date on which a Bond is issued and when accrual of the interest on the Bond commences as specified in the applicable Pricing Supplement
“Issue Price”	The price at which a Bond is issued as specified in the applicable Pricing Supplement
“Issuing Houses”	Afrinvest, Chapel Hill Denham Advisory Limited, FBNQuest MB, Renaissance Capital, RMB, Stanbic IBTC Capital Limited, Vetiva Capital, and any other Issuing House that may be appointed by the Issuer either generally in respect of the Programme and/or in relation to a particular Series or Tranche of Bonds
“Lead Issuing House”	Any Issuing House that may be appointed from time to time as Lead adviser for a series of bonds to be issued under the programme
“LFN”	Laws of the Federation of Nigeria 2004
“Master Notes Subscription Agreement”	Means the agreement dated on or about the date of this Prospectus and made between the Issuer, the Note Issuers, and the Bond Trustee in relation to the Notes
“Minimum Reserve Account”	Means an account of such name which the Issuer may establish for a Series pursuant to the relevant Final Terms and which shall be managed by the Bond Trustee or such other trustee specified in the Final Terms
“Naira or “N” or NGN”	Means the Nigerian Naira, the lawful currency of the Federal Republic of Nigeria
“Nigeria”	The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly
“Note Issuers”	means Axxela Limited, Gaslink Nigeria Limited, Transit Gas Nigeria Limited and any subsidiary of Axxela, which provides security and undertaking, accedes to a deed of accession in the form provided in Schedule 4 of the Master Notes

	Subscription Agreement and is entitled to issue Notes in accordance with the Master Notes Subscription Agreement
“Notes”	The notes to be issued by each Note Issuer to Axxela Funding, which shall collectively not exceed the total value of Bonds permitted to be issued under the Bond Issuance Programme
“Payment Account”	Means, in relation to a Series, an account established by the Issuer with the Account Bank under control of the Bond Trustee which shall be funded by the Issuer with instalments to be determined in accordance with the applicable Final Terms;
“PITA”	Personal Income Tax Act Cap, P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011)
“Pricing Supplement” or “Supplementary Shelf Prospectus”	The document(s) with respect to the Bonds to be issued pursuant to the Shelf Prospectus which shall provide final terms and conditions of a specific Series or Tranche of Bonds under the Programme and read in conjunction with the Shelf Prospectus
“Programme Trust Deed”	The Trust Deed between the Issuer, the Co-obligors and the Bond Trustee dated on or about the date of this Shelf Prospectus as may be amended, supplemented or restated from time to time
“Programme Document”	All the agreements and documents, which relate to the Programme
“Qualified Institutional Investor”	As defined in the SEC Rules, institutional purchasers of securities, including Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable PE funds and Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, and Stock Broking Firms
“Qualified Investors”	Qualified Institutional Investors and High Net-Worth Investors
“Register”	The record maintained by the Registrar detailing the particulars of Bondholders, respective Bonds held by each Bondholder and the particulars, transfers and redemption of Bonds held by each Bondholder
“Registrar”	GTL Registrars and Data Solutions Limited or any other person so appointed by the Issuer
“Rencap”	Renaissance Securities (Nigeria) Limited
“RMBN”	Rand Merchant Bank Nigeria Limited
“SEC” or “The Commission”	Securities & Exchange Commission
“SEC Rules”	The Rules and Regulations of the Securities & Exchange Commission issued pursuant to the ISA

“Security Trustee”	STL Trustees Limited or any successor trustee holding the various security interests created on trust for the various creditors, such as banks or bondholders
“Senior Bonds”	Bonds that rank pari passu without any preference of one above the other by reason of priority of date of issue, currency of payment or otherwise with all other senior secured or unsecured obligations of the Company, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment
“Series”	Tranche of Bonds together with any further Tranche or Tranches of Bonds which are: <ul style="list-style-type: none"> <li>i. expressed to be consolidated and form a single series and</li> <li>ii. are identical in all respects (including as to listing) except for their respective Issue Dates, Coupon Payment Dates and/or Issue Prices</li> </ul>
“Series Trust Deed”	A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer and the Bond Trustee with regards to a specific Series under the Programme and empowering the Bond Trustee to hold, administer and manage the applicable assets
“Shelf Prospectus” or “Prospectus”	This document issued in accordance with the SEC Rules, which details the aggregate size and broad terms and conditions of the Programme
“Stanbic IBTC Capital”	Stanbic IBTC Capital Limited
“The Constitution”	The Constitution of the Federal Republic of Nigeria 1999 (as amended)
“The NSE” or “The Exchange”	The Nigerian Stock Exchange
“Tranche”	Bonds which are identical in all respects (including as to listing)
“Transit Gas”	Transit Gas Nigeria Limited, a subsidiary of Axxela
“Trust Deed”	The Programme Trust Deed by which the Bond Issuance Programme is constituted
“Validity Period”	A period expiring three (3) years from the date of SEC approval of this Shelf Prospectus
“VAT”	Value Added Tax
“Vetiva”	Vetiva Capital Management Limited
“Zero Coupon Bond”	A non-interest-bearing Bond or a Bond issued at a discount to its face value

## 4. DECLARATION BY THE ISSUER

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### DECLARATION OF ISSUER

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This Shelf Prospectus has been prepared by the Issuing Houses on behalf of Axxela Funding 1 Plc ("the Issuer") with a view to providing information and disclosures on the Issuer, and the Note Issuers comprising Axxela Limited, Gaslink Nigeria Limited and Transit Gas Nigeria Limited. The parties agree that Axxela Limited and Gaslink Nigeria Limited shall irrevocably and unconditionally guarantee and undertake to act as the primary obligors with respect to the payment and performance of all of the obligations under the Notes issued by the Note Issuers provided that the obligation of Transit Gas Nigeria Limited shall be limited to the payment of principal and interest outstanding on any Note issued by it.

On behalf of the Board of Directors, we hereby make the following declarations:

1. We confirm that the information contained in this Shelf 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 Issuer as at the date of this document; and
3. The Issuer is not in breach of any terms and conditions in respect of borrowed monies which would result in the occurrence of any event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of this Shelf Prospectus; and
4. No prosecution has been commenced against the Issuer during the preceding 12 (twelve) months in respect of any breach or contravention of any securities law or the CAMA or the listing requirements of a recognised Securities Exchange.

Signed for and on behalf of  
Axxela Funding 1 Plc  
by its duly authorised representatives:

A handwritten signature in black ink, appearing to be "Mobolaji Osunsanya", written over a horizontal line.

**Mobolaji Osunsanya**  
Director

A handwritten signature in black ink, appearing to be "Omoboyede Olusanya", written over a horizontal line.

**Omoboyede Olusanya**  
Director

A handwritten signature in black ink, appearing to be "Tuoyo Ejuoyitche", written over a horizontal line.

**Tuoyo Ejuoyitche**  
Company Secretary

## 5. DECLARATION BY THE SPONSOR



### DECLARATION OF THE SPONSOR

We are Sponsors of Axxela Funding 1 Plc ("the Issuer") in relation to the transactions contemplated in this Shelf Prospectus which has been prepared by the Issuing Houses on behalf of the Issuer with a view to providing information and disclosures on the Issuer, and the Co-Obligors (Axxela Limited and Gaslink Nigeria Limited) in connection with the Bonds to be issued as indicated in the Shelf Prospectus.

On behalf of the Board of Directors of Axxela Limited, we hereby make the following declarations:

1. We confirm that the information contained in this Shelf 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 and there has been no material adverse change in the prospects of the Issuer since the date of this document;
3. The Issuer is not in breach of any of the terms and conditions in respect of borrowed monies which would result in the occurrence of any event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of this Shelf Prospectus; and
4. No prosecution has been commenced against the Issuer during the preceding 12 (twelve) months in respect of any breach or contravention of any securities law or the Companies and Allied Matters Act, Cap C20, Laws of the Federation of Nigeria, 2004 or the listing requirements of a recognised Securities Exchange.

Signed for and on behalf of  
Axxela Limited  
by its duly authorised representatives:

Mobolaji Osunsanya  
Director

Tuoyo Ejueyitchie  
Company Secretary

Omoboyede Olusanya  
Director

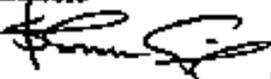
## 6. PARTIES TO THE OFFER

### PARTIES TO THE ISSUE

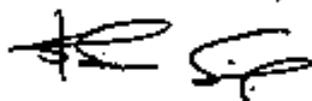
#### The Issuer

Accela Funding 1 Plc  
The Wings Office Complex, East Tower  
17A, Ozumba Mbadawe Avenue  
Victoria Island, Lagos

#### Issuer's Board of Directors

Mr. Boye Olusanya   
(Chairman)

Mr. Mobolaji Osunsanya   
(Chief Executive Officer)

Mr. Ogbemi Ofuya   
(Director)

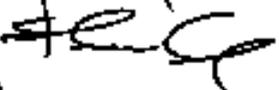
Mr. Tuoyo Ejueyichie   
(Company Secretary)

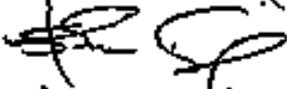
#### The Sponsor

Accela Limited  
The Wings Office Complex, East Tower  
17A, Ozumba Mbadawe Avenue  
Victoria Island, Lagos

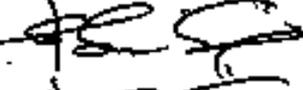
#### Sponsor's Board of Directors

Mr. Boye Olusanya   
(Chairman)

Mr. Mobolaji Osunsanya   
(Chief Executive Officer)

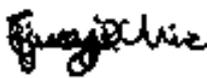
Mr. Jeremy Banding   
(Director)

Mr. Kaat Van Hecke   
(Director)

Mr. Nitin Kani   
(Director)

Mr. Tope Lawani   
(Director)

Mr. Ogbemi Ofuya   
(Director)

Mr. Tuoyo Ejueyichie   
(Company Secretary)

PROFESSIONAL PARTIES TO THE ISSUE

Issuing House:

Chapel Hill Denham Advisory Limited  
1st Floor, 45 Saka Tinubu Street  
Victoria Island  
Lagos

*Kemi Awodan*  
Kemi Awodan

Issuing House:

FBNQuest Merchant Bank Limited  
10 Keffi Street, off Awolowo Road  
South-West Ikoyi  
Lagos

*Taiwo Okedun*  
Taiwo Okedun

Issuing House:

Renaissance Securities (Nigeria) Limited  
6th Floor, East Tower, Wings Office Complex  
Victoria Island  
Lagos

*Seun Olayinka*  
Seun Olayinka

Issuing House:

Afrinvest (West Africa) Limited  
27 Gerrard Road  
Ikoyi  
Lagos

*Victor Nwukauba*  
Victor Nwukauba

Solicitors to the Issuer:

The New Practice (TNP)  
49 Raymond Njoku Street  
Ikoyi  
Lagos

*Baba Alokolaro*  
Baba Alokolaro

Auditors:

Ernst & Young  
2 Bayo Kuku Road  
Ikoyi  
Lagos

*(Sponsor's Auditor)*  
*Adeyemi Adeyemi*  
Adeyemi Adeyemi

Ratings Agency:

Agusto & Co Limited  
5th Floor, UBA House  
57 Marina  
Lagos

*Adebiyi Oluwoya*  
*E Oluwoya*  
Adebiyi Oluwoya

Issuing House:

Stanbic IBTC Capital Limited  
I.B.T.C Place, Walter Carrington Crescent  
Victoria Island  
Lagos

*Kobby Benson-Enyetill*  
Kobby Benson-Enyetill

Issuing House:

Rand Merchant Bank Nigeria Limited  
3rd Floor, Wings East Tower  
17A Ozumba Mbadiwe Street  
Victoria Island  
Lagos

*Dalu Aiyene*  
Dalu Aiyene

Issuing House:

Vetiva Capital Management Limited  
266B Kofo Abayomi Street  
Victoria Island  
Lagos

*Abadebo Adenrele*  
Abadebo Adenrele

Solicitors to the Offer:

Aluko & Oyebo  
1 Murtala Muhammed Drive  
Ikoyi  
Lagos

Reporting Accountant:

Pricewaterhouse Coopers  
5B Water Corporation Road  
Landmark Towers  
Victoria Island  
Lagos

Stockbrokers

Afrinvest Securities Limited  
27 Gerrard Road  
Ikoyi  
Lagos

*Ayodeji Ebo*  
Ayodeji Ebo

Ratings Agency:

Global Credit Rating Co.  
11th Floor, New Africa House  
31 Marina  
Lagos

*Salialiyi Fajana*  
Salialiyi Fajana

Registrar:  
GTL Registrars and Data Solutions Limited  
274 Murtaqa Muhammed Way  
Yaba  
Lagos

*Mary Adeleye*

Bond Trustees:  
ARM Trustees Limited  
1, Mekunwen Road  
Off Oyinkan Abayomi Drive  
Ikoyi  
Lagos

*Sadiq Mohammed*

Receiving Bank:  
First Bank of Nigeria Limited  
Samuel Asabia House  
35 Marina  
Lagos

*Rotimi Adesanya*

Security Trustees:  
STL Trustees Limited  
30 Marina  
Lagos

*Funmi Ekundayo*

Trustees advised by:  
Olaniwun Ajayi LP  
The Adunola  
Plot L2 Banana Island  
Ikoyi  
Lagos

Receiving Bank:  
Stanbic IBTC Bank PLC  
I.B.T.C Place, Walter Carrington Crescent  
Victoria Island  
Lagos

*Adedayo Adesanya*

## 7. THE PROGRAMME

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A copy of this Shelf Prospectus and the documents specified herein have been delivered to the SEC for clearance and registration. The registration of this Shelf Prospectus and any subsequent Pricing Supplement shall not be taken to indicate that the SEC endorses or recommends the Bonds to be issued under the Programme or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Shelf Prospectus is being issued in compliance with the provisions of ISA, the Rules and Regulations of The Commission and the listing requirements of the relevant Exchanges and contains particulars in compliance with the requirements of the SEC for the purpose of giving information to the public with regards to the Programme. In the event that any issue under the Programme is to be listed, an application will be made to either the Governing Council of The NSE for the admission of such Bonds to its Daily Official List or to the FMDQ-OTC Plc, or any other SEC approved Exchange for the admission of the Bonds to its Daily Quotations List (as determined by the Issuer).

The Directors of the Issuer and Sponsor have taken all reasonable care to ensure that the information concerning Axxela and Axxela Funding contained in this Prospectus are 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 Axxela and Axxela Funding, the omission of which would make misleading any statement herein.

### ISSUING HOUSES/BOOK RUNNERS:



RC 261272



RC 1381308



RC 264978



RC 1031371



RC685973



RC 1031358



RC485600

On behalf of

**AXXELA FUNDING 1 PLC**

is authorised to issue this Shelf Prospectus in respect of the

**₦50,000,000,000 Bond Issuance Programme**

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**This Shelf Prospectus has been registered with SEC. The registration of this Shelf Prospectus and any subsequent Pricing Supplement shall not be taken to indicate that 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 contains:**

1. on page 15, the declaration to the effect that the Issuer did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the twelve calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
2. on page 52, an extract of the Rating Report on the Company by GCR, for incorporation in this Shelf Prospectus; and

3. on page 68, the litigation opinion issued by the Solicitors to the Offer, Aluko & Oyeboade, on the effect of any claims and litigation against the Sponsor on the Programme.

**Validity Period of the Shelf Prospectus and Delivery of Documents:**

This Shelf Prospectus is valid until April, 2023. No Bonds shall be issued on the basis of this Shelf Prospectus read together with the applicable Pricing Supplement(s) later than the date of Validity.

This Shelf Prospectus can be obtained at the office of the Issuer, the Lead Issuing Houses and the Joint Issuing Houses throughout its Validity Period

## **8. TRANSACTION OVERVIEW**

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*The information contained in this section is a summary of certain aspects of the Programme and the principal features of the Bonds; and the related Programme Documents. This summary does not contain all of the information that you should consider before investing in any particular Series of Bonds under this Programme nor does it purport to be complete. Therefore, it should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented in the remainder of this Shelf Prospectus and to the detailed provisions of each of the Programme Documents and the applicable Pricing Supplement/Supplementary Shelf Prospectus. Investors should read the entire Shelf Prospectus carefully, especially the risks involved in investing in any particular Series of Bonds under this Programme which are discussed under “Risk Factors”:*

### **8.1 ISSUANCE OF BONDS**

The Issuer is a special purpose vehicle set up specifically to raise capital and finance each Note Issuer’s funding requirements, by issuing Bonds to the general public, especially Qualified Investors.

The Issuer will issue bonds from time to time not exceeding an aggregate principal amount of ~~€~~50 billion under the Bond Issuance Programme. The net proceeds of each issue of Bonds by the Issuer under the Programme will be passed through and/or advanced to the Note Issuers through Notes issued by the Note Issuers to Axxela Funding under the terms of the Master Notes Subscription Agreement.

The Co-Obligors shall have joint and several obligations to repay the aggregate principal amount outstanding and interest under the Trust Deed and/or the Master Notes Subscription Agreement in accordance with the applicable Final Terms.

Transit Gas; a Note Issuer under the Master Notes Subscription Agreement shall be able to access the net proceeds of each issue of Bonds through Notes issued by it to Axxela Funding. However, unlike the Co-Obligors, Transit Gas’ obligation in relation to the Notes shall be limited to the payment of principal and interest outstanding on any Note issued by it.

The Bond Trustee shall hold the benefit of the repayment obligations of all monies payable in respect of all monies passed through/advanced to the Note Issuer under the Master Notes Subscription Agreement on trust for the benefit of the Bondholders.

### **8.2 GUARANTEE**

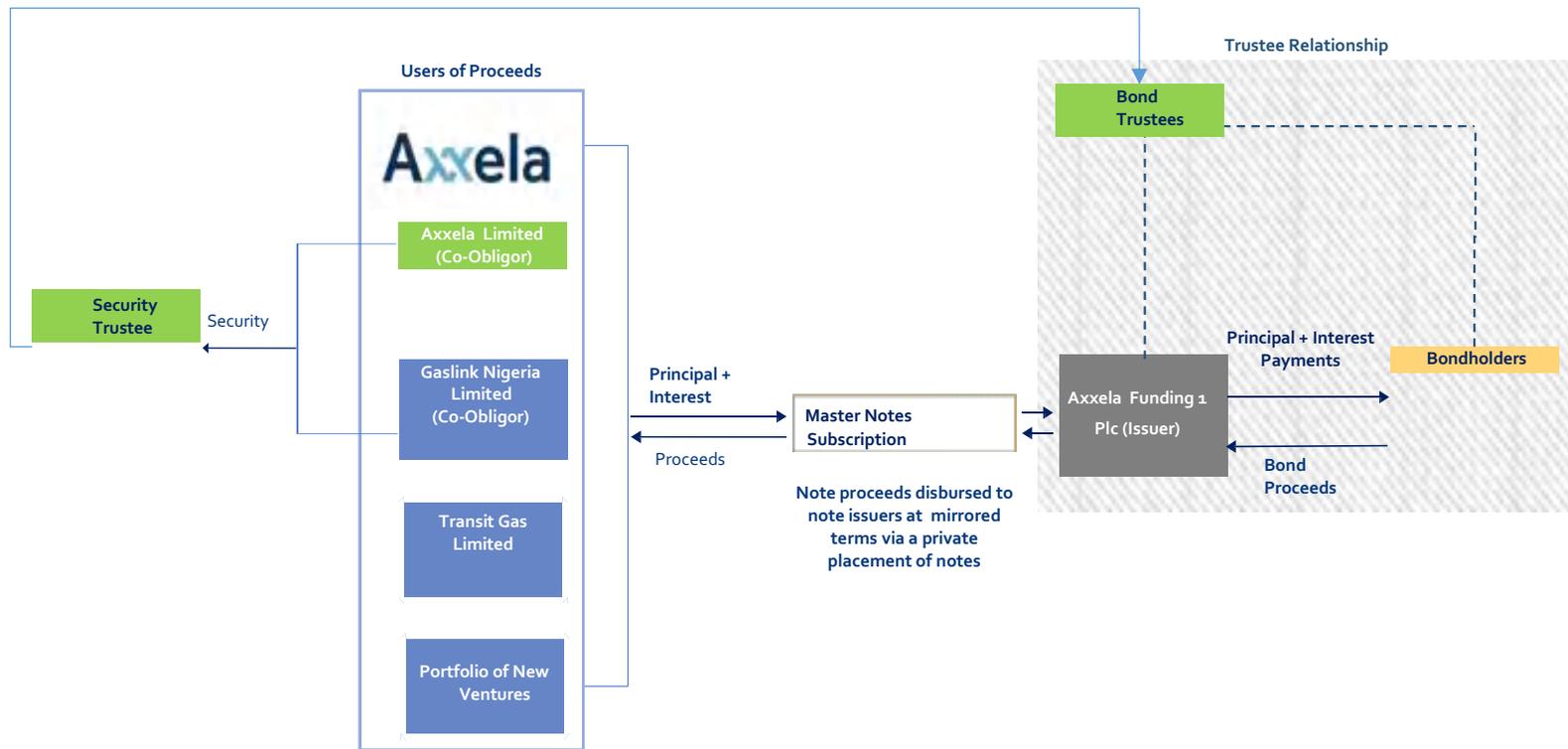
The Issuer and Co-Obligors’ obligations under any Series of Bonds may, where applicable, be subject to the benefit of a guarantee of up to the amount specified in the relevant Deed of Guarantee. The Guarantor’s obligations, where applicable, under such Guarantee shall rank at least *pari passu* with all present and future senior direct obligations of the Issuer and Co-Obligors under the applicable Series of Bonds.

### **8.3 FUNDING OF TRANSACTION ACCOUNTS**

Where specified in the applicable Final Terms, the Co-Obligors may be required to maintain a Payment Account under the control of the Bond Trustee and in accordance with the Trust Deed, as well as a Minimum Reserve Account (where applicable).

The Co-Obligors shall fund their payment obligations by crediting the Payment Account using their cash flows in accordance with the Series Trust Deed/Pricing Supplement applicable to the relevant Series of Bonds. The Co-Obligors shall also maintain the Minimum Reserve Account, where applicable, in such minimum reserve amounts determined under the applicable Final Terms for the relevant Series of Bonds.

## TRANSACTION STRUCTURE DIAGRAM



Key features of the Programme include:

- ✦ Axxela Funding will issue Bonds to Qualified Investors.
- ✦ Axxela Funding will use the net proceeds of the Bonds issued under the Programme to purchase the Notes through a private placement programme constituted by the Master Notes Subscription Agreement.
- ✦ The repayment obligations on the Bonds under the Programme will be the joint and several obligations of the Co-Obligors contracting as primary obligors to the Bonds alongside the Issuer under the Programme Trust Deed.
- ✦ The Co-Obligors and / or will pay interest and principal amounts due to Axxela Funding under the Trust Deed and/or a Master Notes Subscription Agreement respectively directly to the Payment Account held by the Bond Trustee to fund full payment by the Issuer of the interest and principal due on the Bonds to Bondholders pursuant to the Trust Deed.
- ✦ Axxela Limited and Gaslink Nigeria Limited shall irrevocably and unconditionally guarantee and undertake to act as the primary obligors with respect to the payment and performance of all of the obligations under the Notes issued by the Note Issuers provided that the obligation of Transit Gas Nigeria Limited shall be limited to the payment of principal and interest outstanding on any Note issued by it.

## 9. PARTICULARS OF THE PROGRAMME

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### 9.1 SUMMARY OF TERMS & CONDITIONS OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and qualified in its entirety by the remainder of this Shelf Prospectus and, in relation to the terms and conditions of any particular Tranche and, the applicable Pricing Supplement. Words and expressions defined in “*Form of the Bonds*” and “*Terms and Conditions of the Bonds*” shall have the same meaning in this summary:

<b>ISSUER:</b>	Axxela Funding 1 Plc
<b>SPONSOR:</b>	Axxela Limited
<b>CO-OBLIGORS:</b>	Axxela Limited, Gaslink Nigeria Limited, as may be supplemented or replaced from time to time in accordance with the Trust Deed
<b>NOTE ISSUERS</b>	Axxela Limited, Gaslink Nigeria Limited, Transit Gas Nigeria Limited and any subsidiary of Axxela, which provides security and undertaking, accedes to a deed of accession in the form provided in Schedule 4 of the Master Notes Subscription Agreement and is entitled to issue Notes in accordance with the Master Notes Subscription Agreement.
<b>GUARANTOR</b>	The entity providing the Guarantee in relation to a Series or Tranche of the Bonds.
<b>PROGRAMME DESCRIPTION:</b>	<p>A Bond Issuance Programme being undertaken by Axxela Funding 1 Plc through which a Bond or a Series of Bonds with varying maturities will be issued.</p> <p>Under the terms of the Programme, convertible and non-convertible Bonds, Senior or Subordinated Bonds, Secured or Unsecured Bonds, Fixed Rate Bonds, Floating Rate Bonds, Zero Coupon Bonds and any combinations thereof may be issued, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuer and the Issuing Houses and specified in the relevant Pricing Supplement.</p> <p>The Bonds shall be constituted by the Programme Trust Deed. A Series Trust Deed will be issued in respect of each Series.</p>
<b>JOINT ISSUING HOUSE/BOOK RUNNERS:</b>	Afrinvest (West Africa) Limited, Chapel Hill Denham Advisory Limited, FBNQuest Merchant Bank Limited, Rand Merchant Bank Nigeria Limited, Renaissance Securities (Nigeria) Limited, Stanbic IBTC Capital Limited, and Vetiva Capital Management Limited or any other Issuing House specifically stated in a Pricing Supplement.
<b>REGISTRAR/PAYING AGENT:</b>	GTL Registrars and Data Solutions Limited and/or such other registrar as may be specified in the relevant Pricing Supplement.

<b>LISTING:</b>	Each Tranche or Series of the Bonds may be listed on recognized securities exchanges such as the FMDQ-OTC, The Nigerian Stock Exchange and/or other relevant Exchanges as specified in the applicable Pricing Supplement
<b>PROGRAMME AMOUNT:</b>	N50,000,000,000 (Fifty Billion Naira) only.
<b>METHODS OF ISSUE:</b>	Bonds under this Programme may be issued via a book build, public offering, private placement and/or any other such methods as described in the Pricing Supplement and as approved by the SEC.
<b>ISSUANCE IN SERIES:</b>	The Bonds will be issued in series and each Series may comprise one or more Tranches issued on different dates. The Bonds in each Series will be subject to identical terms, whether as to currency or maturity or otherwise, except that the Issue Date, the Issue Price and Coupon Commencement Dates may be different. Details applicable to each Series will be specified in the relevant Pricing Supplement.
<b>INTEREST RATES:</b>	Bonds may be interest-bearing or non-interest bearing. Interest (if any) may be at a fixed or floating rate and may vary during the lifetime of the relevant Series.
<b>USE OF PROCEEDS<sup>2</sup></b>	The proceeds from all Bonds issued under the Programme shall be used to purchase Notes issued by the Note Issuers.
<b>CURRENCIES:</b>	Bonds will be denominated in Naira
<b>STATUS OF THE BONDS:</b>	<p>The Bonds may be Senior secured or unsecured as indicated in the relevant Pricing Supplement.</p> <p>Senior secured Bonds shall constitute direct, unconditional and secured obligations of the Issuer and Co-obligors and shall at all times rank <i>pari passu</i> and without any preference among themselves by reason of priority of date of issue, currency of payment or otherwise. The payment obligations of the Issuer under the senior secured Bonds shall at all times rank at least equally with all other senior secured obligations of the Issuer, present and future, except for obligations mandatorily preferred by law applying to companies generally or 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 as provided in the applicable Final Terms</p> <p>Senior unsecured Bonds shall constitute direct, unconditional and unsecured obligations of the Issuer and Co-obligors and shall at all times rank <i>pari passu</i> and without any preference among themselves. The payment obligations of the Issuer in respect of principal and any interest thereon shall at all times rank at least equally with all other unsecured indebtedness and monetary obligations of the Issuer, present and future,</p>

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<sup>2</sup> The Issuer will receive the net proceeds of each issuance after the deduction of the cost of the issuance

but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

- RATINGS:** The Bonds issued under this Programme will be rated by one or more ratings agencies at the instance of the Issuer. The Rating Report will be set out in the relevant Pricing Supplement.
- EVENTS OF DEFAULT:** The events of default under the Bonds are as specified within the Series Trust Deed(s).
- FORM OF THE BONDS:** The Bonds shall be issued in registered form and shall be transferable. The issue and ownership of the Bonds will be effected and evidenced by the particulars of the Bond and the respective Bondholders being entered in the Register by the Registrar and the Bonds being electronically registered in the Central Securities Clearing System accounts of the Bondholders
- ISSUE PRICE:** Bonds may be issued at par or at a discount or premium to par.
- MATURITY OF BONDS:** Bonds may be issued with such maturities as may be agreed with the Issuer and as indicated in the applicable 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 Company and the relevant Issuing Houses and as specified in the relevant 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 relevant Pricing Supplement(s) and subject to any applicable laws, regulations and other regulatory requirements.
- REDEMPTION:** Bonds may be redeemable at par or at such other redemption amount as may be specified in the relevant Pricing Supplement.
- NEGATIVE PLEDGE:** So long as any portion of the Programme remains outstanding the Issuer/Co-obligor hereby covenants that it shall not, without the prior consent of the Trustees in writing (such consent not to be unreasonable conditioned, delayed), create or permit to subsist any pledge, lien, mortgage or charge (whether fixed or floating) on the whole or any part of its undertaking, property or assets or revenues, present or future, to secure any Financial Indebtedness or any guarantee of or indemnity in respect of any Financial Indebtedness of the Issuer/ Co-Obligor other than a Permitted Security.
- WAIVER:** Without prejudice to the provisions of the Trust Deed, the Bond Trustees may, without the consent of the Holders and without prejudice to their

rights in respect of any subsequent breach, from time to time and at any time, if in their opinion the interests of the Holders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to them, any breach or proposed breach by the Issuer of the Trust Deed or the Conditions or determine that an Event of Default shall not be treated as such provided that the Bond Trustees shall not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Clause 30. No such direction or request shall affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination shall be binding on the Holders and shall be notified to the Holders as soon as practicable.

**MODIFICATION:**

Without prejudice to the provisions of the Trust Deed, the Bond Trustees may agree with the Issuer, without the consent of the Holders but subject to the SEC approval, to any modification to the Trust Deed of a formal, minor or technical nature or to correct a manifest error. The Bond Trustees may also so agree, subject to SEC approval, to any modification to the Trust Deed that is in their opinion not materially prejudicial to the interests of the Holders.

**GOVERNING LAW:**

The Bonds and all related contractual documentation will be governed by, and construed in accordance with Nigerian law.

**TERMS AND CONDITIONS:**

The terms and conditions applicable to each Series (the "Terms and Conditions") will be agreed between the Issuer and the relevant Issuing Houses or other purchaser at or prior to the time of issuance of such Series, and will be specified in the relevant Pricing. The Terms and Conditions applicable to each Series will therefore be those set out in the relevant Pricing Supplement.

**TAXATION**

Please refer to the section "*Tax Considerations*" on page 38 for a detailed description of the tax considerations.

**OTHER CONDITIONS:**

Such other Terms and Conditions as may be incorporated by reference to, modified by, or supplemented by applicable Pricing Supplement for the Issue.

## 10. TAX CONSIDERATIONS

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*The summary below does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective investor in the Bonds issued under the Programme. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Bonds issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Bonds issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Bonds may vary. Any actual or prospective purchaser of the Bonds who intends to ascertain his/her tax position should seek independent professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Bonds bearing in mind his/her peculiarities. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Bonds in any manner for placing reliance upon the contents of this section.*

Under current legislation in Nigeria, statutory provisions relating to the tax consequences of an investment in the Bonds to be issued under the Programme are quite broad and extensive. These include exemption from CITA, VAT and PITA respectively, by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011. For corporate bodies, this exemption has a lifespan of 10 years commencing on the effective date of 2nd January 2012. There is currently no limit on the exemption available to individuals, however.

In addition, the Bonds qualify for a waiver from Capital Gains Tax by virtue of the ten (10) year tax waiver approved by the Federal Government in March 2010.

## **11. CREDIT STRUCTURE OF THE PROGRAMME**

*The Bonds issued under the Programme may include any of or all of the following structural features designed to reduce credit risk and ensure the timely payment of amounts owed to the Bondholders. The structural features below are not applicable to the all Bonds issued under the Programme, specific structural features applicable to each series of the Bonds will be as set out in the applicable Final Terms.*

### **11.1 ESTABLISHING AND FUNDING OF TRANSACTION ACCOUNTS**

#### **Minimum Reserve Account**

Where applicable and as specified in the applicable Final Terms, the Issuer shall, on or before the Closing Date of any relevant Tranche or Series of Bonds, open the Minimum Reserve Account.

Where applicable, the Minimum Reserve Account shall be initially funded on the Closing Date with such amount specified in the Final Terms or calculated or determined in accordance with the provisions of the Final Terms.

#### **Payment Account**

Where applicable as specified in the applicable Final Terms, the Issuer shall also in respect of any relevant Series of Bonds open the Payment Account on the Closing Date in the name of the Bond Trustee. The Payment Account shall be funded by the Co-Obligors from their cash flow on such frequency and in such instalments specified in the applicable Final Terms ("the Funding Date"), for the purpose of accumulating monies to pay Interest on any Interest Payment Date and repay the Principal Amount on any Payment Date and Maturity Date. The money standing to the credit of the Payment Account on any Payment Date shall be equal to the aggregate Interest Amount and Principal Amount due on the relevant Series on the relevant date.

#### **Joint & Several Obligations of the Co-obligors**

In accordance with the Programme Trust Deed, each of the Co-obligors shall under the Trust Deed and/or Master Subscription Note Agreement (where applicable), jointly and severally, irrevocably and unconditionally guarantee, and undertake, not merely as a surety but also as a primary obligor and co-debtor, joint and several liability with the Issuer, with respect to the payment (immediately on demand, in immediately available funds, without any deduction, set-off, counterclaim or withholding of any kind (including without limitation, on account of taxes)), and performance of all of the obligations the Issuer may from time to time be obliged to pay under or pursuant to the Trust Deed, which obligations of the Co-Obligors shall include monetary damages arising out of any failure by the Issuer to perform its obligations under the Trust Deed or any other Programme Document, to the extent that any failure to perform such obligations gives rise to monetary damages, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the Co-Obligors without preferences or distinction among them (the "Obligations"). The Obligations of the Issuer in the Trust Deed shall be incorporated into and form part of the Master Subscription Note Agreement (where applicable).

If and to the extent that any of the Co-obligors shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then, in each such event, the other Co-obligors will make such payment with respect to, or perform, such Obligation.

Transit Gas' obligation to pay any principal amount outstanding and coupon due to Axxela Funding in relation to the Notes shall be limited to the payment of principal and interest outstanding on any Note issued by it.

The obligations of each of the Co-obligors under the Trust Deed and/or the Master Subscription Note Agreement (where applicable) are continuing obligations and shall extend to the ultimate balance of sums payable by the Issuer under the Trust Deed and the Bonds, regardless of any intermediate payment or discharge in whole or in part.

#### **Authorised Investments**

Where specified in the applicable Final Terms, the Bond Trustee may at its discretion and pending payment, invest moneys at any time available for the payment of principal and interest on the Bonds in Authorised Investments for

such periods as it may consider expedient with power from time to time at the like discretion to vary such investments. All interest and other income deriving from such investment shall be applied first in payment or satisfaction of all amounts then due and payable to the Bond Trustee and held for the benefit of and paid to the Bondholders of the series of Bond in respect of which the monies invested were, in the opinion of the Bond Trustee, received or to which they were attributed

#### **Guarantee of Issuer's Payment Obligation**

Where applicable to any Series of the Bonds, the Guarantor shall pursuant to the Guarantee, irrevocably and unconditionally guarantee to the Bond Trustee, for and on behalf of the Bondholders, by way of continuing guarantee the due and punctual observance by the Issuer of all its payment obligations of principal and/or interest payable (if any) pursuant to the Terms and Conditions of the relevant Bonds issued by the Issuer.

The intent and purpose of the Guarantee, where applicable, is to ensure that the Bondholders shall, under all circumstances and regardless of any factual and legal circumstances, motivations and considerations on the basis of which the Issuer may fail to effect payment, receive principal and interest and additional amounts payable pursuant to the terms and conditions of the relevant Bonds on the due dates in accordance with the relevant terms \and conditions.

The Guarantee constitutes a contract in favour of the Bondholders as third-party beneficiaries entitling the Bond Trustee to require performance of the obligations undertaken by the Guarantor and to enforce such obligations against the Guarantor.

Accordingly, the Guarantor shall at any time upon first written demand by the Bond Trustee pay all amounts required under the Guarantee without any restrictions in case the Issuer should for any reason fail to pay the amounts due.

#### **Financial Covenants**

The financial covenants applicable to each series of the Bonds will be as set out in the applicable Final Terms.

## 12. INDUSTRY OVERVIEW

*The information in this section has been extracted from documents and other publications released by various officials and other public and private sources, such as the CBN, the International Monetary Fund ("IMF"), the Nigerian Bureau of Statistics ("NBS"), as indicated herein. There is not necessarily any uniformity of views among such sources as to such information provided. We have not independently verified the information included in this section. The information in this section has been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies or other third party sources as indicated in the text.*

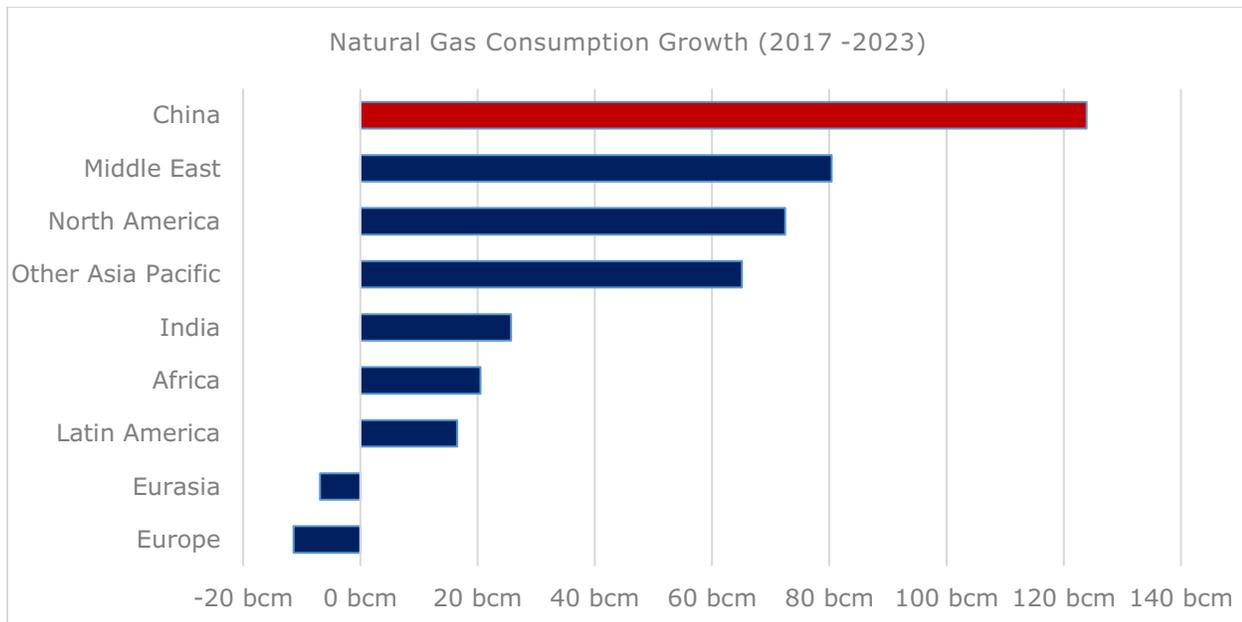
### 12.1 THE GLOBAL NATURAL GAS MARKET

Natural gas is in the midst of a rapid growth phase. Since 2010, average global gas consumption has grown by 1.8% per year, making it the fastest growing energy source other than renewable power. In that time, the global gas industry has gone through a significant transformation, characterized by the North America shale boom, the rapid growth of LNG, and the development of new gas markets in Asia and the Middle East. This growth is as a result of the multiple benefits offered by gas as a clean, abundant, flexible, and cost-effective fuel.

#### Natural Gas Demand Outlook

*China is set to dominate rising gas demand*

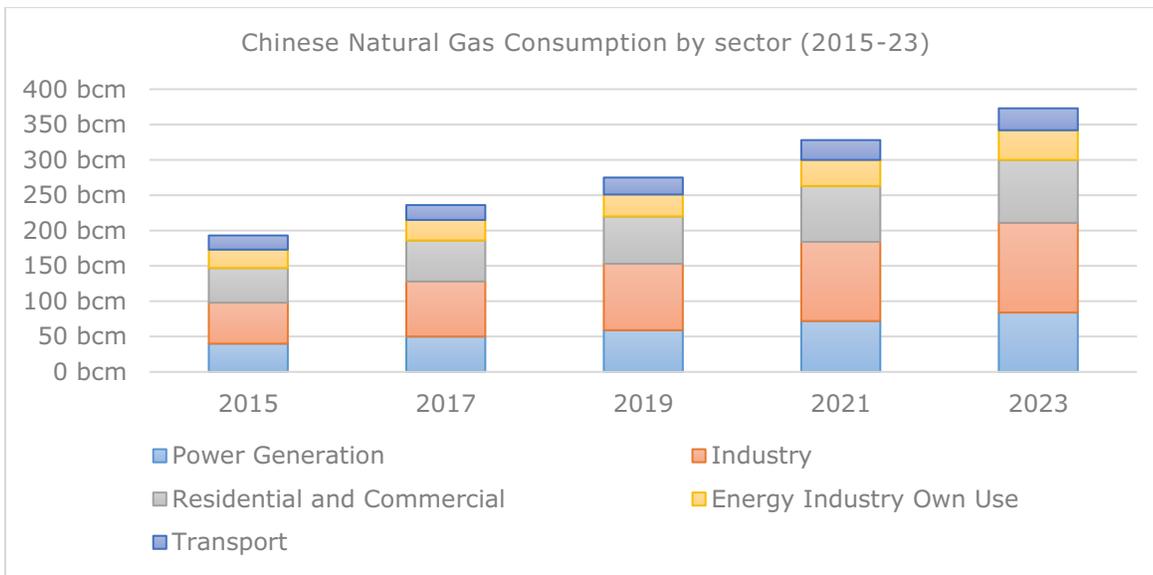
Global demand for natural gas is forecast to increase at an average 1.6% over the next five years with emerging Asian markets as the main engine for demand. China alone accounts for a third of global demand growth to 2023 thanks in part to the country's "Blue Skies" policy and the strong drive to improve air quality.



Source: OECD/IEA

*... Driven by demand from industry*

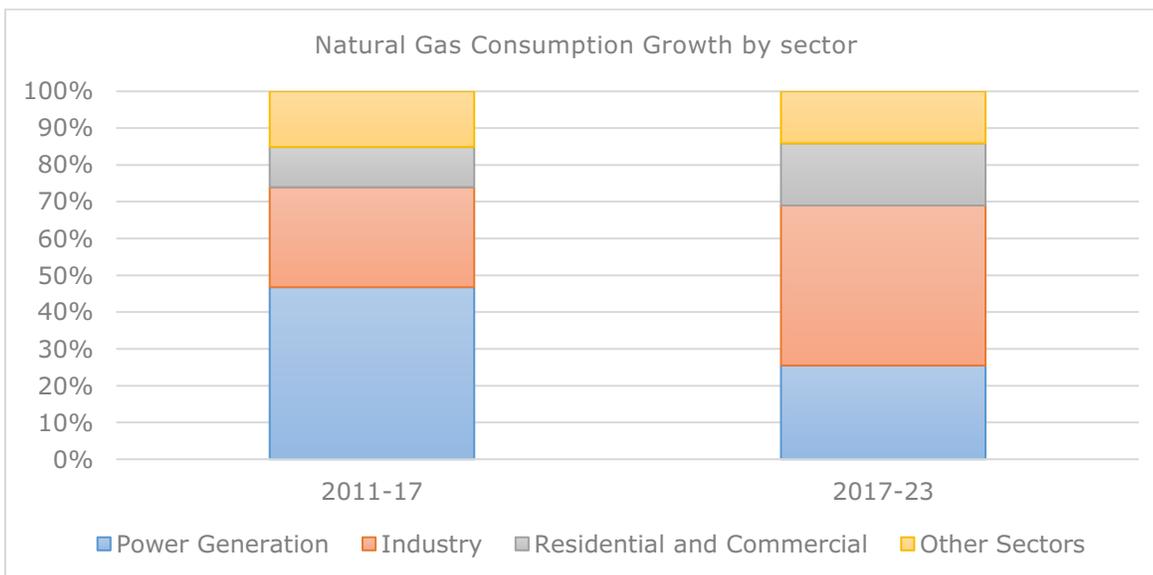
Industry or otherwise known as industrial sector will be the main driver for gas consumption growth in China, led by the chemical and manufacturing sectors. Meanwhile, gas demand in the residential and commercial sectors are clearly benefiting from the ongoing coal-to-gas switch.



Source: OECD/IEA

*Industry also drives demand growth around the world*

Globally, the industrial sector is set to replace power generation as the main driver of growth, with natural gas being used for not only energy for processes but also feedstock for chemicals. This includes fertilisers in emerging economies and feedstock for petrochemicals in regions with abundant natural gas.

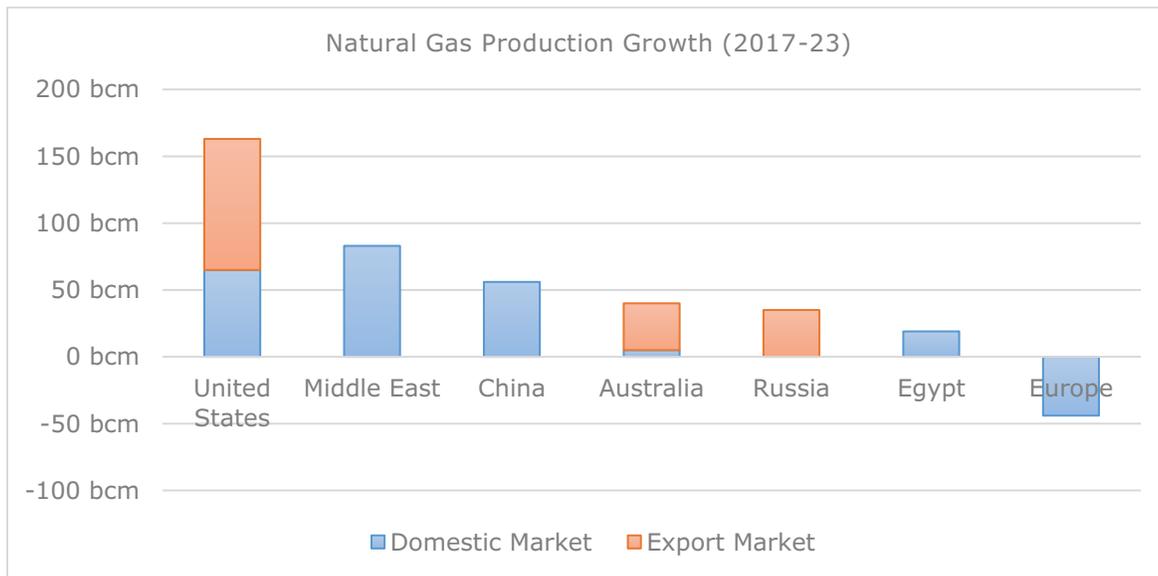


Source: OECD/IEA

## Natural Gas Supply Outlook

*The United States leads global supply growth*

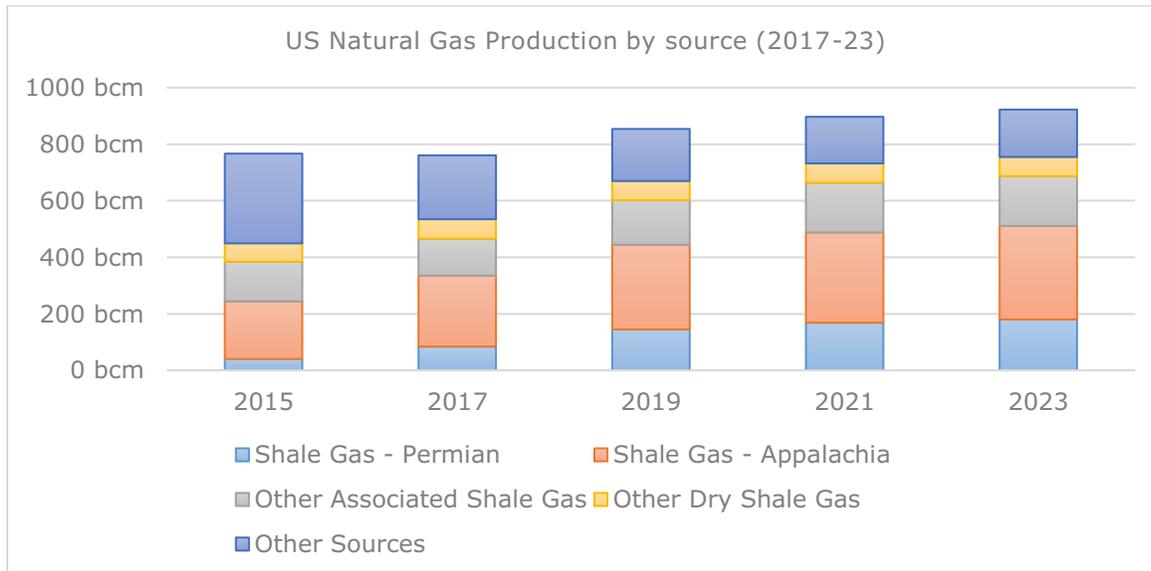
The United States is set to account for the largest share of supply expansion – and the main contributor to export growth. Meanwhile Europe’s dependency on imports increases, leading to potential competition between traditional suppliers such as Russia and new sources of supply, mainly from LNG.



Source: OECD/IEA

*Driven by associated gas*

Oil driven production provides the bulk of output growth in the US, with supply sustaining both domestic markets and export growth

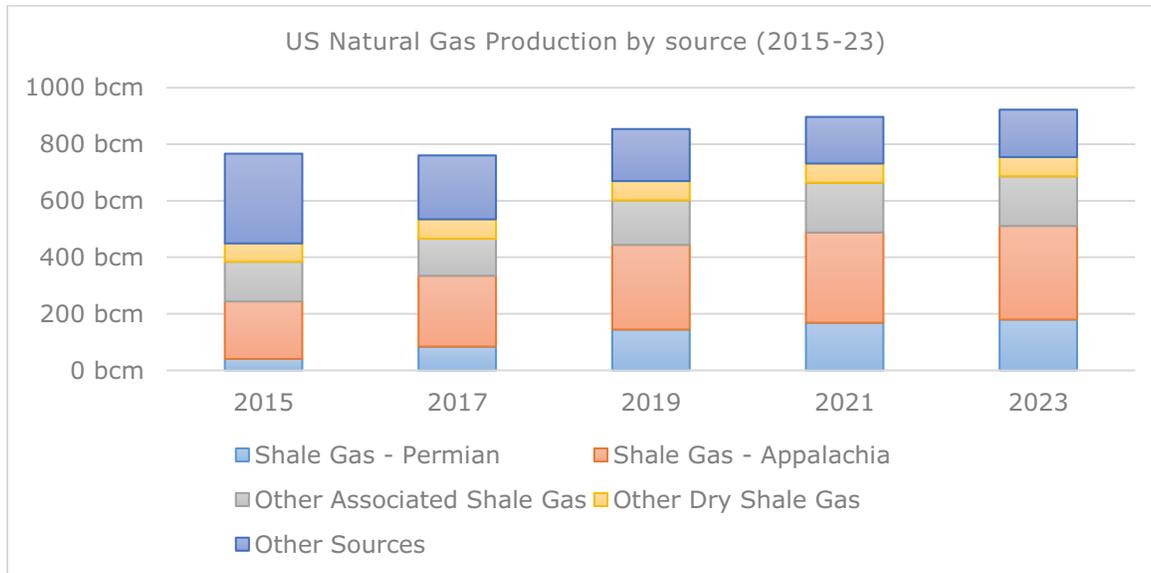


Source: OECD/IEA

## Natural Gas Trade Outlook

LNG drives growth in global gas trade.

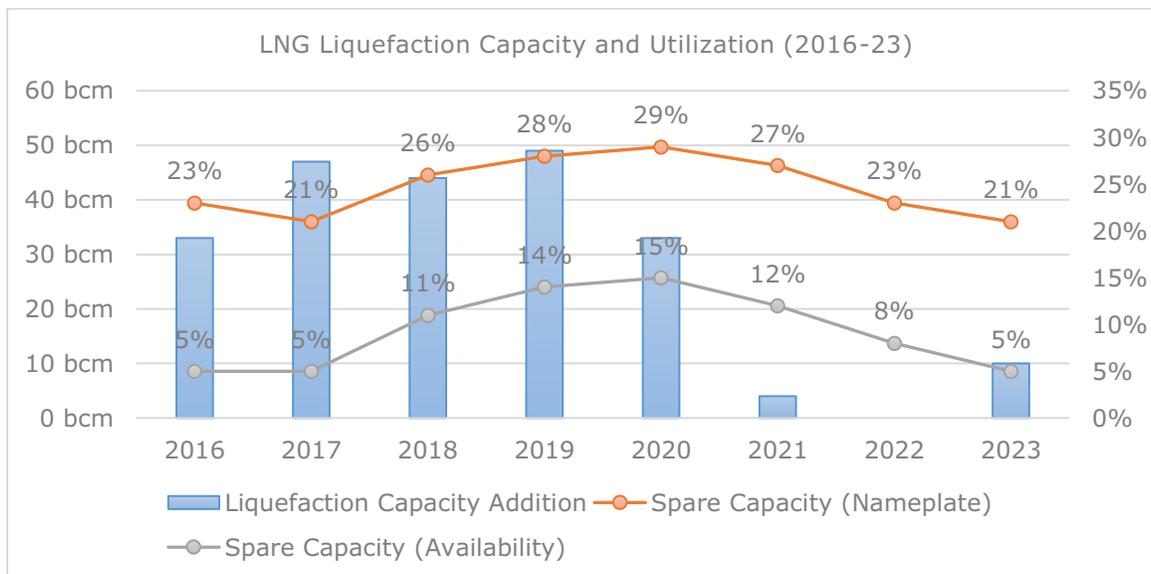
LNG is the main driver of global trade growth, principally coming from the United States, Australia and Russia. Japan remains the largest LNG importer but it is China and other developing Asian markets that see their share of trade increase substantially, reaching 45% of trade volumes by 2023 – more than double the share of 2013.



Source: OECD/IEA

... Leading to a tighter LNG market

The current wave of LNG export capacity development is due online by the end of 2020. In the short run, this massive capacity addition will increase competition – however this could be short-lived with dynamic growth in Asian emerging markets. Without new investment, the continuous growth of the LNG trade could result in a tight market by 2023. Owing to the long lead time of such projects, investment decisions need to be taken in the next few years to ensure adequate supply through the 2020s.

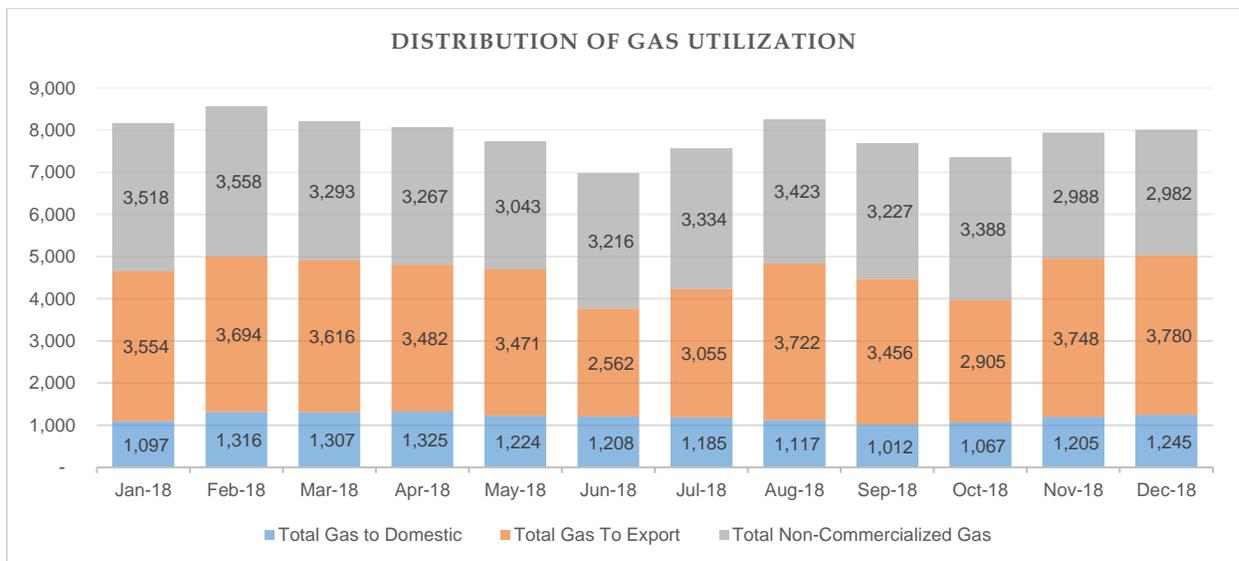


Source: OECD/IEA

## Domestic Natural Gas Market Overview

The domestic natural gas industry in Nigeria provides for the sourcing, transportation and distribution of natural gas to end-user consumers. There are three primary components:

1. **Production and Processing:** Natural gas is sourced from domestic natural gas wells, processed and then transported across local and regional markets via major continental and intercontinental pipelines. Most natural gas that is consumed in Nigeria is produced in the Niger Delta, though new reserves have been identified in South Western Nigeria; full commercial exploitation is yet to take-off. In 2018, Nigeria produced 7.77 billion cubic feet per day and, according to NNPC, the volume of gas flared accounted for 9.94 per cent of the total gas production of 2.836 trillion scf in 2018. Approximately 15.1% of gas sales are into the domestic market to large end-users such as power generators (for conversion into other uses), natural gas Local Development Companies and others (for direct consumption). The balance is sent to the Nigeria LNG (“NLNG”) terminal at Bonny Island where it is liquefied and subsequently exported to Europe, Asia and the United States. NLNG is Nigeria’s most significant natural gas project to date. The plant, which has six processing trains, has an annual production capacity of 22.5MT of LNG and 4MT of LPG. A seventh train is under construction, which, when completed, would increase NLNG’s total production capacity to 30MT per annum.



Source: Nigerian National Petroleum Commission Monthly Report

2. **Transportation and Storage:** Natural gas is shipped through national and local pipeline systems and continental pipelines to downstream markets across Nigeria and West Africa. Most of the transportation pipelines are either managed by the Nigerian Gas Company or contracted with the International Oil Companies (“IOCs”). Major gas infrastructure in Nigeria includes:
  - The western system, which includes the 700km Escravos Lagos Pipeline System that has a capacity of 1,100 mmscf;
  - The export system, consisting of an onshore Gas Transmission System and an Offshore Gas Gathering System, both of which transport gas to NLNG for export;
  - The eastern system, which supplies gas to domestic industrial and power users in eastern Nigeria; and
  - The West African Gas Pipeline, a 678km pipeline designed to transport natural gas from Itoki in Nigeria to Ghana via Togo and Benin Republic. The pipeline has an initial capacity of 170 mmscf/day, and there are plans to expand, in a second phase, to 450 mmscf/day and extend the pipeline westwards to Ivory Coast and Senegal.

Energy wholesalers and supply aggregators also play a wholesale market role between producers and end users by providing natural gas storage services, backstopping services and operational services.

3. **Distribution and Delivery:** Most natural gas utilities do not own their own natural gas wells, and typically operate as distribution-only entities, buying natural gas from multiple suppliers over multiple pipelines to service their customers. Natural gas local distribution companies (“LDCs”), commonly known as natural gas utilities, sell and distribute natural gas in their franchise areas through their own distribution networks pursuant to a variety of upstream and downstream transmission pipeline, storage and distribution agreements. LDCs manage natural gas flows and are responsible for operational considerations and system expansions under their regulated mandate to deliver natural gas.

### **The Retail Domestic Natural Gas Market Overview**

The retail natural gas market can be categorized into two main customer segments: (i) small-to-medium size commercial and (ii) large commercial and industrial. Natural gas LDCs operate in the retail natural gas market by providing a variety of fixed and variable rate natural gas contracts to customers for varying periods of time (usually up to 20 years). Usually, LDCs operate under a license from an energy wholesaler who marks out distribution zones to prevent overcrowding. In many cases, the energy wholesaler may use the LDC to invoice and collect from customers for energy supply and other costs. Under arrangements entered into between the energy wholesalers and the LDCs, LDCs remain responsible for the distribution of the natural gas from the city gate (e.g., the point at which the pipeline meets the LDCs local distribution network) to the customer’s place of business and other maintenance activities. The tariffs charged by LDCs for the transportation of natural gas through their pipeline systems are regulated by government agencies and are passed through to the end customers after incorporating a number of factors - the wholesale cost of natural gas, processing and transport costs, distribution and maintenance costs plus a margin it incentivize the LDCs.

### **Growth Ambitions and Gas Supply Challenges**

The National Gas Policy is geared towards creating a framework for domestic gas pricing, introducing a domestic gas supply obligation for oil companies, and providing a blueprint for the development of gas infrastructure in Nigeria. It is expected that these initiatives would significantly enhance domestic gas-to-power utilisation alongside its application in the production of by-products such as fertilisers, urea and methanol. The Nigerian Gas Company estimates that there are over US\$51 billion worth of investment opportunities in Nigeria’s gas sector. This investment could be spread to Free Trade Zones (FTZ), central gas processing facilities, fertilizer plants, gas exploration & production, pipe milling & local fabrication yards. Other available investment areas are virtual pipelines, gas transmission, and power plant projects, flare gas commercialization initiatives and liquefied petroleum gas plants.

Unlocking Nigeria’s natural gas potential will require partnerships between the Nigerian government and private companies that have the ability to innovate, capacity to deliver major projects, and willingness to take on long-term commitments.

Several projects have been announced as part of the effort to maximise the use of Nigeria’s gas reserves. Some of these projects include:

- The two-train, 10MT per annum capacity Brass LNG project being sponsored by NNPC, ConocoPhillips, AGIP and TOTAL;
- The four-train 22MT per annum capacity Olokola LNG project being sponsored by NNPC, Chevron, Shell and BG Group;
- The Escravos gas-to-liquids project being sponsored by Chevron and Sasol, which upon completion is expected to process 0.33 bscf/day of natural gas;
- Obiafu-Obrikom-Oben (OB3) Pipeline, which is expected to link gas sources in the East to Western and Northern markets;
- The ELPS II Pipeline expansion project that is to take gas from the source to customers;
- The ELPS-Lekki Pipeline Project;

- The Trans-Saharan Gas Pipeline which is intended to supply up to 2-3bcf of gas to Algeria and onwards to European markets;
- The 614km Ajaokuta-Kaduna-Kano Pipeline which should bring the natural gas advantage to Northern Nigeria;
- A 750,000MT per annum ammonia and urea fertilizer plant expansion by Notre Chemicals Industry;
- A 2,800,00MT per annum Greenfield ammonia and urea fertilizer plant by Dangote Industries;
- A US\$1.8 billion methanol and fertilizer plant being sponsored by the Indorama Corporation of Indonesia; and
- A US\$12 billion gas industrial park project in Delta State which will include a 1.3MT per annum/400KT per annum polyethylene and polypropylene plant and a 2.6MT per annum urea/ ammonia fertilizer plant.

Axxela views natural gas as an opportunity with growth potential, given the right investment conditions. However, there are several challenges that need to be overcome in order to successfully develop growth projects for the domestic gas market.

- One challenge deals with the need to attract investment to further develop infrastructure along the gas value chain, for example, to create a more robust pipeline network to improve reliability and security of supply.
- A second challenge is to clear the backlog of unpaid deliveries of gas to customers. Without the repayment of outstanding gas invoice arrears, and securitization of current and future revenues, operators are reluctant to commit additional investments to grow domestic gas supply.
- Finally, ensuring a conducive business environment is essential to attracting investments and running reliable operations. This includes a respect for the sanctity of existing contracts, predictable regulatory, commercial and legal framework across the country and overcoming security challenges, particularly in the Niger Delta that has experienced an increased risk to personnel and property as well as the disruption to operations.

## **Reforms**

Nigeria has adopted and continues to adopt and implement reforms with the objective of moving the Nigerian economy out of recession and restoring economic growth and making Nigeria become one of the 20 largest economies in the world by 2020. More recently, the Federal Government launched the Nigerian Economic Growth and Recovery Plan (“NERGP”), an offshoot of Vision 20:2020, as a medium-term comprehensive strategy to revive economic growth in the country between 2017 and 2020. The development of the ERGP was largely driven by the need to:

- Tackle supply-side constraints to economic growth which include power/electricity, fuel, foreign exchange, unfriendly business environment, as well as low skills and technology;
- Strengthen national cohesion and social inclusion given that the contentions in different parts of the country such as the Niger Delta region and the North East region have been the major culprit in the ongoing economic woes and food security issues; and
- Promote conditions that allow markets to function properly.

The thrust of the initiatives contained in the ERGP rests on three broad and strategic objectives. First, gradually restoring growth in Gross Domestic Product (GDP) to its 2010-2011 levels of around 7% by 2020. This will entail: providing fiscal stimulus, ensuring monetary stability, improving external balance of trade, as well as diversifying the economy by leveraging science and technology to drive growth in agriculture, energy, industry, manufacturing, and key service sectors. Secondly, improving the human capital base of the economy through investments in job creation, youth empowerment, education, health, and supporting vulnerable members of the society and thirdly, build a globally competitive economy by creating a business-friendly environment to support the operations and inventiveness of the private sector.

The target is to achieve a top 100 ranking in the World Bank's Doing Business index by 2020 (up from the current ranking of 169) by investing in critical infrastructure (power, transportation, and broadband networks), as well as creating more transparent business regulatory requirements with faster processing times.

In achieving the aforementioned objectives of the ERGP, the government plans to prioritize the following broad execution/action plans:

- Stabilize the macroeconomic environment: This will entail aligning monetary, trade and fiscal policies; accelerating non-oil revenue generation; drastically cutting government costs; and privatizing selected government assets/enterprises. Importantly, the government will dedicate 30 percent of federal budget to capital expenditure, while monetary authorities are to cut down interest rate and inflation as well as create import substitution and export promotion policies.
- Achieve agriculture and food security: This is to be achieved by delivering on existing plans to transform the agricultural sector and ensure national self-sufficiency in rice by 2018, and wheat by 2019/2020.
- Ensure energy sufficiency in power and petroleum products: This is to be achieved by urgently increasing oil production; expanding power sector infrastructure; and boosting local refineries for self-sufficiency. The target is to increase crude oil production from 1.7 million barrels per day (mbpd) as at 2016 to 2.5 mbpd by 2020.
- Improve transportation infrastructure: This will entail delivering on key transportation projects by enabling private sector financing of through direct investments or private-public partnerships.
- Drive industrialization with focus on SMEs: This is to be achieved by improving the ease of doing business, and accelerating the implantation of the National Industrial Revolution Plan (NIRP).

The Energy sphere looks to the budding Gas sector for sustainable growth in light of the Nigerian Government's aggressive pursuance of growth in the sector. The Federal government adoption of the Nigerian Gas Policy in 2017, along with the Pan-African drive towards the actualization of the trans-Saharan pipeline has birthed a plethora of gas based opportunities such as gas flare commercialization, which translate to major returns for current and future investors (upwards of \$8 billion in potential revenue from utilized flare gas).

There has been a sustained and gradual recovery in economic growth, inflation has been trending lower and the foreign exchange reserves hit a 5-year high of US\$45 billion in Q2'2019 as stability is restored in oil producing states through sustained dialogue with Niger Delta militants and rising crude oil prices. However, as at Q1'2019, GDP grew by 2.01% YoY, Nigeria ranked 145 in world bank's ease of doing business and power generation continues to hover somewhere between 4,000 and 5,000MW as against targeted metrics of 7% GDP growth rate, ranking at 100 for ease of doing business and a 10,000MW electricity generation by 2020. Implementation remains challenged by funding, budget implementation, security challenges (specifically in the North-East and North-Central), fluctuation in global oil prices and increasing use of alternative sources of energy.

### **National Gas Policy**

Nigeria has around 181 trillion cubic feet (TCF) of proven gas reserves plus much more in undiscovered gas resources. However, despite having the largest gas reserves in Africa, only about 25% of those reserves are being produced or are under development today. Despite the huge potential, minimal efforts have been made by the Federal Government to give priority consideration to the development of critical gas infrastructure. The legal landscape is still defined by the dated Petroleum Act which gives priority to crude oil. The Petroleum Act has very lean provisions regarding the commercial exploitation of natural gas as an independent hydrocarbon and lacks a framework for the development of the natural gas midstream and downstream value chain.

Gas export projects have been the national priority until 2008, when the Federal Government approved the implementation of the Gas Master Plan. The Gas Master Plan ("GMP") was supposed to provoke an entirely different vista of opportunities for Nigeria to become a major international player in the international gas market as well as to lay a solid framework gas infrastructure expansion within the domestic market. A decade later, there has been minimal progress towards the actualization of the aims of the GMP. In 2016, the Federal Government launched its 7 Big Wins Initiative which reinforced its commitment to the acceleration of the gas revolution. Subsequently, building on the policy goals of the 7 Big Wins Initiative, the Federal Government approved the new National Gas Policy in June 28, 2017.

The National Gas Policy clearly articulates the policy goals, strategies, and implementation plan of the Federal Government of Nigeria to reposition Nigeria as an attractive gas based industrialized nation through the prioritization of local gas demand requirements. Access to infrastructure, a clearly articulated pricing path and institutional capacity strengthening are key aspects of any effective gas policy. The policy clearly defines the direction for gas infrastructure ownership by prescribing full legal separation of gas infrastructure ownership and operations and trading. With regards to pricing, the Policy stipulates that the transitional pricing framework will be retained until sufficient gas supply volumes are built up and a mature gas market is established. There is a strong focus on strengthening the capacity of the Ministry of Petroleum Resources to provide leadership to the gas industry in terms of policy making and surveillance capabilities. It also recommends the establishment of a single independent petroleum regulatory agency.

#### **Flare Gas (Prevention of waste and pollution) Regulations, 2018**

The National Gas Policy encapsulates a recurrent theme showcasing an unwavering drive and high priority objective to position Nigeria as a formidable gas-based industrial nation by the adoption of gas flare out strategies using flare capture and utilization technologies, amongst other strategies. Despite Nigeria's prolific gas reserves; gas centric legislation, investment and development within the Nigerian gas sector have historically been minimal, significantly lagging behind its more profitable fossil fuel counterpart- crude oil. The result of this inertia has been high levels of gas flaring across oil and gas producing fields in the country. In 2017, Nigeria ranked as the 6th largest gas flaring country in the world, flaring 7.6 billion cubic meters of gas in that year.

Gas flaring constitutes an egregious energy waste practice in the Nigerian petroleum industry and has significant detrimental effects on the environment and the Nigerian economy. Prior legislations such as the Associated Gas Re-injection Act of 1979 and its subsidiary legislation, the Associated Gas Re-injection (Continued Flaring of Gas) Regulations of 1985 prohibited gas flaring without the permission of the Minister of Petroleum Resources. The Minister's permission is granted in the form of a certificate for the continued flaring of gas ("AGRA Certificate"), which contains specific terms and conditions including the payment of gas flare fees.

## 13. AXELA FUNDING 1 PLC

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### 13.1 HEAD OFFICE AND REGISTERED ADDRESS

**Axxela Funding 1 Plc**  
The Wings Office Complex, East Tower  
17A, Ozumba Mbadiwe Avenue  
Victoria Island, Lagos  
(+234)-1-2700035  
[www.axxelagroup.com](http://www.axxelagroup.com)

### 13.2 INTRODUCTION

The Issuer was incorporated in Nigeria on August 10, 2018 as a public limited company under the name of Axxela Funding 1 Plc. The registered office of Axxela Funding is at The Wings Office Complex, East Tower, 17A Ozumba Mbadiwe Avenue, Victoria Island, Lagos. Axxela Funding has no subsidiaries.

Axxela Funding is a special purpose funding vehicle of Axxela Group and has no business operations of its own, other than borrowing for the sole purpose of advancing/passing through funds to, and receiving funds from the Note Issuers.

The authorised share capital of the Issuer is ₦500,000 divided into 500,000 ordinary shares of ₦1 each, all of which have been issued at par, and are held as follows:

Name	Shareholding	Percentage (%)
Axxela Limited	499,999	99.9998%
Tuoyo Ejueyitchie	1	0.0002%
<b>Total Shareholding</b>	<b>500,000</b>	<b>100%</b>

The principal objectives of Axxela Funding are set out in clause 3 of its Memorandum of Association and, amongst other things, include the raising and borrowing of money for the purpose of on-lending and the granting of security over its assets in connection with such purposes; and to enter into arrangements relating to the aforementioned objectives.

The principal activities of Axxela Funding will be (in accordance with its objectives) to issue the Bonds and on-lend the proceeds therefrom to the Note Issuers and to grant security over its assets subject to and in accordance with the terms of the Programme Documents. The assets include the Issuer's rights, benefits and interest (present and future) under the Trust Deed and/or Master Notes Subscription Agreement (where applicable) and all the other Programme Documents to which the Issuer is a party.

Copies of the Memorandum and Articles of Association of the Issuer may be inspected at the specified offices of the Issuer.

The Issuer has not engaged, since its incorporation, in any activities other than the objectives and activities stated above and matters referred to or contemplated in this document, or other matters which are incidental or ancillary to the foregoing.

The Issuer's activities are restricted by the terms of the Trust Deed, and other related Transaction Documents.

### 13.3 DIRECTORS AND SECRETARY

The Directors of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address
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Mr. Boye Olusanya	The Wings Complex, 17A, Ozumba Mbadiwe Avenue, VI, Lagos
Mr. Mobolaji Osunsanya	The Wings Complex, 17A, Ozumba Mbadiwe Avenue, VI, Lagos
Mr. Ogbemi Ofuya	The Wings Complex, 17A, Ozumba Mbadiwe Avenue, VI, Lagos
Mr. Tuoyo Ejueyitchie (Secretary)	The Wings Complex, 17A, Ozumba Mbadiwe Avenue, VI, Lagos

#### **13.4 INDEBTEDNESS**

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

#### **13.5 EMPLOYEES**

The Issuer has no employees

#### **13.6 MATERIAL CONTRACTS**

Apart from the Programme Documents to which it is a party, the Issuer has not entered into any material contracts.

#### **13.7 NO MATERIAL ADVERSE CHANGE**

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

#### **13.8 FINANCIAL INFORMATION**

Since the date of incorporation, the Issuer has not commenced operations and save for the statement of affairs, and financial projections no financial statements have been made up as at the date of this Shelf Prospectus.

#### **13.9 CLAIMS AND LITIGATION**

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

## 14. THE AXXELA COMPANIES

For the purpose of the contemplated transaction, Axxela, Gaslink, CHGC, GNSL and other prospective SPVs are herein referred to as “the Axxela Companies” or “the Group”

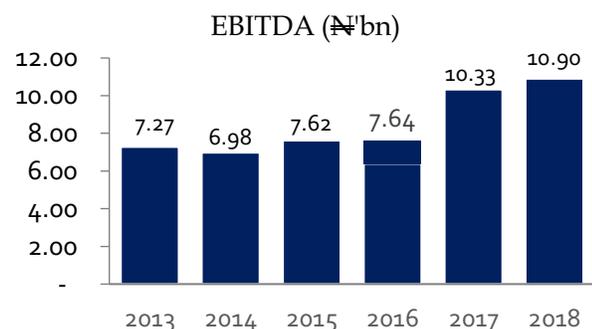
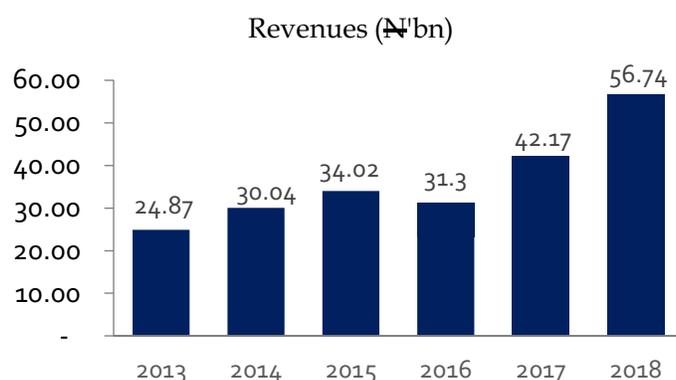
### 14.1 AXXELA LIMITED

Axxela operates Nigeria’s foremost natural gas distribution network. The Company incorporated in 2001 was formerly known as Oando Gas & Power Limited and rebranded to “Axxela Limited” in October 2017. The Company’s gas and power business currently comprises Gaslink, CHGC, GNSL and other SPVs.

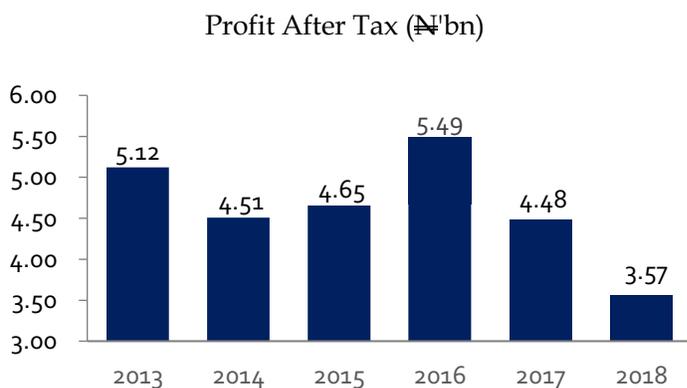
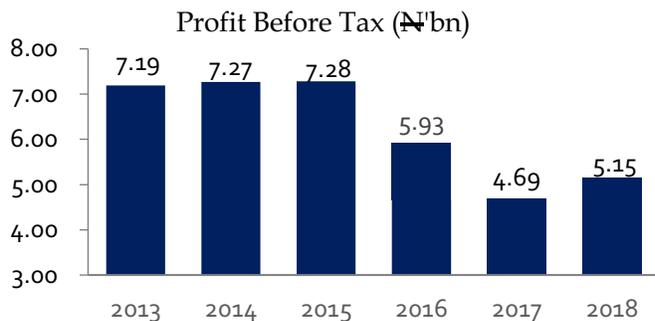
Axxela Limited pioneered the private sector piping and distribution of natural gas to industrial and commercial customers with its existing businesses consisting of natural gas pipeline distribution in Lagos and Port Harcourt. The Company also operates a virtual pipeline business through plus GNSL which owns a compressed natural gas (CNG) facility situated in Ilasamaja on Oshodi-Apapa Expressway in Lagos.

### 14.2 OPERATING OVERVIEW

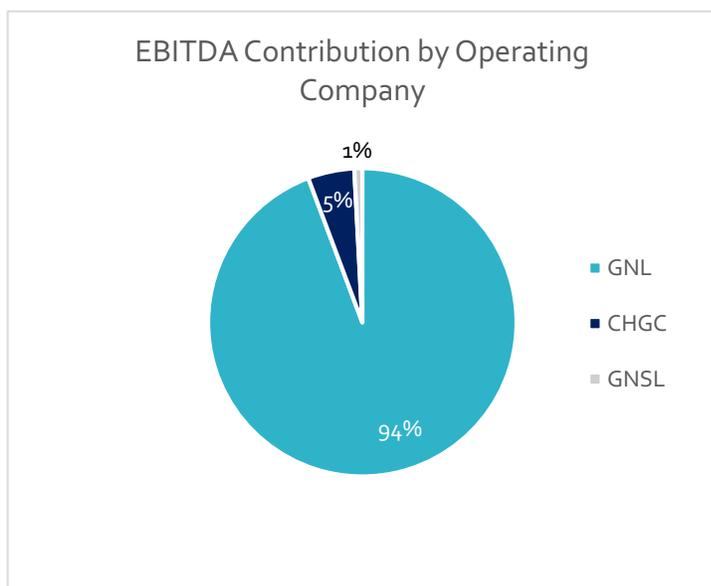
Axxela Limited (Group)



- Revenue has largely shown a consistent upward trend. Revenue has been growing year on year since 2013 with the exception on 2016. The dip in 2016 revenues was largely due to pipeline vandalism and unrest in the Niger Delta region during the year.
- CAGR of revenue over the 6 year period is 17.9%. This increase in revenues witnessed over the period was due to increased sale of gas, gas prices, and service concession revenue.
- EBITDA has been relatively steady over the years. However, there was a decline in 2014 EBITDA due to bonus provision of N606m recognised in that year.
- The spike in 2017 EBITDA is due to the recognition of exchange rate gain on valuation of the shareholder loan in addition to the impact of increased sales volume and gas prices. 2018 EBITDA has increased due to additional margin from the regional business
- Axxela’s PBT has been relatively steady from 2013 to 2015. The impact of pipeline vandalism and



■ Oando ■ Axxela

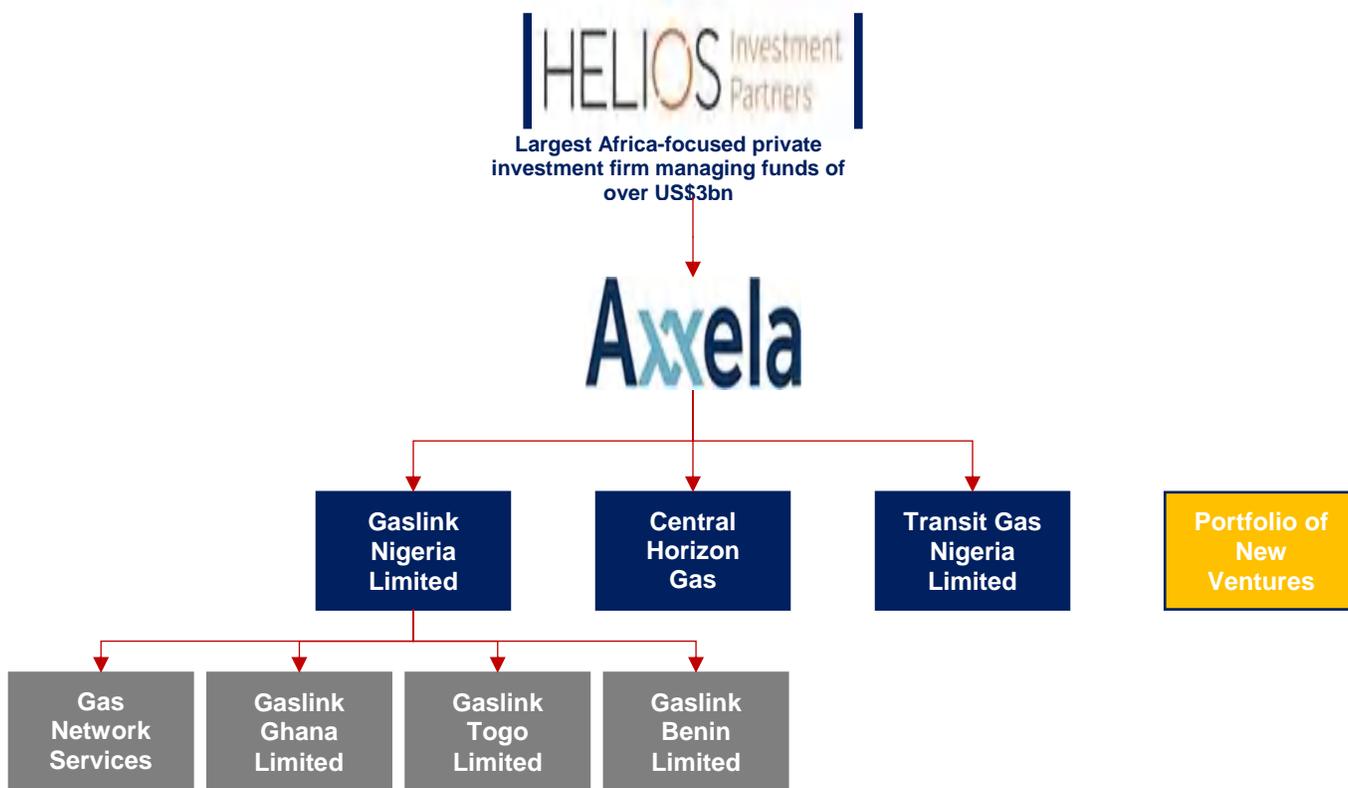


unrest in the Niger Delta region in 2016 accounted for the decline in its PBT for the year. The decline in 2017 PBT was as a result of full year recognition of interest expense on shareholder loan. The shareholder loan became effective in December 2016. Please note that the shareholder loan has since been amended to include a provision that allows the Company to convert it to preference shares at its own discretion. When exercised, the outstanding interest will be eliminated. 2018 PBT increased by 9.80% y-o-y.

- Axxela's PAT has been fairly consistent over the 6 year period. The PAT growth experienced in 2016 is largely due to reversal of deferred tax on fair valuation of intangible assets in the year. In 2017, Axxela recognized income tax credit arising from refilling of 2014-2016 tax as a result of a change in treatment of its service concession revenue. This resulted in a higher PAT compared to 2018

### 14.3 GROUP STRUCTURE

Axxela Limited's existing business comprises three main companies: Gaslink supplying gas to customers in Greater Lagos; CHGC supplying gas to customers in Port Harcourt and GNSL providing compressed natural gas (CNG) to customers in the South West, including Lagos.



### 14.4 SHAREHOLDERS

#### 14.4.1 HELIOS INVESTMENT PARTNERS

Helios was founded in 2004 as a private equity firm with a focus on investment opportunities on the African continent. Since its establishment, Helios has raised three private equity funds with commitments of over USD3.4 billion. In 2015, Helios established Helios Credit, a dedicated credit platform created to capitalize on the significant and growing gap between supply and demand for credit to African businesses. The fund currently makes direct loans to a number of healthy and cash generating businesses such as Africell, Starzs Investments, Quantum and the Resort Group. Helios' investor base is well diversified across sovereign wealth funds, corporate and public pension funds, endowments and foundations, family offices and development finance institutions across the United States, Europe, Asia and Africa.

Helios's current private equity fund has a total of USD3.6 billion assets under management and typically looks for target investments within a GBP150million – GBP200million ticket size. Nigeria is one of the key markets for Helios and it currently has 9 investments in the country, across a broad range of sectors such as energy infrastructure (Axxela, Petrobas, Eland Oil & Gas and OVH Energy), payments systems (Interswitch), e-commerce (Mall of Africa) and the consumer industry (GB Foods Africa). Helios initially acquired a 75% stake in Axxela in December 2016 and in March 2019 completed the acquisition of the remaining 25% stake in Axxela – making Helios the sole shareholder. It is seeking to capitalize on the broad range of opportunities available in the natural gas transmission/distribution and gas-to-power segments in West Africa, particularly in Nigeria.

## 14.5 SUBSIDIARIES

### 14.5.1 GASLINK NIGERIA LIMITED (GASLINK)

Gaslink, a subsidiary of Axxela, operates an exclusive agreement with the Nigerian Gas Marketing Company “NGMC”, a subsidiary of NNPC to develop gas infrastructure and market natural gas in the Greater Lagos Industrial Area (GLIA).

Since 1999, Gaslink has carried out four (4) major expansion phases in the development of its 113km natural gas backbone network. In addition, Gaslink has constructed a total of 38.8km of spur lines that connect customers to the main lines.

#### GNL Distribution Network

Pipeline Section	Coverage Area	Length(km)	Completion/date	
Mainline	Phase 1A	Ikeja (Trunkline only)	31.0	2001
	Phase 1B	Ikeja	5.3	2002
	Phase 2	Ilupeju, Isolo, Amuwo Odofin	46.0	2004
	Phase 3	Apapa , Tincan, Surulere , Iganmu	23.0	2007
	Phase 4	Apapa, Marina	8.0	2015
Spurlines	Greater Lagos Area	38.8	2001 - 2018	

The network now extends over 150 km and has a capacity to flow 2.86 million standard cubic meters of gas daily.

Figure 1: Gaslink franchise area



Gaslink commenced operations in the year 2000 when it began supplying 28,000 standard cubic meters (SCM) of gas daily to Cadbury Nigeria Limited. Today, Gaslink has grown to supply over 2 million standard cubic metres (SCM) per day of gas to over 160 industrial organisations. Its network stretches from the Nigerian Gas Marketing Company city gate in Ikeja and covers the Greater Lagos Area, passing through; Ojota, Ogba, Alausa, Oregun, Oshodi, Isolo, Ilupeju, Iganmu, Apapa, Tin Can and Amuwo-Odofin industrial clusters.

Since inception, the volume throughput of Gaslink has grown steadily in line with its network growth. The key considerations in expanding the customer base are:

- i. The technical feasibility of connecting the customer premises to the network; and
- ii. Availability of adequate feedstock for supply from NGC.

The existing customer base of Gaslink is well diversified, with top ten customers representing 56% of the total volume.

## TOP TEN CUSTOMERS BY VOLUME

CUSTOMER NAME	% Total (ACQ)
DANGOTE SUGAR REFINERY PLC	22.09%
FLOUR MILLS OF NIGERIA PLC - GROUP	15.64%
BUA INTERNATIONAL LIMITED	13.25%
AKUTE POWER LIMITED	3.98%
CROWN FLOUR MILLS LIMITED - GROUP	3.15%
CADBURY NIGERIA PLC	2.73%
7UP BOTTLING COMPANY LIMITED	2.02%
ISLAND POWER LIMITED	2.01%
GUINNESS NIGERIA PLC	1.95%
UNIKEM INDUSTRIES LIMITED	1.85%

Gaslink's future plans include a further expansion of its network to new locations over three (3) growth phases

- Phase 4B – Mile 2 to Badagry (50km)
- Phase 5 – LASU to Igando (14km)
- Phase 6A – Anthony village to Gbagada (3km)
- Phase 6B – Ojota to Ketu (4.5km)

Currently, NGMC supplies 2.265 million standard cubic meters (SCM) of gas daily as its contractual obligation. The Agreement between Gaslink Nigeria Limited (GNL) and Nigerian Gas Marketing Company Limited (NGMC) allows GNL to contract for third party gas supply when NGMC is unable to meet its supply obligation. GNL has since began negotiations with several upstream producers for the additional supplies to complement NGMC supplies. In addition, GNL is also in discussions with miniLNG and LNG Import terminal developers to assure uninterrupted supplies to its markets.

### 14.5.2 CENTRAL HORIZON GAS COMPANY (CHGC)

CHGC was incorporated as a joint venture, by Axxela, the Rivers State Government and TSL Logistics Limited. CHGC is operated by Axxela and is charged with the development of gas infrastructure, operation of the pipeline network and marketing of natural gas in the Greater Port Harcourt Industrial Area (GPHIA).

Since 2011, when CHGC took over the operations of a 6.5km network from the Rivers State Government, it has rehabilitated the existing line and expanded the network in two phases (listed below) to over 16km in order to reach additional customers.

- Phase 1 – 1.5km extension of the pipeline in 2012 within the Trans-Amadi industrial area.
- Phase 2 – 8km extension from the Trans-Amadi industrial areas to the Seaport.

Upon take over in 2011, CHGC was supplying 23,000 standard cubic meters (SCM) of gas per day to customers within the Trans Amadi Industrial Area. Today CHGC supplies over 85,000 standard cubic meter of gas per day to industrial customers in the Greater Port Harcourt Area.

#### TOP FIVE CUSTOMERS BY VOLUME

CUSTOMER NAME	% Total (ACQ)
BUA	74.10%
NBC	7.14%
CROWN FLOUR MILLS	6.12%
BOC GASES	2.87%
CET POWER	2.78%

CHGC gas supply currently comes from Shell Petroleum Development Company (SDPC). CHGC plans to grow its supplies to over 140,000 standard cubic meter (SCM) of gas daily. This will be achieved by stimulating consumption through the commissioning of new pipeline and improvement of gas availability to existing customers and the acquisition of new customers.

CHGC and SPDC have commenced the execution a revised Gas Supply and Purchase Agreement that will increase the gas supplied by SPDC from 2mmscfd to 12mmscfd by 2022 thus enabling CHGC to meet its growth objectives.

#### 14.5.3 GAS NETWORK NIGERIA LIMITED (GNSL)

GNSL, a subsidiary of Axxela, operates a Compressed Natural Gas (CNG) Station with capacity of 150,000 standard cubic meter (scm) gas daily. CNG is supplied as an alternative solution to customers who are too far from an existing gas pipeline infrastructure.

Since 2013 when GNSL commenced operations by supplying over 12,000 scm per day, it has grown to supplying an average of 40,000 scm/day to its customers. In the near future GNSL plans to optimize its operations to meet projected customers' demand of 85,500 scm per day as set out below:

#### PROJECTED DEMAND OF TOP CUSTOMERS BY VOLUME

CUSTOMER NAME	% Total (ACQ)
Rite Foods Limited	79.66%
Apple & Pears	16.21%
Chi Farms Ileke	4.14%

#### 14.5.4 TRANSIT NIGERIA LIMITED

Transit Gas Nigeria Limited (TGNL) is focused on the development of physical and virtual pipeline technology for gas distribution and supply. In partnership with NGMC, TGNL is developing a mini-LNG plant in Ajaokuta, and a pipeline network between Abeokuta and Iwopin. The Ajaokuta project will have an initial capacity of 20MMSCFD and is positioned to supply natural gas to industrial customers all over the country, particularly stranded customers in the North.

When completed, the Abeokuta to Iwopin pipeline network will span over 135km and will be able to deliver over 90MMSCFD. Presently, TGNL has executed contracts with medium to large-scale industrial customers including Apple & Pears Limited, Rite Foods Limited, West African Soy Industries Limited, Coleman Technical Industries Limited, Celplas Industries Nigeria Limited and has commenced construction of the pipeline to the factories of these customers.

The collaboration will also develop a natural gas distribution network that would span from Sagamu to Orita J4 and its environs. The plan will expand the natural gas distribution network in Nigeria along the Sagamu-Benin Expressway and its environs, leveraging our industry expertise to create value for all stakeholders and increase natural gas utilisation in Nigeria.

## **14.6 PROFILES OF DIRECTORS OF THE SPONSOR**

### **Boye Olusanya**

Mr. Olusanaya is the Chairman of Axxela Limited and has over 20 years of relevant professional experience. Prior to joining Helios in October 2018, he led the interim executive management team as Chief Executive Officer at 9mobile (formerly Etisalat) Nigeria, appointed by the regulator and a bank consortium to lead the turnaround and disposal of the company. Previously he was a Partner at GA Capital, providing consultancy advisory services. He served as Chief Transformation Officer at Dangote Industries, the largest indigenous industrial conglomerate in sub-Saharan Africa; was a Managing Director at Dancom Technologies, managing all the telecommunications assets and IT infrastructure of the group; as well as serving in senior management roles at Celtel Nigeria and Econet Wireless Nigeria. He currently serves on the Boards of Directors of Axxela, OVH Energy and Starsight Power Utility Limited. Mr Olusanya holds a B.Sc. (Hons) in Civil Engineering from the University of Lagos, an M.Sc. in Environmental Civil Engineering from the University of Liverpool, and an M.Sc. in Computer Science from the University of Manchester.

### **Mr Mobolaji Osunsanya**

Mr. Mobolaji Osunsanya, was appointed as Chief Executive Officer of Axxela Limited in January 2004. Prior to this appointment, he was the Chief Marketing Officer (Commercial) of Oando Marketing Plc from 2001; an Executive Director at Access Bank Plc (1998 to 2001) and an Assistant General Manager at Guaranty Trust Bank Plc (1992 to 1998). From 1988 to 1992, he worked as a consultant with Arthur Anderson, Nigeria (now KPMG Professional Services). He was an executive director of Oando Plc from 2007 to 2017 and served on that Board as a non-executive director until 2019. Mr Osunsanya holds a First Class Bachelor's Degree in Economics from the University of Ife (1985) and a Master's degree in Economics from the University of Lagos (1987).

### **Tope Lawani**

Mr Temitopé Lawani is a co-founder and Managing Partner at Helios Investment Partners LLP. He is also a member of the Executive and Investment Committees of the firm and has over 23 years of principal investment experience. Prior to forming Helios, he was a Principal in the San Francisco and London offices of TPG Capital, a leading global private equity firm. At TPG Capital Mr. Lawani had a lead role in the execution of over \$10 billion worth of closed venture capital and leveraged buyout investments, including the acquisitions of Burger King Corp., Debenhams plc., J. Crew Group, and Scottish & Newcastle Retail. He began his career as a Mergers & Acquisitions and Corporate Development Analyst at the Walt Disney Company. Mr. Lawani serves on the Boards of Directors of Helios Towers Africa Limited, Mall for Africa, Off Grid Electric, Vivo Energy, OVH Energy, and Axxela. He also serves as a member of the MIT Corporation (Massachusetts Institute of Technology's Board of Trustees), the MIT School of Engineering Dean's Advisory Council, the Harvard Law School Dean's Advisory Board, the Emerging Markets Private Equity Association (EMPEA) Board of Directors, and the Board of Directors of The END Fund, a leader in the global health movement to tackle Neglected Tropical Diseases. He has previously served on the Overseers' Visiting Committee of the Harvard Business School and the MIT OpenCourseWare Advisory Board. Mr. Lawani received a B.S. in Chemical Engineering from the Massachusetts Institute of Technology, a Juris Doctorate (cum laude) from Harvard Law School and an MBA from Harvard Business School.

### **Mr. Nitin Kaul**

Nitin has over 16 years of experience in strategy consulting, M&A, restructuring and business transformation across multiple business segments including the industrial, automotive, energy and consumer in developed and emerging markets. Prior to joining Helios, Nitin was co-founder of Syndeo Capital, a boutique advisory firm based in London focused on M&A, restructuring and operations management. He worked primarily with private and family businesses that were either buying from or selling companies to private equity firms. Before establishing Syndeo Capital, Nitin worked at Gates Corporation as President for Oil and Gas/Marine (O&G/M) business, as well as the Automotive and Industrial businesses in strategic emerging markets. Under his leadership the O&G/M business grew by 15% year-on-year to \$225m. He was a member of the Global Executive Committee and a key member of the senior management that led the sale of Gates Corporation to Blackstone for \$5.4bn in 2014. Prior to Gates Corporation, Nitin worked at Tomkins for over 10 years in various senior roles. He was also part of the senior management team responsible for taking Tomkins from a public limited company to a privately held company, acquired by Onex, a Canadian private equity firm and the Canada Pension Plan Investment Board for \$5.0bn in 2010. Following the take private, he managed the overall sale process of \$8bn of non-core companies within Tomkins' portfolio to strategic and private equity firms. The Gates Corporation being the only core company remaining after the divestiture. He has previously worked at Andersen Consulting as a Senior Manager in Group Finance and Strategic Development. He also worked at Swiss Banking Corporation (SBC) as Senior Manager Corporate Finance and Restructuring, UK having started his career at SBC Warburgs as an Associate. Nitin holds an MBA from Warwick Business School, UK, and an MSc in Investment & Portfolio Management from City University Business School, UK. He also obtained a BSc in Business Management from King's College, University of London, UK.

### **Mr Jeremy Bending**

Mr Jeremy Bending has since February 2018 been a Non-Executive Director at Phoenix Natural Gas Limited. He also acts in the following capacities: Advisor at Enzen Global Limited (UK) (2017 to date); Director at Glover Ga & Power B.V., Axxela Limited and the Nigerian subsidiaries of Axxela Limited other than Gaslink and CHGC (2017 to date); Director at ARMCO Solutions Limited (2014 to date); Non-Executive Director at Skills2Learn (2014 to date). Mr Bending holds a B.Sc. (Production Engineering & Management) (1975) from Nottingham University.

### **Kaat Van Hecke**

Ms. Kaat Van Hecke serves as an independent non-executive director in Nostrum Oil & Gas PLC, London/Kazakhstan. She has over two decades of relevant professional experience spanning across several jurisdictions including Nigerian, Austria, the Netherlands and Russia. She received a Masters Degree in Chemical Engineering from the University of Ghent, Belgium and a Masters Degree in General Management from the Vlerick Management School, Belgium.

### **Ogbemi Ofuya**

Mr. Ofuya has 12 years of relevant professional experience. He joined Helios in September 2014 and has significant transaction and operations experience in oil and gas and related industries. Prior to joining Helios, he worked in the Natural Resources group of the Investment Banking Division of Goldman Sachs International, where he executed M&A, debt and equity transactions across oil and gas, power and mining sectors with a particular focus on Africa. Earlier in his career he held project management and strategy roles with ExxonMobil and Standard Chartered based in Nigeria. Mr. Ofuya serves on the Boards of Directors of Axxela and StarSight Power Utility Limited. He received an MBA from London Business School, where he was a Mo Ibrahim Scholar, and holds a BEng degree in Civil Engineering from the University of Benin, Nigeria. He is a Nigerian national.

## **MANAGEMENT**

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### **Mr Bolaji Osunsanya - Group Managing Director/CEO**

Please see profile above.

### **Mr Franklin Umole – Director Business Development**

Mr Umole joined Oando Gas & Power (now Axxela) in October 2011 as Programme Executive, responsible for the opportunity maturation of the Central Gas Processing Facility (CPF). In March 2013, he assumed the position of Executive Director, Corporate Development with responsibilities for Business Development and Finance. Mr. Umole, who formerly worked for the Shell Group in the Netherlands brings extensive international experience in business process optimization and gas economics in a career spanning several counties in Europe, America, Far East, Middle East and Africa.

### **Mr Timothy Ononiwu - Chief Financial Officer**

Timothy is an accomplished finance executive with extensive experience spanning project financing, financial advisory, capital raising, business development and project management across the energy, environmental and infrastructure sectors. He joined Axxela in 2018. Prior to joining Axxela, he held senior management positions in various financial and non-financial institutions including Executive Director and Head of Thermal Power and Oil & Gas, Project Finance North America at BBVA Securities (NY), Co-Head of Energy and Industrials at Fitch Ratings (NY), Director and Head of Thermal/Oil & Gas at Dexia (NY) and Head of Business Development and Project Finance at a pioneer indigenous power development and distribution company in Nigeria. His transactions have won 'Deal of the Year' awards from Project Finance International and Euromoney publications, both industry leading magazines. Timothy has an MBA from Columbia Business School.

### **Mr Rasheed Olaoluwa – Chief Operating Officer**

Rasheed's career kicked off in 1988 with Arthur Andersen where he qualified as a chartered accountant. He later moved into the banking sector where his stellar performance saw him pioneering game-changing initiatives across the industry, in an executive capacity, with Guaranty Trust Bank (GTB), United Bank for Africa (UBA) and later as the Managing Director of Bank of Industry (BOI). Rasheed joined Axxela in 2019 as the Chief Operating Officer, bringing with him outstanding commercial experience that cuts cross expansion strategies, infrastructural development and organisational profitability. Rasheed has a First Class Honours degree in Civil Engineering from Obafemi Awolowo University and an MBA from IESE Business School.

### **Mr Tuoyo Ejueyitchie - General Counsel & Company Secretary**

Tuoyo joined the Oando Group in 2011 where he worked as the Group Finance Legal Manager, responsible for all Financing and Mergers & Acquisition transactions across the Oando Group. In February 2017, he assumed the position of General Counsel and Company Secretary of Axxela Limited with responsibilities for the Legal and Governance departments of the company and its subsidiaries. Tuoyo brings along his wealth of international legal experience from his time at Skadden Arps (London, England) and Hogan Lovells (London, England) where he specialised in Tax Law and advised in various capacities including Financial Services, Employment and Business Restructuring. He has an BSc and Masters in Law from the University of Reading.

### **Mr Kehinde Alabi – Financial Controller**

Kehinde has a decade of Financial Services industry experience and over a decade experience in the Oil & Gas industry (power sector inclusive) as a finance professional. He led the Axxela Finance team in four M&A deals and also participated in two M&A deals in the Financial Services sector. Prior to joining Axxela, he worked at Standard Trust Bank, UBA, and Oando Marketing. He also had a stint in academia as a lecturer. Kehinde has a BSc. in Economics from Obafemi Awolowo University and an MBA from Manchester Business School

### **Mr Chukwuma Ezeike – Head, Operations**

Chukwuma oversees the operation of all Axxela Subsidiaries across Nigeria. He joined the Oando Gas & Power (now Axxela) in 2009 as Quality Assurance and Quality Control Manager for the entity following a career starting

from Guinness Nigeria in 1991 as well as over 15 years' experience at the Royal Dutch Shell Group in various positions. He brings along a wealth of experience in Oil and Gas Pipeline Design, Construction and Operation, Project Management, Quality Assurance and Asset Integrity Management. A senior member of NACE international, he has a bias for Risk Based Asset Management Techniques.

**Mr Babatunde Baba-Agba - Head, Sales & Marketing**

Baba-Agba assumed his current position in January 2013, providing management oversight for the development of high quality, cost effective, and integrated marketing programs for gas distribution in three distribution centres in Nigeria servicing over 150 industrial customers. He joined Gaslink Nigeria Limited, a subsidiary of Axxela Limited in 2000, as Project accountant where he was responsible for the day-to-day management of project cost and administration. In December 2003 he became Head, Procurement and Supplies and was responsible for the procurement of project materials for the Greater Lagos Gas Distribution Project 1A and 1B. Before joining Gaslink, he worked at Ibru Organization and Aquamarine Finance & Securities Limited

**Mr Uchenna Okpala - EHSQ Manager**

Okpala is a mechanical engineer with over 15 years' experience in the oil and gas industry. Prior to joining Oando Gas & Power (now Axxela), at the end of 2009, he had worked in various capacities as a Field Engineer, Project Engineer, and Quality Assurance/Control Engineer. He brings along a wealth of experience in oil and gas Pipeline and Structural designs, Construction and Maintenance, Quality Assurance and Control, and Project management, coupled with certifications from various international bodies.

**Mr Olufisayo Duduyemi - Strategy and Planning Manager**

Fisayo is a Fellow of the Institute of Chartered Accountants of Nigeria (FCA), with over a decade and half cumulative work experience spanning Financial Services, FMCG and Energy sectors. Prior to joining Oando Gas & Power (now Axxela) Ltd in August 2008 as a Business Development Officer, he worked as a Food & Beverage business unit controller in Nestlé Nigeria where he was responsible for investment justification and product profitability management, and much earlier had a career stint as Internal Audit Supervisor at IBTC Chartered Bank (now Stanbic IBTC). He has led various strategic programmes, including the Divestment & Change of Control of Oando Gas & Power. He has also initiated and implemented several corporate development initiatives leading to consistent business growth. He is currently supervising the Strategy & Corporate Services team which comprises of Strategy & Planning, Information Technology, Corporate Communications, Procurement and Human Resources & Admin functions

**Mrs. Ngozika Achebe - HR Manager**

Ngozika is responsible for developing and implementing workforce strategies that enable the attainment of corporate objectives. She has over 15 years progressive experience in Strategic and Operational Human Resource Management. Prior to joining the organization in 2012, she was the HR Business Partner for two subsidiaries in the Oando Group. Her experience cuts across Organisation Development, talent acquisition, compensation and benefits administration, employee relations and HR policy formulation in the Upstream, Midstream and Downstream industries of the oil and gas sector. Ngozika has a Bachelor's degree in English from University of Nigeria, Nsukka and an MBA in Business Administration from the University of Warwick.

## **14.7 CORPORATE GOVERNANCE**

Axxela Limited is firmly committed to effective corporate governance principles and best practices. Accordingly, though not a public company, Axxela Limited generally operates in line with the principles set out in SEC's Code of Corporate Governance for Public Companies and the FRCN Code of Corporate Governance, to the extent appropriate for its shareholding structure and the size and nature of its business.

The Company fosters and cascades corporate governance principles through a number of initiatives such as awareness sessions and presentations. The Company's core values of professionalism, partnership and excellence are exemplified through these initiatives. In an attempt to better discharge its oversight functions in accordance with the Code of Corporate Governance and global best practices, the Board alongside the Management team and

members of the Safety, Audit and Risk Committee ensure the implementation of policies which are geared towards improving performance and strategizing to actualize the expectation of its stakeholders.

Adherence to corporate governance principles as articulated in a number of corporate documents such as the code of business conduct and ethics, the company's anti-corruption policy, whistleblowing policy among others are also communicated to other stakeholders such as employees, host communities, suppliers, contractors etc. the board also consistently operates with its responsibilities as contained in the companies and allied matters act, the company's article of association and the company's various policies. The Board has overall responsibility for ensuring that the Company is appropriately managed, adheres to principles of good corporate governance and achieves its strategic objectives.

In accordance with the SEC Code that the Board should be of a sufficient size relative to the scale and complexity of the Company's operations and the Company's Articles of Association which provides that the Company's Board shall consist of not more than seven Directors, the Board consists of the Chairman, five other non-executive directors (two of which are independent directors) and one executive director (The Chief Executive Officer). The position of the Chief Executive Officer/Managing Director and the Chairman are held by separate persons in accordance with the SEC Code and FRCN Code.

The Board meets regularly to set broad policies for the Company's business and operations and it ensures that a professional relationship is maintained with the Company's Auditors in order to promote transparency in financial and non-financial reporting.

The Board has the following Board Committees which provide guidance and recommendations to the full Board:

- Governance and Remuneration Committee
- Safety, Audit and Risk Committee
- Strategy and Finance Committee

#### **Role of the Board**

- Reviewing alignment of goals, major plans of action, annual budget and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with approved budget;
- Ensuring the integrity of the Company's accounting and financial reporting systems and that appropriate systems are in place for monitoring risk, financial control and compliance with the law;
- Through the establishment of the Board Committees, making recommendations on issues of expenditure that may arise outside the meeting schedule of the Board;
- Considering recommendations of the Board Committees and approving recommendations considered to be in the best interest of the Company;
- Supervisory responsibility for overall budgetary planning, major treasury planning and scientific and commercial strategies. The Board is responsible for satisfying itself that planning procedures and the Company's overall objectives are appropriate;
- Periodic and regular review of actual business performance relative to established objectives;
- Reviewing and approving internal controls and risk management policies and processes.

#### **Systems of Internal Control**

The group has well-established internal control system, for identifying, managing and monitoring risks. The Risk, Internal Controls and Audit function has reporting responsibilities to the Board and has appropriately trained personnel and undergo training on current business and best practice issues.

# 15. RATINGS REPORT

## 15.1 GCR RATING

GLOBAL CREDIT RATING CO.



GLOBAL CREDIT RATING CO.  
Local Excellence • Global Presence

### Axxela Limited

#### Nigeria Corporate Analysis

September 2019

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long term	National	BBB+(2019)	Stable	September 2020
Short term	National	A2(2019)		

#### Financial data:

(USD in comparison to\*)

	31/12/17	31/12/18
NUISD (avg.)	305.3	305.6
NUISD (close)	305.5	306.5
Total assets	195.6	194.5
Total debt	105.6	107.8
Total capital*	16.5	11.2
Capital & equity	9.4	8.4
Turnover	118.1	135.7
EBITDA	30.6	43.1
NPAT	14.7	11.7
Op. cash flow	2.4	19.0

Market cap

n/a

\*Based on Central Bank of Nigeria's exchange rates

\*Net of goodwill arising from acquisitions

#### Rating history:

Initial/last rating (September 2018)

Long-term: BBB+(2018)

Short-term: A2(2018)

Rating outlook: Stable

#### Related methodologies/research:

Global Master Criteria for Rating

Corporate Entities, updated February 2018

Axxela Limited issuer rating report 2018

Glossary of Terms/Risks, February 2018

#### GCR contacts:

Primary Analyst

Femi Atere

Credit Analyst

femi.ater@ocratings.com

Co-Chief Chairperson

Dave King

Analyst location: Lagos, Nigeria

Tel: +234 1 8644482

www.gcratings.com.ng

#### Summary rating rationale

- The ratings reflect Axxela Limited's ("Axxela" or "the Group") leading position within the Nigerian natural gas distribution market. The Group's competitive position is supported by its long term distribution franchise granted by Nigerian Gas Marketing Company and the exclusive franchise within the core Lagos and Port-Harcourt regions.
- Following a resolution of the Niger-delta unrest during FY16, Axxela has reported strong revenue growth, supported by rising volumes, higher selling price and an expanded clientele base. The Group is undertaking on several gas infrastructure developments which should see revenue increase in the coming years, as well as hedge against over dependence on a single supplier. In the meantime, operations remain susceptible to supply disruptions and regulatory uncertainties.
- Although gross margin on gas sales witnessed slight pressure in FY18 due to the gas sales mix, the overall gross margin remains strong, rising to 26.2% in FY18 (FY17: 24.4%), and further to 26.8% in 1H FY19, underpinned by decline in costs that are not driven by gas volumes. The strong gross margin filtered through to EBITDA margin, supporting solid earnings growth. Accordingly, operating profit rose sharply by 61% to N11.2bn in FY18 (1H FY19: N5.4bn), well above historical level.
- Axxela has reported positive cash flow from operation in all years, reflecting the strong EBITDA. However, this has been offset by working capital absorptions due to related parties payables and prepayments. Nevertheless, the strong cash flow was sufficient to meet capex requirements.
- Axxela reported negative tangible equity in FY18, although this was compensated by a N22bn convertible shareholder loan provided in FY16 (which represents c. 80% of total debt). Trusting the shareholder loan as debt, gearing metrics are elevated, with negative equity based gearing and net debt to EBITDA of 229% in FY18 (FY17: 314%). Moreover, interest on the shareholder loan caused net interest cover to register at 3.3x in 1H FY19. Excluding the shareholder loan, net interest cover would be 6.3x, and net debt to EBITDA would register below 30%, creating headroom for additional borrowings given the low external debt of N6.2bn at 1H FY19.
- Axxela is far advanced with the plan to restructure its external debt with new debt from the capital market. While debt is expected to rise to N52.6bn by FY19, Axxela could be burdened with excessive debt service obligations if targets are not met. This could exacerbate the risks in the funding structure.

#### Factor that could trigger a rating action may include

**Positive change:** While the accredited ratings take a long view of Axxela's financial position, strengthening of the capital structure through direct equity or other tangible support would be favourably considered. Also, the ratings are sensitive to attainment of forecasts, translating to an improved earnings and debt serviceability over the medium term.

**Negative change:** Delay in rolling out projects and/or reduced sale volumes would see earnings deteriorate and further cash flow pressure. Excessive debt utilisation would see credit provision deteriorate.

## 16. EXTRACT FROM REPORTING ACCOUNTANT'S REPORT



02 August 2019

Independent assurance report to:

The Board of Directors  
Axxela Limited  
9th Floor  
The Wings Complex, East Tower  
17A Ozumba Mbadawe Avenue  
Victoria Island  
Lagos

and

The Directors  
Stable IBTC Capital Limited  
I.B.T.C Place  
Walter Carrington Crescent  
Victoria Island  
Lagos

The Directors  
Chapel Hill Denham Advisory Limited  
1<sup>st</sup> Floor,  
45 Saka Tinubu Street  
Victoria Island  
Lagos

Dear Sirs

We have reviewed the accompanying consolidated statement of financial position for the year ended 31 December 2018, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flow for the year ended, and the related explanatory notes (together, "the financial information"). The financial information is based on the audited financial statement of Axxela Limited (previously Oando Gas and Power Limited) and its subsidiaries ("the Group").

### Directors responsibility

The Directors are responsible for the preparation and fair presentation of the financial statements on which the financial information is based, in accordance with the basis of accounting described in the financial information and for such internal control as is necessary to enable the preparation of financial statement that are free from material misstatement, whether due to fraud or error. The Directors are also responsible for the contents of the prospectus in which this report is included.

### Our responsibility

Our responsibility is to express a conclusion on the accompanying financial information. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised) which requires us to conclude whether anything has come to our attention that causes us to believe that the financial information is not prepared in all material respects in accordance with the applicable financial reporting framework. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The review primarily consists of making inquiries of management and others as appropriate, applying analytical procedures and evaluating the evidence obtained. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial information does not present fairly, in all material respects the state of the financial position of the Group as at the date stated and of its profit or loss and cash flows for the year then ended, in accordance with the Group's accounting policies.

### Basis of accounting

Without modifying our conclusion, we draw attention to the Statement of significant accounting policies included in the financial information which describes the basis of accounting. The financial information is prepared for inclusion in the prospectus to be issued in connection with the proposed capital raising transaction by Axxela Limited. As a result, the financial information may not be suitable for another purpose.

Yours faithfully

For: PricewaterhouseCoopers  
Chartered Accountants  
Lagos, Nigeria

Engagement Partner: Olajide Adeola  
FRC/2013/ICAN/ 0000004080



02 August 2019

## **17. USE OF PROCEEDS**

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The particular purpose of each issuance will be specifically stated in the Pricing Supplement issued for each Series. The costs and expenses of the issue are payable by the Company and will be deducted from the gross issue proceeds.

## **18. MACRO – ECONOMIC OUTLOOK**

*The information in this section has been extracted from documents and other publications released by various officials and other public and private sources, such as the CBN, the International Monetary Fund ("IMF"), the Nigerian Debt Management Office ("DMO"), the National Bureau of Statistics ("NBS"), the Nigerian Federal Ministry of Finance ("FMF") and the Organization of Petroleum Exporting Countries ("OPEC"), as indicated herein. There is not necessarily any uniformity of views among such sources as to such information provided. We have not independently verified the information included in this section. The information in this section has been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies or other third party sources as indicated in the*

### **18.1 INTRODUCTION**

Nigeria is the largest economy in Africa. In 2018, Nigeria's nominal GDP was US\$417 billion (official rate), GDP per capita was US\$2155 and real GDP growth was 1.9%.

With an estimate of nearly 200 million people, Nigeria is the most populous country in Africa and the 7th most populous country in the world. Population growth is expected to average between 2.5% and 3% in the coming years, reaching 400 million by 2050 according to the United Nations. The National Bureau of Statistics also estimates a labour force of 90 million people as at Q3'18.

The country has the 10th largest crude reserves and 9th largest natural gas reserves in the world. According to OPEC, Nigeria is ranked among the top fifteen global oil producers.

### **18.2 ECONOMY**

In April 2014, Nigeria rebased its nominal GDP from the 1990 base year to 2010. As a result of the rebasing, Nigeria became the largest economy in Africa (surpassing South Africa), with real GDP growth post-rebasing estimated at 6.2% in 2014. While the economy enjoyed sustained economic growth for a decade, with annual real GDP growth averaging about 5.9% between 2005 and 2015, in 2016 the country entered a recession due to the prevailing the low oil-price environment. However, the economy began to recover from this economic downturn in the second quarter of 2017, with growth strengthening to 1.9% as at FY'18 and an expected strengthening of 2.3% for FY'19.

The Nigerian economy is highly dependent on the oil and gas sector, which accounted for 9%-10% of real GDP, c.90% of export earnings and about 60% of total gross federally collected revenue. Dependence on oil makes the economy vulnerable to oil price fluctuations, as most economic sectors in Nigeria depend on public spending which itself is dependent on international oil and gas prices as well as production levels.

Nevertheless, Nigeria's non-oil sector has performed well over the last decade, providing evidence that the economy is diversifying and is becoming more services-oriented, particularly through retail and wholesale trade, real estate, information and communication. Nigeria is also an exporter of cocoa, rubber and cassava, in addition to other significant natural resources.

The non-oil sector plays an increasingly important role in the Nigerian economy, with gross federally collected non-oil revenue rising from ₦1.9 trillion in 2010 to ₦3.2 trillion in 2017 according to CBN data. In addition, most workers are employed in the non-oil sector, with 48% and 7% accounted for in agriculture and manufacturing alone.

### **NIGERIA GDP**

The following table provides information regarding Nigeria's nominal GDP for the periods indicated:

	2015	2016	2017	2018
Real GDP (constant prices) (millions of ₦)	69,023,929	67,931,235	68,490,980	69,799,941
Nominal GDP (current prices) (millions of ₦)	94,144,960	101,489,492	113,711,634	127,736,827
Naira/U.S. dollar (annual/period average) <sup>1</sup>	196.99	305.18	305.90	306.71
GDP (current prices, millions of U.S. dollars)	590,207	537,966	620,951	682,774

(1) CBN Official Rate

Source: National Bureau of Statistics, Central Bank of Nigeria

Nigeria experienced real GDP growth rates of 5.5% in 2013, 6.2% in 2014 and 2.8% in 2015 before contracting by 1.6% in 2016 as Nigeria entered a recession. The Nigerian economy began to recover in 2017, with a growth of 0.9% in 2017 and growth had continued to strengthen, albeit at a slow pace, with a FY'18 figure of 1.9%. Economic growth has picked up further in 2019 by 2.2% as at September 2019, supported by the unorthodox policies of the CBN that is encouraging lending to the growth-driving sectors.

Prior to the recession, GDP growth in Nigeria was driven by growth in non-oil GDP. The non-oil sector grew 8.4% in 2013, 7.2% in 2014, and 3.7% in 2015. However, the recession caused the sector to contract by 0.2% in 2016, but it has since recovered moderately by returning to growth of 0.5% in 2017 and accelerating to a growth rate of 2.0% in 2018. Growth in the non-oil sector was 2.0% as at 9M'19 while the oil sector grew by 4.1% over the same period.

## NIGERIA - KEY MACROECONOMIC INDICATORS

The following table provides information regarding key macroeconomic indicators for the periods indicated:

Economic Indicators	2015	2016	2017	2018
Nominal GDP at official exchange rates (U.S.\$ billions)	488.8	400.4	374.8	416.8
Real GDP growth (%)	2.65	-1.61	0.80	1.93
GDP per capita (U.S.\$ official exchange rates)	2,610	2,070	1,877	2,155
Average Consumer Price Index (CPI) (%)	9.0	15.6	16.5	12.2
Monetary policy rate (%)	11	14	14	14
Current account/GDP (%)	3.0	-0.3	3.5	3.1 <sup>1</sup>
Population (million)	187.3	193.4	199.7	199.7 <sup>2</sup>
Total external debt Stocks (U.S.\$ bn)*	10.7	11.4	18.9	25.3
Total external debt Stocks (% of GDP)	2.2	2.8	5.0	5.2
Exchange rate U.S. dollar/₦ (avg)	195.52	253.49	305.29	305.58

Source: NBS, Debt Management Office, CBN, National Population Commission

## FISCAL DEFICIT

Nigeria's fiscal deficit rose by 38.28% from ₦3.4 trillion in 2018 to ₦4.62 trillion in 2019. With the 2019 elections being the focus for the year, increased campaign spending by the government put further pressure on the country's deficit. As at Q3'19, the total revenue generated by the country stood at ₦986 billion, a 25.13% moderation from the same period in 2018.

In order to boost non-oil revenues and improve the ability of the government to meet its 2020 budget targets, the government has introduced a new finance bill that comes with an upward review of the Value Added Tax (VAT) rate to 7.5% from 5.0%. The effective implementation date of the bill was February 1, 2020. The federal government's share of the VAT pool is 15% - the balance goes to the 36 states, some of whom are in dire need of

the additional revenue to be able to meet the obligations of the minimum wage. While the upward review of the VAT could help the government reduce deficit spending and fund the new minimum wage, it will result in higher production costs which will be passed on to consumers.

To reduce the tax burden on vulnerable segments, the VAT exemptions have been expanded to include more items under the basic food items, pharmaceuticals and education categories. Basic food items generally refer to unprocessed and aqua-based staple foods and include bread, cereals, fruits & vegetables among other items. In addition, locally manufactured sanitary items and services provided by microfinance banks have been included in the exemption list. Tuition paid for nursery, primary and secondary education have also been classified as VAT exempt. Consumers will unfortunately have to pay more in power charges due to higher VAT charges on meter costs and electricity tariffs. Investors in the stock market will also have to bear the increase in transaction costs as VAT charged on commissions applicable to capital market transactions will increase.

## **PUBLIC DEBT**

As of Q3'19 Nigeria's total public debt outstanding was US\$85.4 billion (FY'18: US\$79.4), with US\$58.4 billion accounted for by domestic debt (FY'18: US\$54.2) and US\$26.9 billion by external debt (FY'18: US\$25.3). The increased focus of the FG on reducing domestic borrowing and raising foreign debt, to reduce borrowing cost, has led to an increase in external debt levels. Having initially responded to the discharge of London Club and Paris Club debts by shifting to domestic borrowing via a significant increase in the issuance of Federal Government bonds, Nigeria's debt stock has now gradually shifted towards long-term external debt.

External debt stock rose from US\$9.7 billion in 2014 to US\$18.9 billion in 2017 to US\$26.9 billion in Q3'19. The Federal Government has issued over US\$11 billion in Eurobonds from 2011 to 2018, out of which it instituted a program to refinance US\$3 billion worth of treasury bills with long-term Eurobonds in a bid to achieve a 60:40 split between domestic and external debt (currently 68:32 as at Q3'19). Nigeria's domestic debt remains skewed to the long-end, with FGN bonds accounting for 72.5% of total domestic debt as at 30 September 2019 (FY'18: 73.1%) as the management of domestic public debt has been improved by lengthening maturities. Treasury bills accounted for 19.1 per cent of domestic debt as at 30 September 2019 relative to 21.4 per cent as at 31 December 2018 and 28.4 per cent. as at 31 December 2017, this comes following the redemption of treasury bills in the past three years.

## **EQUITY MARKET**

The equities market began the year on a positive note, as the ASI gained 7.46% in January 2020. The market had lost 14.6% in 2019 as the challenging macroeconomic environment weighed on investor sentiment. The market capitalization as at January 31, 2020 stood at ₦14.95 trillion, 9% lower y/y. With growth forecasts for the country coming in at sub- 2.0%, the nation remains in the early stages of recovery following the 2016 recession which was sparked by lower oil prices.

## **FOREIGN RESERVES**

Nigeria's foreign reserves stood at \$38.16 billion as at December 2019, contracting by 10.48% year-on-year from \$43.1 billion in December 2018. The contraction reflects the interventionist stance taken by the central bank in the foreign exchange market amid the softening of crude oil prices, limited foreign investment inflows as well as continued demand for FX by importers. The international reserves remain exposed to a further downturn in crude oil prices, following the outbreak of the coronavirus that has raised concerns about the outlook for crude oil demand growth. Since the outbreak of the epidemic, Brent prices have softened 20% from their peak in January. Fortunately, a possible Eurobond issuance to the tune of US\$3.3 billion and concessionary loans worth US\$0.5 billion could further bolster reserves in the course of the year.

## **FOREIGN EXCHANGE**

The naira remained stable throughout 2019, as the naira traded within a permissible range of ₦360-₦363 to a dollar on the I&E window. This is because of the CBN's strategic sale of FX in the market, though it has come at the expense of reserves accumulation. Although the under-allotment of OMO bills by the CBN has left room for capital flight from the fixed income space, continued efforts by the CBN to tame the growth in FX utilization and rein in

imports has contained the pressure on the naira exchange rate. Also, the adequacy of the external reserves provides the CBN with enough liquidity to meet local demand for FX in the economy.

## **INFLATION**

Between 2018 and 2019, average inflation in Nigeria moderated 70bps to average 11.4% for 2019. While annual inflation had fallen to 11.0% in August 2019, the implementation of the anti-smuggling land border closure - to abate the illegal importation of rice and other goods - put upward pressure on consumer prices. Post-border closure, food prices inched 130bps higher to 14.67% y/y in December 2019 as the country's local production gap persisted. For 2020, average inflation should rise as inflationary pressures intensify. In addition to the upward review of the VAT rate, the review of electricity tariffs and the continued closure of the nation's land borders should mount pressure on both core and food prices. This will be accentuated by the lower base-effect from H1'19. Hence, we expect inflation to advance 113bps to average 12.54% y/y for 2020.

## **INTEREST RATES**

The CBN's monetary policy has been relatively tight since 2016, in response to the normalization of global interest rates, to support portfolio inflows and rein in inflation. While this came at the expense of the country's economic growth, the CBN seized the opportunity of a less hawkish rhetoric from global central banks to also deliver a 50bps rate cut in March 2019 in order to give a fillip to domestic economic growth. Concerns about the build-up in system liquidity and its adverse impact on domestic inflation and exchange rate caused a shift to tightening in January 2020 as the Monetary Policy Committee (MPC) raised the Cash Reserve Ratio (CRR) by 500bps to 27.5% while it left all other policy parameters constant.

The apex bank has however resorted to the use of unorthodox monetary policy tools to increase lending to the real sector by enacting the differentiated cash reserves requirement (DCRR) regime in 2018 and the loan-to-deposit ratio (LDR) guideline in 2019. Under the DCRR regime, deposit money banks (DMBs) can request a refund of a portion of the CRR to provide credit facilities for greenfield and brownfield projects in agriculture and manufacturing. On the other hand, the LDR guideline requires that DMBs create risk assets in the form of loans with 65% of their deposits.

## **REFORMS**

Nigeria has adopted and continues to adopt and implement reforms with the objective of accelerating economic recovery. Particularly, Acting President Yemi Osinbajo, on 19 May 2017, signed three far-reaching executive orders to ease business, fast-track budget submissions and promote made in Nigeria products. In 2019, the administration achieved a record timing for the passage of 2020 budget. This signals the returning the country's budget cycle to a more predictable one - i.e. January to December budget cycle, after decades of its disruption - and could be stabilizing for the economy.

Also, the drive of the Federal Government to facilitate the ease of doing business and guarantee easy access to credit for businesses, especially Micro, Small and Medium Enterprises recorded a milestone with the signing into law by the Acting President of the Credit Reporting Act 2017 and the Secured Transactions in Movable Assets Act 2017. These acts are designed to replace the hitherto existing guidelines issued by the CBN on their respective subject matters and are products of extensive stakeholder engagements. The acts provide the statutory framework for the regulation of credit bureaux and a collateral registry in Nigeria, respectively.

In line with the current administration's drive to support MSMEs, the enacted 2020 finance bill absolves micro and small scale enterprises (with a turnover of less than ₦25 million) of tax liability while medium scale corporates (turnover of between ₦25 million - ₦100 million) are required to pay CIT of 20%, down from 25%.

To address the problems associated with weak revenue generation, in addition to the VAT rate hike the government has reviewed the royalty tariffs in the production-sharing contracts (PSCs) to a flat rate of 10% from a graduated-average rate of 2% in 2018. The government has also mounted pressure on all its employees to register on the Integrated Payroll and Personnel Information System (IPPIS) to enable it check leakages in government payroll and reduce wastage.

Joining other African countries in the road to deepening integration in Africa, Nigeria has also signed the Africa Continental Free Trade Agreement (AfCFTA) whose operational phase is scheduled to commence in July 2019.

The agreement gives Nigeria preferential access to Africa's market for manufactured goods, which can in turn facilitate economic growth and diversification. In addition, the Nigeria Immigration Service (NIS) has rolled out a new visa-on-arrival process for all business travellers and African Union (AU) countries, except for ECOWAS member countries, to enable them obtain their visas upon arrival in a bid to improve business relations with other African countries.

## **19. RISK FACTORS**

*Investors should consider all of the information in this Prospectus, including the following risk factors, before deciding to invest in the Bond. If the risks described below materialize, the Company's business, results of operations, financial condition and/or prospects could be materially adversely affected. Furthermore, the risks described below are not exhaustive. Additional risks not currently known may also have a material adverse effect on the business, financial condition and results of operations of the Company.*

### **19.1 COUNTRY RISK**

#### **I. ECONOMIC RISK**

The Nigerian economy is largely dependent on the oil sector and revenue derived from the oil sector provides FX earnings for the Government. Therefore, any change in oil production or global oil prices may have a wide-reaching impact on all other sectors in the economy. The effect of the recent global shock in oil prices impacted Nigeria's economy significantly, causing a substantial withdrawal of portfolio capital and a corresponding decline in the stock market, fall in government revenues, weakening of the currency and a substantial drop in foreign currency reserves. A further decline in global oil prices may have an adverse effect on the Nigerian economy which in turn might have an impact on the operations and profitability of the Company. However, the present administration remains committed to economic reforms aimed at diversifying Nigeria's economy and increasing macroeconomic stability whilst promoting a private sector market-driven economy. In addition, the government's annual budget is pegged at a rate lower than the average trading price of crude oil. This reduces the country's exposure to the volatility in oil price.

#### **II. SECURITY RISK**

Nigeria continues to experience some security challenges. Sectarian conflicts in the Middle Belt and Northern Nigeria continue to pose a threat to Nigeria's political stability. The insurgence of the Boko Haram group is a major contributor to the regions' policies stasis and the activities of this group may have a material adverse effect on public safety and productivity nationally, even though the Federal Government of Nigeria continues to tighten security to curtail the expansion of the group's activities.

Oil exportation is the major source of government revenue to Nigeria and Nigeria's major oil producing area is the Niger Delta region. Militant groups have been known to kidnap expatriates and vandalize pipelines both of which have caused not only a decline in production but also a reduction in operation in the region by major international companies. Despite continuous attempts by the government to halt militant activity in the Niger Delta there continues to be instability in the region. Continued attacks in the region may have an adverse effect on the company's operations.

However, although the political and regional instability in the Niger Delta region has had a material negative effect on investment and confidence in, and the performance of, the Nigerian economy, the Federal Government has embarked on a number of additional initiatives to address the instability and unrest in the region. Part of these initiatives includes increased spending in the region with the inauguration of a US\$10bn infrastructural development programme.

#### **III. POLITICAL RISK**

Nigeria held its elections in February 2019, where Muhammadu Buhari was re-elected as the President. Given the continuity in governance, there is likely to be minimal disruptions. It remains to be seen how domestic and foreign investors will take to the re-election of President Buhari. The government's focus should continuously be on stimulating economic activity, infrastructural investments and diversifying the economy away from oil. Buhari would also need to continuously address the Boko Haram and Niger Delta militancy.

### **19.2 RISKS RELATED TO THE MARKET AND THE GAS AND POWER SECTOR**

#### **I. FOREIGN EXCHANGE RISK**

The Group engages in foreign exchange transactions and as such is exposed to foreign exchange risk mainly in US Dollars, arising primarily from, but not limited to sourcing inventory items and Plant & Machinery such as PRMS and tube skids. Foreign exchange risk arises when future commercial transactions and recorded assets and liabilities are denominated in a currency that is not the entity's functional currency e.g. foreign denominated loans, purchases and sales transactions etc. The Group manages their foreign exchange risk by revising cost estimates of orders based on exchange rate fluctuations, forward contracts and cross currency swaps transacted with commercial banks. At 31 December 2018, the Group's view is that exposure to Foreign Exchange is immaterial as the impact of fluctuations in exchange rate on Sale of gas is adequately off-set by the same impact on Costs of Sales.

## **II. PRICE RISK**

The Group has no exposure to price risk as it has no investment in equity commodity. More so, Gas price is only subjected to yearly review as the dollar price rarely changes during the year.

## **III. CASH FLOW AND FAIR VALUE INTEREST RATE RISK**

The Group hold short term, highly liquid bank deposits at fixed interest rates. No limits are placed on the ratio of variable rate borrowing to fixed rate borrowing.

The Group does not have any investments in quoted corporate bonds that are of fixed rate and carried at fair value through profit or loss. Therefore, the Group is not exposed to fair value interest rate risk.

The Group has borrowings at variable rates, which expose the Group to cash flow interest rate risk. The Group regularly monitors financing options available to ensure optimum interest rates are obtained.

## **19.3 BUSINESS RISKS**

- i. One of the major business risks to the Axxela Companies' business is the competition and threat of new entrants; there is the potential for a reduction in market share due to new entrants, as well as a reduction in sales (and growth) due to the emergence of mature alternatives to the Group's energy offerings. The Company's current first mover advantage and management's growth strategy are aimed at ensuring the Company's viability for the long term.
- ii. Supply security is another risk that the Company faces. This is the risk that disruptions on the sources of gas supply such as those emanating from militants' activities in the Niger Delta region in the form of pipeline sabotage, may affect supply for a period of time which could have a negative impact on the performance of the Company. Although the Company has embarked on some supply security projects like the FSRU project and additional gas supply sources outside of the Niger Delta region, the threat posed by these disruptions could significantly affect the financial performance of the Company until these supply security projects are completed.
- iii. Changes in underlying policies and government regulations could materially impact the sustainability of the business, and the risk of non-compliance can cause project delays, cost overruns, unintentional loss of data, and even physical security threats to company assets as a result of malicious activity.
- iv. Damage/sabotage to third party infrastructure and environmental/natural disasters could impact supply, lead to cost overruns and subsequently affect financial projections.

## **19.4 RISKS RELATED TO THE ISSUER**

- i. **Issuer is a special purpose vehicle with no business operations or significant assets.**

The Issuer is a special purpose vehicle with no business other than issuing Bonds. The right of Bondholders to receive payments in respect of the Bonds is therefore limited to payments actually received by the Issuer in respect of Notes issued by the Co-obligors. Investors are thus relying on the creditworthiness of the Co-obligors, as applicable, for each issuance of the respective Bonds.
- ii. **Change in Governing Law**

The Issuer is duly incorporated and established under Nigerian law, which remains in effect as at the date of this Shelf Prospectus. No assurance can be given as to the impact of any possible judicial decision

or change in Nigerian law or the official application or interpretation of Nigerian law after the date of this Shelf Prospectus.

## 19.5 RISKS RELATED TO THE BOND

### i. 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 Group'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 or purchase of a large number of bonds. Each investor needs to assess the market prior to trading their 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 proceeds 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.

#### c. *Referencing to an index may subject the Bonds to additional risk*

The Issuer may issue Bonds with Principal repayment or Interest payments 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. *Credit ratings may not reflect all risks*

The Bonds will be assigned a rating by at least one Rating Agency. The ratings are not a recommendation to prospective investors to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time; the rating may also not reflect all the risks that a potential investor may be seeking clarity on. A credit rating is not a recommendation.

#### e. *Credit Risk*

Bonds issued under the Programme will be general obligation bonds backed by the full faith and credit of the Issuer, Sponsor and Co-Obligors. If a prospective investor purchases Bonds, it is relying solely on the creditworthiness of the Issuer. In addition, an investment in the Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the Bonds.

#### f. *Legal Investment considerations may restrict certain investments*

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Bonds are a legal investment for it, (ii) Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to

its purchase or pledge of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

**ii. Market Risks**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

**a. *Liquidity risk for the Bonds***

There may not be very active two-way quote trading in the Bonds once issued, although the listing of the bonds on the FMDQ-OTC increases the possibility of trading activity. The liquidity of the Bonds may be somewhat limited and investors may not be able to trade the Bonds actively; although there are a number of initiatives aimed at developing and deepening the debt capital market and creating liquidity and a vibrant, tradable bond market, the impact of these initiatives on the trading of the Bonds cannot be assessed immediately.

**b. *Currency (Exchange Rate) Risk***

A number of the projects that will be undertaken by the Company 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 make the costs of projects more expensive than currently projected, thus impacting negatively on the Company's ability to complete the projects within the existing financing structure or servicing of the projects' funding scheme. Consequently, the Company may not generate the revenues anticipated from the projects.

**c. *Changes in interest rates may affect the price of the Bonds***

When securities such as bonds are offered with a fixed interest rate, such securities are subject to price fluctuations; 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.

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.

## 20. STATUTORY AND GENERAL INFORMATION

### 20.1 AUTHORISATION OF THE PROGRAMME

By a resolution dated July 31 2019, the Shareholders of Axxela Funding 1 Plc approved the establishment of a N50,000,000,000 (Fifty Billion Naira) Debt Securities Programme, and the issuance of Bonds thereunder.

### 20.2 SPONSOR OWNERSHIP STRUCTURE

As at the date of this Shelf Prospectus the 20,000,000 ordinary shares of 50 kobo each in the issued share capital of Axxela Limited were beneficially held as follows:

Particulars of Shareholders	# of shares	% holding
Glover Gas & Power BV Netherland	9,800,000	49
Tope Lawani	10,200,000	51
<b>Sub Total</b>	<b>20,000,000</b>	<b>100</b>

### 20.3 SPONSOR HISTORICAL FINANCIAL INFORMATION

*The financial information set out in this Shelf Prospectus has been extracted from the audited annual financial statements of the Issuer and is available at the specified office(s) of the Issuer. This section should be read and construed in conjunction with any audited interim financial statements published subsequently, for the financial years prior to the issuance under this pricing supplement.*

#### INCOME STATEMENT

	2018	2017	2016
	N'000	N'000	N'000
Revenue	56,739,306	42,171,580	23,190,841
Cost of Sales	(41,866,375)	(31,877,762)	(15,795,647)
Gross Profit	14,872,931	10,293,818	7,395,194
Other Operating Income	1,692,212	3,141,843	1,619,338
Administrative Expenses	(7,656,676)	(5,491,847)	(4,112,594)
Operating Profit	8,908,467	7,943,814	4,901,938
Finance Costs	(3,803,279)	(3,289,007)	(565,465)
Finance Income	44,965	34,696	325,254
Finance Costs - Net	(3,758,314)	(3,254,311)	(240,211)
Profit before Income Tax	5,150,153	4,689,503	4,661,727

Income Tax (expenses)/ credits	(1,583,932)	(208,016)	10,031
Profit for the year	3,566,221	4,481,487	4,671,758

Other comprehensive income

*Other comprehensive income not to be reclassified to profit or loss in subsequent periods:*

*Other comprehensive income not to be reclassified to profit or loss in subsequent periods:*

Other comprehensive income for the year, net of tax

**Total comprehensive income for the year, net of tax**

-	-	-
-	-	-
-	-	-
<b>3,566,221</b>	<b>4,481,487</b>	<b>4,671,758</b>

**BALANCE SHEET**

	2018	2017	2016
	Nº000	Nº000	Nº000
<b>Non-Current Assets</b>			
Property, plant and equipment	8,556,969	8,231,001	7,850,937
Intangible assets	34,393,168	34,491,709	34,481,758
Goodwill	12,187,529	12,187,529	12,187,529
Investment in subsidiaries	-	-	-
Prepayments	79,177	-	-
Other assets	837,844	647,054	-
	56,054,687	55,557,292	54,520,224
<b>Current Assets</b>			
Inventories	312,716	424,492	313,050
Trade and other receivables	11,909,565	12,847,328	8,561,956
Prepayments	665,820	250,983	554,964
Cash and cash equivalents (excluding bank overdrafts)	2,886,646	2,856,756	2,603,199
	15,774,747	16,379,559	12,033,169
<b>Total Assets</b>	<b>71,829,434</b>	<b>71,936,851</b>	<b>66,553,393</b>
<b>Equity and liabilities:</b>			
<b>Equity attributable to equity holders of the parent:</b>			
Share Capital	10,000	10,000	10,000
Retained Earnings	9,947,928	8,321,512	4,058,973
	9,957,928	8,331,512	4,068,973
Non-controlling interest	1,894,374	1,927,606	1,920,598
<b>Total Equity</b>	<b>11,852,302</b>	<b>10,259,118</b>	<b>5,989,571</b>
<b>Liabilities:</b>			
<b>Non-Current Liabilities</b>			
Deferred tax liability	6,137,489	6,630,694	7,015,355
Borrowings	29,394,222	23,977,454	4,656,785
	35,531,711	30,608,148	11,672,140
<b>Current Liabilities</b>			

Trade and other payables	18,413,773	18,737,892	19,375,077
Current income tax liabilities	1,285,042	1,915,231	2,742,238
Dividend payable	102,450	102,450	105,802
Deferred revenue	219,987	1,588,915	798,249
Provisions	789,533	428,348	605,509
Borrowings	3,634,636	8,296,749	25,264,807
	<u>24,445,421</u>	<u>31,069,585</u>	<u>48,891,682</u>
<b>Total Liabilities</b>	<b>59,977,132</b>	<b>61,677,733</b>	<b>60,563,822</b>
<b>Total Equity and Liabilities</b>	<b>71,829,434</b>	<b>71,936,851</b>	<b>66,553,393</b>

## CASH FLOW STATEMENT

	2018	2017	2016
	N'000	N'000	N'000
<i>Operating activities</i>			
Profit before income taxation	5,150,153	4,689,503	4,661,727
Adjustments to reconcile profit before taxation to net cash flows:			
Interest income	(44,965)	(34,696)	(325,254)
Interest expenses	3,803,279	3,289,007	565,465
Depreciation	507,929	404,220	284,865
Amortisation of intangible assets	1,478,210	1,979,235	1,193,779
Unrealized valuation gain	2,295,246	(994,776)	-
Gains on sale of property, plant and equipment	(948)	-	(3,107)
Gains on sale of subsidiary	-	-	(771,961)
Fair value adjustment			78,534
<b>Changes in working capital:</b>			
Increase in receivables	87,697	(4,932,425)	(393,815)
Decrease/(increase) in prepayments	(494,014)	303,981	(402,315)
(Increase)/decrease in inventories	111,776	(111,442)	95,706
(Decrease)/increase in payables and accrued expenses	(3,349,534)	(700,995)	4,399,804
(Decrease)/increase in dividend payable	-	(3,352)	51,742
Increase/ (decrease) in provisions & deferred revenue	(1,007,743)	613,505	(1,783,828)
Interest paid	(844,267)	(2,394,800)	(511,275)
Income tax paid	(1,924,515)	(1,419,685)	(1,838,140)
<b>Net cash from/ (used in) operating activities</b>	<b>5,768,304</b>	<b>687,280</b>	<b>5,301,927</b>
<i>Investing activities</i>			
Purchase of property plant and equipment	(834,332)	(785,098)	(1,152,902)
Acquisition of subsidiary, net of cash	-	-	(21,582,335)
Payments relating to pipeline construction	(1,138,414)	(1,989,185)	(2,953,631)
Proceeds from sale of property plant and equipment	1,383	814	3,107
Interest received	44,965	34,696	25,053
<b>Net cash (used in)/ from investing activities</b>	<b>(1,926,398)</b>	<b>(2,738,773)</b>	<b>(25,660,708)</b>
<i>Financing activities</i>			
Proceeds from long term borrowings	5,750,000	4,500,000	22,611,853

Repayment of long term borrowings	(6,519,643)	(1,859,162)	(727,513)
Dividend paid	(212,224)	(211,940)	(128,549)
<b>Net cash from financing activities</b>	<b>(981,867)</b>	<b>2,428,898</b>	<b>21,755,791</b>
<b>Net change in cash and cash equivalents</b>	<b>2,860,039</b>	<b>377,405</b>	<b>1,397,010</b>
Cash and cash equivalents at 1 January	26,607	(350,798)	(1,747,807)
<b>Cash and cash equivalents at 31 December</b>	<b>2,886,646</b>	<b>26,607</b>	<b>(350,797)</b>

#### 20.4 AXXELA LIMITED DIRECTORS' INTERESTS

Tope Lawani holds an indirect interest in the Issuer through his 51% stake in Axxela Limited during this period, the Parent Company of the Issuer. Tope Lawani's shares in Axxela Limited are held in trust for Glover Gas & Power BV as notified by him and recorded by the company's Secretary. None of the other directors who held office during the year has any direct and indirect interest in the shares of the Company as notified by them and recorded by the Company's Secretary.

#### 20.5 STATEMENT OF INDEBTEDNESS

As of December 31, 2018, Axxela Limited had no loan capital, debentures, mortgages, overdrafts, short term loans, charges or similar indebtedness or material contingent liabilities other than those arising in the ordinary course of business.

#### 20.6 CLAIMS AND LITIGATION

The Sponsor is, in its ordinary course of business involved in two (2) cases. The aggregate sum claimed against the Sponsor in the said cases is approximately ₦17,510,000,000 (Seventeen Billion, Five Hundred and Ten Million Naira).

The Solicitors are of the opinion that the contingent liability, if any, that could materialize against the Sponsor on account of the cases will not have a material adverse effect on the Sponsor.

The Directors of the Sponsor are of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the Sponsor and are not aware of any other pending and/or threatened claim or litigation.

#### 20.7 RELATIONSHIP BETWEEN THE ISSUER, ISSUING HOUSES AND OTHER ADVISERS

There are no relationships (other than the professional ones established pursuant to this Programme) existing between the Issuer and any of their advisers.

#### 20.8 MERGERS AND TAKEOVERS

As at the date of this Shelf Prospectus, the Directors are not aware of the following during the preceding financial year or current financial year:

- a merger or takeover offer by third parties in respect of the Sponsor's securities; and
- a merger or takeover by the Sponsor in respect of another company's securities.

#### 20.9 OFF BALANCE SHEET ITEMS

As at 31 December 2018, the Sponsor had no off-balance sheet items other than in the ordinary course of business.

#### 20.10 MATERIAL CONTRACTS

The following agreement(s) have been entered into by the Company and are considered material to the Transaction:

- The Programme Trust Deed;
- The Deed of Undertaking;
- The Master Notes Subscription Agreement; and

- The Vending Agreement
- Security Deed

Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

## **20.11 DECLARATION**

Except as otherwise disclosed herein:

- No share of the Company is under option or agreed conditionally or unconditionally to be put under option;
- No commissions, discounts, brokerages or other special terms have been granted to any person in connection with the issue or sale of any share of the Company;
- Save as disclosed herein, the Directors of Axxela Companies have not been informed of any shareholding representing 5% or more of the issued share capital of the Company;
- There are no founders, management or deferred shares or any options outstanding;
- There are no material service agreements between Axxela and any of its Directors and employees other than in the ordinary course of business;
- There are no long-term service agreements between the Company and any of its Directors and employees;
- No director or key management personnel has been involved in any of the following (in or outside Nigeria):
  - i) A petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any company of which he was a director or key personnel;
  - ii) A conviction in a criminal proceeding or is named subject of pending criminal proceedings relating to fraud or dishonesty;
  - iii) The subject of any order, judgement or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

Further declarations/information in respect of Directors/shareholders/key management staff of the Issuer:

It is further declared that to the best of the Directors' knowledge as at 31 December 2019,

- None of the Directors/shareholders/key management staff is under any bankruptcy or insolvency proceedings in any court of law;
- None of the Directors/shareholders/key management staff has been convicted in any criminal proceeding;
- None of the Directors/shareholders/key management staff is the subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

## **20.12 COSTS AND EXPENSES**

The costs and expenses of undertaking this Bond Issuance Programme including fees payable to the SEC, the NSE/FMDQ and professional parties, filing fees, stamp duties, legal fees, other expenses, brokerage commission and the costs of printing and advertising the Offer are as set out in each Pricing Supplement issued by the Issuer.

## **20.13 CONSENTS**

The following have given and not withdrawn their written consents to the issue of this Prospectus with their names and reports (where applicable) included in the form and context in which they appear:

The Directors of Axxela Funding 1 Plc  
 The Company Secretary of Axxela Funding 1 Plc  
 Chapel Hill Denham Advisory Limited

Lead Book Runner/ Issuing House

Stanbic IBTC Capital Limited	Issuing House
FBNQuest Merchant Bank Limited	Issuing House
Rand Merchant Bank Nigeria Limited	Issuing House
Renaissance Securities (Nigeria) Limited	Issuing House
Vetiva Capital Management Limited	Issuing House
Afrinvest (West Africa) Limited	Issuing House
Olaniwun Ajayi LP	Solicitors to the Trustees
The New Practice	Solicitors to the Issuer
Aluko & Oyebode	Solicitors to the Offer
Afrinvest Securities Limited	Stockbrokers
ARM Trustees Limited	Bond Trustees
STL Trustees Limited	Security Trustees
Ernst & Young	Auditors
GTL Registrars and Data Solutions Limited	Registrars
PricewaterhouseCoopers	Reporting Accountant
Stanbic IBTC Bank Limited	Receiving Bank
First Bank of Nigeria Limited	Receiving Bank
Global Credit Rating Co. (GCR)	Rating Agency
Agusto & Co	Rating Agency

#### **20.14 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the offices of Joint Issuing Houses during normal business hours on any weekday (except public holidays) from the date of issuance of this Shelf Prospectus:

- (a) The Certificate of Incorporation of the Company duly certified by the CAC;
- (b) The Memorandum and Articles of Association of the Company duly certified by the CAC;
- (c) The Certified True Copy of the Board Resolution dated 28 September, 2018 approving the Debt Issuance Programme;
- (d) Shareholder Resolution of the Issuer dated 31 July 2019 authorising the Bond Issuance;
- (e) The Audited Financial Statements of the Company for each of the two years ended 2017;
- (f) The Reporting Accountants Report on Audited Accounts of the Company for three years ended December 31, 2018;
- (g) The material contract referred to in Section 20 on page 69;
- (h) The written consents referred to above;
- (i) The Shelf Prospectus issued in respect of the Bond Issuance Programme;
- (j) SEC Approval letter;
- (k) Any Pricing Supplement;
- (l) The schedule of claims and litigations and the opinion of the Solicitors to the Offer prepared in connection therewith;
- (m) Any Vending Agreements; and
- (n) Any Series Trust Deeds.

#### **20.15 RELATIONSHIP BETWEEN THE COMPANY AND ITS ADVISERS**

As at the date of this Prospectus and in compliance with SEC Rule 184(1) as amended, we hereby state that there is no shareholding relationship between Axxela Funding 1 Plc and the Issuing House/Book Runner. There is no other relationship between Axxela Funding 1 Plc, its respective directors, major shareholders and principal officers and the Parties to the Offer, except in the ordinary course of business.

#### **20.16 EXTRACTS FROM THE PROGRAMME TRUST DEED**

- **APPOINTMENT OF BOND TRUSTEE**

- The Issuer hereby appoints the Bond Trustee to act on behalf of the Bondholders, to hold the benefit of the payment obligations and other covenants herein on behalf of the Bondholders (according to their respective interests) and itself in accordance with the terms of this Deed.
- **DECLARATION OF TRUST**
  - *The Bond Trustee*
    - The Bond Trustee hereby declares itself trustee for the Bondholders with effect from the date of this Deed to hold the benefit of the covenants and other obligations on the part of the Co-Obligors herein contained, in trust for the Bondholders and itself (according to their respective interests) subject to the terms of this Deed.
  - *Duration of Trusts*
    - For the avoidance of doubt, the Parties to this Deed agree that the common law rules against perpetuities will apply to this Deed and the Deed shall not endure beyond 21 years from the date of its creation.
    - Subject to clause 3.2.1, the trusts created by this Deed shall remain in full force and effect until:
      - the Bondholders have been paid all outstanding obligations; and
      - the date on which the Issuer receives an unconditional release in writing by the Bond Trustee (for the Issuer and Co-Obligors) from all of their respective obligations under this Deed or other documents pursuant to this Deed, if any.
- **PROGRAMME TRUST DEED BINDING ON ALL PARTIES**
- The provisions of this Deed shall be binding on the Issuer, the Sponsor, the Co-Obligors, the Bond Trustee, the Bondholders and all persons claiming through the Bondholders respectively as if such Bondholders and persons are parties to this Deed.
- **COVENANT TO REPAY**
  - The aggregate Principal Amount of the Bonds to be issued by the Issuer pursuant to this Deed is limited to ₦50,000,000,000.00 (Fifty Billion Naira).
  - The Issuer and Co-Obligors covenants with the Bond Trustee that it will, in accordance with these provisions, on the Payment Date, or on such earlier date as the Bonds may become due and repayable thereunder, pay or procure to be paid unconditionally in immediately available freely transferable funds in Nigerian Naira, to or to the order of the Trustee, the Principal Amount repayable, and applicable Coupon (which shall accrue from day to day) on the Principal Amount at the Coupon Rate PROVIDED THAT:
    - every payment to any Bondholder in respect of the Principal Amount or Coupon of the Bonds held by him shall operate in satisfaction *pro tanto* of the covenant of the Issuer and Co-Obligors in this clause contained except to the extent that there is default in the subsequent payment thereof in accordance with this Deed;
    - in any case where payment is not made to the Payment Account as and when due, interest shall continue to accrue on the amount due, (both before and after any judgment or other order of a court of competent jurisdiction) at the rate prescribed in the Terms and Conditions of the Bonds, from the date of such default to and including the date which the Bond Trustee determines to be the date on and after which payment is to be made to the Bondholders in respect thereof as stated in a notice given to the Bondholders in accordance with Clause 37 (*Notices*);
  - Every payment of principal on the Bonds shall be made free of all costs, commissions, charges, fees, or other payments or deductions, other than any tax on income, which the Issuer may by any Applicable Law be required to deduct.
  - The Issuer shall ensure that all payments due to the Bondholders shall be paid to the Payment Account as provided hereunder.
- **PURPOSE**
  - The net proceeds of the Bonds (after deduction of the costs and expenses incurred in connection with the issuance of such Series of Bonds) shall be applied towards the purchase of Notes as specified in the Master Notes Subscription Agreement.

- Without prejudice to the generality of the foregoing and the subsequent provisions of this Deed, the Bond Trustee shall be entitled to but shall not be bound to enquire as to the application of the proceeds of the Bonds.
- **ISSUANCE OF THE BONDS**
  - *Mode of Issuance and Offering*
    - The Bonds constituted under this Trust Deed shall be issued in Series by way of a public offer, book building, private placement and/or any other such methods as shall be set out in more detail in the relevant Pricing Supplement in an aggregate nominal amount from time to time not exceeding the Programme Limit and for the purpose of determining such aggregate nominal amount, the provisions of such Pricing Supplement shall apply.
  - *Status of the Bonds*
    - The Bonds constitute:
    - direct, general, and irrevocable obligations of the Issuer and Co-Obligors and shall qualify as securities in which Pension Fund Administrators may invest under the Pension Reform Act, Cap P4, LFN, 2004 and will also qualify as securities in which the Bond Trustee may invest under the Trustee Investment Act Cap T22 LFN, 2004.
  - *Terms of Issue*
    - The Terms and Conditions of the Bonds, subject to compliance with all Applicable Laws, will be set out in the Terms and Conditions of the Bonds and annexed hereto
  - *Minimum Subscription of Bonds*
    - The minimum subscription of the Bonds shall be as specified in the relevant Series Trust Deed.
  - *Coupon Rate*
    - The Coupon payable in respect of the Bonds shall be specified in the relevant Series Trust Deed.
  - *Currency of payments*
    - All payments in respect of, under and in connection with this Deed, shall be denominated in Nigerian Naira and subject to compliance with all applicable legal or regulatory requirements.
  - Any Series of the Bonds may be senior bonds, secured, unsecured, subordinated bonds, or guaranteed under terms to be provided in the applicable Final Terms
- **FORM OF THE BONDS**
  - *Bonds to be in Registered Form*
    - Unless otherwise specified in any Final Terms, the Bonds shall be in registered form, made eligible for admission to listing on a Recognised Securities Exchange and issued in accordance with applicable legal and securities exchange listing authority and/or quotation system requirements and unless otherwise specified in any Final Terms, the Bonds shall be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSCS and evidenced by credit into the Bondholder's securities account. Dealings in the Bonds shall be in accordance with CSCS procedures and the rules of the FMDQ and /or NSE.
    - Notwithstanding Clause 8.1.1 above, a Holder may elect to receive a certificate, covering the aggregate Principal Amount of his beneficial interest in the Bonds. PROVIDED THAT joint Holders shall be entitled to only one (1) certificate in respect of the Bonds jointly held by them which certificate shall be delivered to that one of the joint Holders whose name appears first in the Register and the delivery of a certificate to one of such persons shall be deemed to be sufficient delivery to all.
  - *Title to Bonds*
    - Title to the Bonds shall pass upon the registration of transfers by the Registrar in respect thereof in accordance with the provisions of this Clause 8.2.

- Statements issued by the CSCS as to the aggregate number of Bonds standing to the credit of the CSCS account of any Bondholder shall be conclusive and binding for all purposes except in the case of manifest error and such Bondholder shall be treated by the Issuer, the Bond Trustee and the Registrar as the legal and beneficial owner of such aggregate number of Bonds for all purposes.
    - The Bondholders shown in the records of CSCS (or their legal representatives) are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of this Deed and any relevant Series Trust Deed.
  - *Transfer of Bonds*
    - Transfers of Bonds will be effected through the records of the CSCS and rules and procedures of the CSCS, and title to Bonds shall pass when such transfer is recorded in the Register
  - *Persons to be treated as Bondholders*
    - Except as ordered by a court of competent jurisdiction or as required by law, the Issuer, the Co-Obligors, the Trustee, and the Registrar (notwithstanding any notice to the contrary and whether or not it is overdue and notwithstanding any notation of ownership or writing thereon or notice of any previous loss or theft thereof) may:
      - for the purpose of making payment thereon or on account thereof; and
      - for the purpose of voting, giving consents and making requests pursuant to these provisions,
      - deem and treat the registered holder of any Bond as the absolute legal and beneficial owner thereof and of all rights thereunder free from all encumbrances, and shall not be required to obtain proof of such ownership or as to the identity of the registered Bondholder; and
      - for all other purposes, deem and treat the registered holder of any Bond as the absolute owner thereof free from all encumbrances and shall not be required to obtain proof of such ownership (other than, in the case of any person for the time being so shown in such records, a certificate or letter of confirmation signed on behalf of the Registrar or any other form of record made by it) or as to the identity of the registered holder of any Bond.
  - *Rights of Bondholders*
    - The Bondholders shall not have or acquire any right against the Bond Trustee in respect of the Bonds except as expressly conferred upon them by this Deed or by law, regulation or court order and no person shall be recognized as a Bondholder except in respect of Bonds registered in his name in the Register.
  - *Certificates of the Registrar*
    - The Issuer and the Bond Trustee may call for and, except in the case of manifest error, shall be at liberty to accept and place full reliance on (without liability) as sufficient evidence thereof, a certificate or letter of confirmation issued on behalf of the Registrar or any form of record made by the Registrar or such other form of evidence and/or information and/or certification as it shall, in its absolute discretion, think fit to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as the holder of a particular nominal amount of Bonds and, if it does so rely, such letter of confirmation, form of record, evidence, information or certification shall be conclusive and binding on all concerned.
- **SECURITY**
  - Subject to the relevant Final Terms, each Co-Obligor(s) may create Security over any of its Assets, Receivables and undertakings as security for the payment of Bonds issued under a Series and the performance by the Issuer and the Co-Obligor(s) of their obligations under the relevant Series.
  - Subject to the relevant Final terms, the Guarantor may issue a Guarantee in favour of the Bond Trustee on behalf of the Bondholders as set out in the Deed of Guarantee pursuant to which the

obligations of the Issuer and the Co-Obligors in respect of the Bonds under a Series shall be unconditionally and irrevocably guaranteed.

- **ESTABLISHMENT OF ACCOUNTS**

- **Establishment of Payment Accounts**

- Subject to the applicable Final Terms, the Issuer shall not later than the Closing Date, open with the Account Bank the Payment Account in respect of any relevant Series of Bonds in the name and under the control of the Bond Trustee.
- The Issuer shall pay all monies due under the Bonds into the Payment Account no later than five (5) Business Days before the Coupon Payment Date or the Payment Date (as the case may be).
- The Issuer shall no later than 10.00a.m. on the Business Day immediately preceding the date on which the payments referred to in Clause 10.1.2 is made, send a payment confirmation by authenticated SWIFT acknowledgment or other acceptable form or notification to the Bond Trustee confirming that the relevant payment has been made into the Payment Account.
- The Bond Trustee shall utilise the funds in the Payment Account for the purposes of effecting payments on the Bonds to the Bondholders as and when due in accordance with the relevant Final Terms.
- The Bond Trustee shall at the expense of the Issuer immediately notify the Issuer:
  - if it has not by close of business on the relevant date received the full amount required for payment to the relevant Bondholders, that it has not received the full amount required for payment to the Bondholders; or
  - if it has received the full amount of any sum payable in respect of the Bonds, that it has received the full amount required for payment to the Bondholders and the Issuer is accordingly discharged of its payment obligations then due.
  - *Funding of Payment Account*: The Payment Account shall be funded by the Issuer in such frequency as may be specified in the applicable Final Terms for the purpose of accumulating monies to pay interest and where applicable repay principal on the applicable Payment Date. The money standing to the credit of the Payment Account on any Payment Date shall not be less than the aggregate principal and interest due on the relevant Series on the relevant Payment Date.
  - All monies due to the Issuer under the Master Notes Subscription Agreement, shall be paid by the Co- Obligors directly into the Payment Account;

- In the event that the Bond Trustee determines not later than ten (10) Business Days before a Coupon Payment Date, that the funds in the Payment Account are insufficient to pay the Coupon due on the Bonds, the Bond Trustee shall immediately issue a written notice to the Issuer and the Co-Obligors. Upon receipt of the written notice, the Issuer and the Co-obligors shall, not later than five (5) Business Days before a Coupon Payment Date, remit sufficient funds into the Payment Account to meet such shortfall in the Coupon due on the Bonds as calculated by the Bond Trustee.

- In the event that, the Bond Trustee determines not later than ten (10) Business Days before the Maturity Date, that the monies in the Payment Account are insufficient to pay the Principal Amount or the Redemption Amount due on the Bonds, the Bond Trustee shall issue a written notice to the Issuer and the Co-Obligors. Upon receipt of the written notice, the Issuer and the Co-Obligors shall, not later than five (5) Business Days before the Maturity Date, remit sufficient funds into the Payment Account to meet such shortfall.

- **Establishment of Minimum Reserve Account**

- Subject to the applicable Final Terms, the Issuer and the Co-obligors shall, on or before the Closing Date of any relevant Series, open the Minimum Reserve Account
- The Issuer and the Co-obligors shall maintain the Minimum Reserve Account where applicable in respect of any relevant Series in the name and under the control of the Bond Trustee.

- *Funding of Minimum Reserve Account:* The Minimum Reserve Account shall be funded by the Co-Obligors in such Minimum Reserve Amount determined under the applicable Final Terms for the relevant Series.
  - In the event that, the Bond Trustee determines not later than three (3) Business Days before the Maturity Date, that the funds in the Payment Account are insufficient to pay the Principal Amount or the Redemption Amount due on the Bonds, and following the issuance of the written notice by the Bond Trustee as contemplated under clause 10.3, the Bond Trustee shall effect transfer of required funds from the Minimum Reserve Account to the Payment Account to pay the Principal or Redemption Amount.
  - In the event that the Bond Trustee determines not later than three (3) Business Days before a Coupon Payment Date, that the funds in the Payment Account are insufficient to pay the Coupon due on the Bonds, and following the issuance of the written notice by the Bond Trustee as contemplated under clause 10.2 and failure of the Issuer to address the default, the Bond Trustee shall effect the transfer of required funds from the Minimum Reserve Account to the Payment Account to pay the Coupon due on the Bonds.
  - In the event that the Bond Trustee utilises part of the monies in the Minimum Reserve Account for the purpose stated in clause 10.6 above, the Co-Obligors shall ensure that the Minimum Reserve Account is funded up to the Minimum Reserve Amount, no later than five (5) Business Days before the next Coupon Payment Date, after such utilisation.
- **DISTRIBUTION OF MONIES**
  - The Bond Trustee shall, upon determining that the funds in the Payment Account are sufficient to meet payment of the Coupon due on the Bonds on a Coupon Payment Date and/ or Principal Payment Date, electronically transfer the funds required for payment of Coupon due on the Bonds for the Coupon Payment Date into an account nominated by the Registrar two (2) days before the relevant Coupon Payment Date.
  - The Bond Trustee shall, upon determining that the funds in the Payment Account are sufficient to meet payment of Principal Amount or Redemption Amount due on the Bonds on a Maturity Date, electronically transfer the funds required for payment of Principal Amount or Redemption Amount due on the Bonds for the Maturity Date into an account nominated by the Registrar two (2) days before the relevant Maturity Date.
  - Payment of the Coupon and Principal Amount for the time being owing or due on all or any part of the Bonds will be credited electronically by the Registrar to the nominated bank account of the Bondholder made available to the Registrar, for this purpose (or in the case of joint registered Bondholders, by the joint Bondholders.
  - Provided that where a Bondholder has not nominated any bank account, the Registrar will notify the Bondholder and pending the time the Bondholder provides the account details, the Registrar will withhold payment of such amount and transfer the same to the Bond Trustee. The Bond Trustee shall hold such moneys in trust for such Bondholder and interest on such amount shall cease to accrue. The Bond Trustee shall not be responsible for the safe custody of such moneys (unless such moneys are deposited in a bank that is not an Account Bank or a bank agreed by the Parties) or for interest thereon except such interest (if any) as the said money may earn whilst on deposit or invested as aforesaid less any expenses incurred by the Bond Trustees.
  - For the avoidance of doubt, no interest pursuant to Clause 11.4 shall accrue from the period commencing on the date of notification of the Bondholder to the date on which the Bondholder provides the account details.
  - Without prejudice to the provisions of the Final Terms, the receipt by each Bondholder or in the case of joint Bondholders by any one of such joint Bondholders of any Principal Amount or Coupon payable in respect of Bond(s) held by such Bondholder or joint Bondholders shall constitute a discharge of the payment obligations of the Issuer to pay such Principal Amount or Coupon.
- **OBLIGATION OF CO-OBLIGORS**
  - *Joint and Several obligations*

- Each of the Co-Obligors, jointly and severally, hereby irrevocably and unconditionally, guarantees to the Bond Trustee:
    - the due and punctual payment of the principal and interest on the Bonds and of any other amounts payable by the Issuer under the relevant Series immediately on demand, in immediately available funds, without any deduction, set-off, counterclaim or withholding of any kind (including without limitation, on account of taxes); and
    - the due and punctual performance and observance by the Issuer of all the obligations of the Issuer under or pursuant to this Deed.
  - The obligations of the Co-Obligors shall include monetary damages arising out of any failure by the Issuer to perform its obligations under this Deed or the Final Terms, to the extent that any failure to perform such obligations gives rise to monetary damages, it being the intention of the Parties hereto that all the obligations shall be the joint and several obligations of each of the Co-Obligors without preferences or distinction among them (the “Obligations”).
  - If and to the extent that any of the Co-Obligors shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event, the other Co-Obligors will make such payment with respect to, or perform, such Obligation.
  - The Obligations of each of the Co-Obligors under the provisions of this Clause 12 constitute the full recourse Obligations of each of the Co-Obligors enforceable against each such Co-Obligor to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Deed or any other circumstance whatsoever.
  - The Obligations of each of the Co-Obligors under this Deed are continuing obligations and shall extend to the ultimate balance of sums payable by the Issuer under this Trust Deed and the Bonds, regardless of any intermediate payment or discharge in whole or in part.
- *Payments*
- Any payment made by any of the Co-Obligors shall be in satisfaction of the relevant covenant to pay by the Issuer pursuant to Clause 5 (*Covenant to Repay*) (except to the extent that there is a default in a subsequent payment). Interest shall accrue on any payment made after the due date, up to and including the date payment is made at the Coupon Rate. All payments made by any of the Co-Obligors under this Deed shall be subject to Clause 13 (*Taxes*).
  - Each of the Co-Obligors hereby agrees that the payment of any amounts due with respect to any indebtedness owing by the Issuer or any Co-Obligor to any other Co-Obligor is hereby subordinated to the prior payment of the Obligations in full.
  - Each Co-Obligor hereby agrees that after the occurrence and during the continuance of any Event of Default, such Co-Obligor will not demand, sue for or otherwise attempt to collect any indebtedness of any other Co-Obligor or the Issuer, owing to such Co-Obligor until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such Co-Obligor shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such Co-Obligor as trustee for the Bond Trustee and be paid over to the Bond Trustee to be applied to repay the Obligation.
- *Waiver of Defences*
- Except as otherwise expressly provided herein, each Co-Obligor hereby waives promptness, diligence, presentment, demand, protest, notice of acceptance of its joint and several liability, notice of any utilisation of proceeds, and any promissory note issued hereunder, notice of occurrence of any Event of Default (except to the extent notice is expressly required to be given pursuant to the terms of this Trust Deed), or of any demand for any payment under this Deed, all demands, notices and other formalities of every kind in connection with this Deed.

- Each Co-Obligor hereby waives all defences which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the ranking of assets of the Co-Obligors and any other entity or Person primarily or secondarily liable with respect to any of the Obligations, and all suretyship defences generally.
  - Each Co-Obligor hereby agrees that its Obligations shall not be released or discharged, in whole or in part, or otherwise affected by, the adequacy of any rights which the Bond Trustee may have against any collateral security or other means of obtaining repayment of any of the Obligations, the impairment of any collateral security securing the Obligations, including, without limitation, the failure to protect or preserve any rights which the Bond Trustee may have in such collateral security or the substitution, exchange, surrender, release, loss or destruction of any such collateral security, any other act or omission which might in any manner or to any extent vary the risk of such Co-Obligor, or otherwise operate as a release or discharge of such Co-Obligor, all of which may be done without notice to such Co-Obligor.
  - The Obligations of each Co-Obligor under this Clause 12 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any reconstruction or similar proceeding with respect to any other Co-Obligor. The joint and several liability of the Co-Obligors hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, ownership, membership, constitution of any Co-Obligor, the Issuer or the Bond Trustee.
  - The provisions of this Clause 12 are made for the benefit of the Bond Trustee and their respective permitted successors and assigns, and may be enforced by them from time to time against any or all of the Co-Obligors as often as occasion therefore may arise and without requirement on the part of the Bond Trustee or any of their agents first to exercise any of their rights against the other Co-Obligors or to exhaust any remedies available to them against any other Co-Obligor or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy.
  - The provisions of this Clause 12 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied.
- *Addition and/or Substitution of Co-Obligors*
- The Bond Trustee may without the consent of the Bondholders agree to the addition of one or more direct or indirect Subsidiaries of the Sponsor to become an additional Co-Obligor hereto (the "Additional Co-Obligor"), and/or, the substitution in place of any Co-Obligor (or any previous substitute under this clause), as a Co-Obligor under this Deed, and any other agreements in respect of the Bonds, of any successor of any Co-Obligor (the "Substitute Co-Obligor") subject to such conditions as the Bond Trustee may require, PROVIDED THAT:
    - The prior approval of the Commission shall have first been obtained (where applicable);
    - A supplemental trust deed among the Issuer, the Bond Trustee, and the Co-Obligors shall be executed by the Substitute Co-Obligor and/or Additional Co-Obligor in the form and manner satisfactory to the Bond Trustee, agreeing to be bound by the terms of this Deed, the Bonds and any consequential amendments which the Bond Trustee may deem appropriate, as fully as if the Substitute Co-Obligor and/or Additional Co-Obligor had been named in this Deed (and the substituted Co-Obligor has been released from all obligations hereunder), the applicable Final Terms and on the Bonds as a Co-Obligor to the Issuer (or such previous Substitute Co-Obligor and/or Additional Co-Obligor under this clause);
    - Any authorised officer of the Issuer or (as the case may be) the Substitute Co-Obligor and/or Additional Co-Obligor shall certify to the Bond Trustee that the Substitute Co-Obligor and/or Additional Co-Obligor will be solvent

immediately after the time at which the said substitution and/or addition is to be effected;

- The Bond Trustee shall be satisfied that the Substitute Co-Obligor and/or Additional Co-Obligor has obtained all approvals /consents necessary for its assumption of liability as a Co-Obligor under this Deed and such approval/consents are at the time of substitution and/or addition in full force and effect;
  - The relevant rating agency shall have notified the Bond Trustee in writing that such substitution and/or addition shall not result in the rating agency withdrawing or reducing its rating(s) with respect to the relevant Series of Bonds.
  - The Issuer and the Substitute Co-Obligor and/or Additional Co-Obligor (or any previous Substitute Co-Obligor and/or Additional Co-Obligor under this clause) shall execute such other document, and instruments as the Bond Trustee may require in order that such substitution is fully effective and comply with such other requirements in the interest of the Bondholders as the Bond Trustee may direct.
- On the execution of the supplemental trust deed pursuant to clause 12.4.1.2, the Substitute Co-Obligor and/or Additional Co-Obligor shall be deemed to be named in this Deed as a Co-Obligor in addition to the existing Co-Obligors, and this Deed shall be deemed to be amended to give effect to the substitution and/or addition. References to the Co-Obligors in this Deed shall be deemed to include the Substitute Co-Obligor and/or Additional Co-Obligor where applicable.
- **TAXES**
    - The Issuer shall (and the Issuer shall ensure that the Co-Obligors, if any, shall) where applicable, duly and punctually pay and discharge all Taxes (a) for which it reasonably believes it is liable pursuant to any self-assessment procedure; and (b) assessed upon it or its assets under Applicable Law within the time period allowed without incurring penalties, except solely in the case of (b) above, to the extent:
      - that such payment is being contested in good faith;
      - adequate reserves are being maintained for those taxes and any interest or penalties; and
      - that such payment can be lawfully withheld.
    - All payments to be made in respect of repayment due under the Bonds shall be subject to any applicable Tax deductions required under Applicable law to be deducted or withheld by the Issuer. Provided that the deductions required are subject to the expiry of any existing tax waivers on bond investments under the Applicable Law.
- **COVENANT OF COMPLIANCE WITH THE PROGRAMME TRUST DEED**
  - The Issuer and each of the Co-Obligors covenant with the Bond Trustee that they will comply with and perform and observe all the provisions of this Deed and the Terms and Conditions which are expressed to be binding on them. The Terms and Conditions of the Bonds shall be binding on the Issuer, Co-Obligors and the Bondholders. The Bond Trustee shall be entitled to enforce the obligations of the Issuer and each Co-obligor under the Bonds and the Final Terms as if the same were set out and contained in this Deed, which shall be read and construed as one document with the Bonds. The Bond Trustee shall hold the benefit of this covenant upon trust for themselves and the Bondholders according to their respective interests.
- **CANCELLATION OF BONDS AND RECORDS**
  - The Issuer shall procure that all Bonds issued by it which are: (i) redeemed or (ii) purchased by or on its behalf, shall be cancelled, in accordance with the rules under the CSCS, by or on behalf of the Issuer, and the Issuer shall not keep such Bond valid for the purpose of re-issue or resell. For so long as the Bond is admitted to listing and or trading on a Recognised Securities Exchange and the rules of the Recognised Securities Exchange require, the Registrar shall promptly inform the Recognised Securities Exchange of the cancellation of any Bonds under this Clause 15 (*Cancellation of Bonds and Records*).

- **REDEMPTION OF BONDS**

- The mode and terms of redemption of the Bonds will be in accordance with Condition 11 (*Purchase, Redemption and Cancellation of Bonds*).
  
- **REPRESENTATIONS AND WARRANTIES**
  - *Representations and Warranties of the Issuer*
    - The Issuer hereby represents and warrants on the date of this Deed that:
      - it is a public limited liability company duly incorporated under Nigerian law and has full power and authority, and all governmental licences, authorisations, consents and approvals necessary, to:
        - execute and deliver the Offer Documents; and
        - perform its obligations under the Offer Documents.
      - its execution and delivery of the Offer Documents and its performance thereunder:
        - have been duly authorised by all necessary corporate action (including any necessary board resolution or similar action);
        - do not contravene any Applicable Law material in the context of the transactions contemplated in the Offer Documents; and
        - do not contravene or constitute a default under any contractual obligation, judgment, injunction, order or decree binding upon it or its assets.
      - the entry into and performance by the Issuer of, and the transactions contemplated by, the relevant Offer Documents do not and will not conflict with:
        - its constitutional documents; or
        - any document which is binding upon it;
      - each of the Offer Documents has been duly executed and delivered by it and (with respect to any Bonds, upon its authentication and delivery by the Bond Trustee) constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms;
      - it is in substantial compliance with all Applicable Laws;
      - it has obtained the corporate approvals required for the issuance of the Bonds;
      - the obligations of the Issuer to the Bondholders under the Offer Documents are direct, general and unconditional obligations of the Issuer and rank *pari passu* with all other present and future unsecured and unsubordinated Financial Indebtedness, if any, of the Issuer;
      - it is neither unable nor has it admitted its inability to pay its debts as they fall due nor has it suspended making payments on any of its debts (other than debts disputed in good faith) or, by reason of actual or anticipated financial difficulties, commenced negotiations with or sought Moratorium from one or more of its creditors with a view to rescheduling any of its Financial Indebtedness on account of inability to pay;
      - all the information in the Offer Documents (as supplemented from time to time) that has been made available to the Bondholders by the Issuer or any director, officer, employee, or representative of the Issuer in connection with the transaction contemplated herein is and will at all times be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made;
      - while any Bonds are outstanding, it agrees to timeously supplement any of the information referred to in Clause 18.9 (*Covenants by the Issuer*) below from time to time so that the representations and warranties contained in this Clause 17.1 (*Representations and Warranties of the Issuer*) remain correct at all times and acknowledges that each of the Bondholders is acting in reliance upon the accuracy of information supplied by the Issuer without any independent verification.
      - Other than as disclosed in the Shelf Prospectus, no litigation, arbitration, administrative proceedings or other proceedings are current or, to the knowledge of the Directors of the Issuer (having made all due enquiries), pending or threatened in writing, against the Issuer or against any of its Directors or its assets which, if adversely determined, would reasonably be expected to have a Material Adverse Effect.
  - *Representations and Warranties of the Co-Obligors*

- Each of the Co-Obligors hereby represents and warrants that:
  - it is duly incorporated under the laws of Nigeria, duly established, in good standing and has full power and authority, and all governmental licences, authorisations, consents and approvals necessary, to:
    - execute and deliver the Offer Documents; and
    - perform its obligations under the Offer Documents.
  - its execution and delivery of the Offer Documents and its performance thereunder:
    - have been duly authorised by all necessary corporate action (including any necessary board resolution or similar action);
    - do not contravene any Applicable Law material in the context of the transactions contemplated in the Offer Documents; and
    - do not contravene or constitute a default under any contractual obligation, judgment, injunction, order or decree binding upon it or its assets.
  - the entry into and performance of the transactions contemplated by, the relevant Offer Documents do not and will not conflict with:
    - its constitutional documents;
    - any document which is binding upon it; or
    - any licence that is required for the carrying on of its business.
  - each of the Offer Documents has been duly executed and delivered by it and (with respect to any Bonds, upon its authentication and delivery by the Bond Trustee) constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms;
  - it is in substantial compliance with all Applicable Laws material in the context of the transactions contemplated in the Offer Documents;
  - it has obtained the corporate approvals required for the sponsor and/or guarantee of the Bonds;
  - it is absolutely, solely and beneficially entitled to all the Assets and Receivables as from the date the Assets or Receivables fall to be used as Security in respect of any Series of the Bonds;
  - it is neither unable nor has it admitted its inability to pay its debts as they fall due nor has it suspended making payments on any of its debts (other than debts disputed in good faith) or, by reason of actual or anticipated financial difficulties, commenced negotiations with or sought Moratorium from one or more of its creditors with a view to rescheduling any of its Financial Indebtedness on account of inability to pay;
  - all the information in the Offer Documents (as supplemented from time to time) that has been made available to the Bondholders by the Co-Obligors or any director, officer, employee, or representative of the Co-Obligors in connection with the transaction contemplated herein is and will at all times be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made;
  - while any Bonds are outstanding, it agrees to timeously supplement any of the information referred to in Clause 19 (*Covenants by the Co-Obligors*) below from time to time so that the representations and warranties contained in this Clause 17.2 (*Representations and Warranties of the Co-Obligors*) remains correct at all times and acknowledges that each of the Bondholders is acting in reliance upon the accuracy of information supplied by the Co-Obligors without any independent verification.
  - Other than as disclosed in the Shelf Prospectus, no litigation, arbitration, administrative proceedings or other proceedings are current or, to the knowledge of the Directors of the Co-Obligors (having made all due enquiries), pending or threatened in writing, against the Co-Obligors or against any of its Directors or its assets which, if adversely determined, would reasonably be expected to have a Material Adverse Effect.
- *Representations and Warranties of the Bond Trustee*
- The Bond Trustee represents and warrants to the Issuer that:
  - it is a company duly registered under the laws of the Federal Republic of Nigeria;

- it is duly registered and licensed by the Commission to act as a Trustee in connection with capital market transactions and provide corporate trust services in Nigeria;
  - it has the full power, consent and authority to enter into this Deed, exercise its rights and perform its obligations under this Deed and such authorisations and consent are in full force and effect;
  - it has the resources, capacity and expertise to act on behalf of the Bondholders with regard to every issue of Bonds under the Programme and it shall comply with the provisions of the ISA, the Trustees Investment Act, this Deed and the relevant Series Trust Deeds in the performance of its obligations;
  - the obligations expressed to be assumed by it under this Deed are legal and valid obligations binding on it in accordance with their terms;
  - it shall provide any information, which are within its knowledge that the Commission or the Issuer may require in connection with its obligations to act on behalf of the Bondholders;
  - it shall not allow any conflicts to occur between its obligations in connection with the Bonds and its commercial interests;
  - the operations of the Trustee in respect of the Programme are, have been and will be, conducted at all times in compliance with applicable financial record keeping and reporting requirements and money laundering statutes in Nigeria, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency applicable to the Trustee (collectively, "Money Laundering Laws") and except as otherwise disclosed, there are no pending actions, suits or proceedings by or before any court or governmental agency, authority or body or any arbitrator involving the Bond Trustee with respect to Money Laundering Laws, which could have a material adverse effect on the Bond Trustee's ability to perform its obligations under this Agreement.
  - it does not have any subsisting and undisclosed fiduciary relationship with the Issuer; and
  - it shall comply with its obligations under this Deed and the terms and conditions specified in this Deed.
- *Repetition of Representations and Warranties*
    - The Representations made by each of the Parties above are made on the date of this Deed and are deemed to be repeated by each of the Parties on each anniversary of the Allotment Date, by reference to the facts and circumstances then existing on the Closing Date.
- **COVENANTS OF THE ISSUER**
  - The Issuer covenants to the Bond Trustee that it shall:
    - comply with and perform all the obligations expressed to be undertaken by it under this Deed and the Bonds. The Bond Trustee shall be entitled to enforce the obligations of the Issuer under the Bonds as if the same were set out and contained in the Deed, which shall be read and construed as one document with the Terms and Conditions of the Bond;
    - to the extent that any Bonds are constituted under the relevant Series Trust Deed and issued, be indebted to the Bondholders up to the principal amount of the Bonds specified in such Series Trust Deed in respect of the relevant Series and undertakes to the Bond Trustee that the Bonds, to the extent constituted and issued, shall be redeemed together with any outstanding coupon and other interest/monies on the Redemption Date in the relevant currency (or earlier on an amortised basis) provided for in the relevant Final Terms or such earlier date as the same or any part may become due and repayable;
    - pay to the Bond Trustee in immediately available funds, the full principal amount of the Bond and or such part of the Bonds as ought to be redeemed on the Redemption Date as may be payable, and shall in the meantime and until such date (both before and after any judgment or other order

- of a court of competent jurisdiction) pay unconditionally to or to the order of the Bond Trustee, interest (which shall accrue from day to day) on the principal amount of the Bonds;
- in the event it fails to make payment to the Bond Trustee on or before the due date or improperly withholds or refuses to make such payment, interest shall continue to accrue on the principal amount so withheld or refused (both before and after any judgment or order of a court of competent jurisdiction) at the Coupon Rate up to and including the date on which payment is eventually made to the Bondholders;
  - ensure every payment of principal and or interest on the Bonds will be made free of all costs, commissions, charges, fees, or other payments or deductions, other than any tax on income which the Issuer may by any Applicable Laws be required to deduct;
  - obtain and keep in full force and effect all authorisations required for the validity and enforceability of the Offer Documents against the Issuer;
  - promptly inform the Bond Trustee of any Event of Default as soon as it becomes aware of such event;
  - comply in all respects with all Applicable Laws, permits, and licences to which it may be subject and which in each case is material to its business and its obligations under the Offer Documents for as long as any Bonds are outstanding under the Programme, and shall obtain and maintain such permits and licences except where such non-compliance will not result in a Material Adverse Effect on its business or its obligations under the Offer Documents;
  - furnish the Bond Trustee and Rating Agencies with a copy of its quarterly financial statements within ten (10) Business Days of sending the same to the Commission;
  - furnish the Bond Trustee and Rating Agencies with five (5) copies of its audited financial statements, including its Statements of Financial Position as at the close of that fiscal year and the Statements of Financial Position and statements of sources and application of funds for that fiscal year, prepared in accordance with IFRS and confirmed by the Auditors as fairly representing the financial condition of the Issuer as at the close of that fiscal year, at the same time as such statements are being sent to the Issuer;
  - for as long as any Bonds are outstanding, subject to obtaining the prior written consent of the Bond Trustee (such consent not to be unreasonably withheld), be entitled to enter into any amalgamation, de-merger, merger, consolidation or corporate restructuring, internal restructuring, an arrangement with a related entity or such other restructuring or arrangement, or enter into any transaction which effect would be similar to that of a merger, de-merger, consolidation or corporate reconstruction, provided that:
    - no consolidation, corporate restructuring, merger or other change in the status of the Issuer shall be interpreted to avoid the Issuer's obligations imposed by this Deed and in the event of any change in status of the Issuer, the successor or successors-in-title of the Issuer shall be held and deemed responsible for the due performance of the obligations intended by this Deed. PROVIDED that if required by the Bond Trustee, the successor or successors-in-title of the Issuer shall expressly assume by a supplemental trust deed to the Trust Deed in form and substance satisfactory to the Bond Trustee, all of the obligations of the Issuer under the Trust Deed;
    - immediately before and after giving effect to such consolidation or merger, no Event of Default shall have occurred and be continuing; and
    - the Issuer or its successor-in-title, as the case may be, shall have delivered to the Bond Trustee, a certificate signed by two (2) of its directors or by one (1) director and its Chief Financial Officer, stating that the consolidation or merger complies with the provisions of subparagraphs 18.11.1 and 18.11.2 above.
  - unless with the prior written consent of the Bond Trustee first had and obtained (which consent shall not be unreasonably withheld), not reduce its issued share capital or otherwise amend or change its share capital in a manner which, in the Bond Trustee' reasonable opinion would adversely affect its ability or obligation to pay the principal and or interest on Bonds and or any monies payable under this Deed except such amendment is required by an Applicable Law;
  - in any other case of alteration of capital, and or amendment of its Memorandum and Articles of Association, give the Bond Trustee prior written notice of the proposed amendment and/or, giving full particulars of the status of its share capital after the proposed amendment, of its Memorandum and Articles of Association accompanied with a formal representation by the

Issuer confirming that such alteration or amendment shall not adversely affect its ability or obligation to pay principal and or interest on the Bonds issued under this Deed. In addition, the Issuer shall give answers to any reasonable queries of the Bond Trustee in respect of such alteration or amendments;

- retain a reputable firm of auditors as its auditors at all times;
- duly and punctually pay and discharge all taxes for which:
  - it reasonably believes it is liable, pursuant to any self-assessment procedure; and
  - assessed upon it or its assets under any Applicable Law within the time period allowed, without incurring penalties, except:
- such payment is being contested in good faith;
- adequate reserves are maintained for those taxes and any interest or penalties; and
- such payment can be lawfully withheld.
  - bear and pay any Stamp Duties and charges (including interest and penalties, payable or imposed by any Authority or government agency in Nigeria), in connection with the execution, delivery and performance of this Deed, and shall indemnify each Bondholder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, any properly incurred legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same;
  - ensure that it maintains its legal status and complies with all Applicable Laws required to maintain such status;
  - ensure the information it makes available to the Bondholders directly or through any of its directors, officers, employees, or representatives in connection with the transactions contemplated by this Deed shall be complete and correct in all material respects; and not contain any untrue statement of a material fact or omit to state a material fact necessary in order to ensure the statements contained therein are not misleading in light of the circumstances under which such statements were or are made;
  - give notice in writing to the Bond Trustee immediately upon becoming aware of any Event of Default or Potential Event of Default and without waiting for the Bond Trustee to take any further action;
  - keep proper books of account and, at any time after an Event of Default has occurred or if the Bond Trustee reasonably believes that an Event of Default may have occurred or may be about to occur, allow the Bond Trustee and the Auditor free access to such books of accounts at all reasonable times during normal business hours, until such Event of Default ceases;
  - for as long as any Bonds are outstanding and, without the prior written consent of the Bond Trustee (such consent not to be unreasonably withheld), ensure that that there is no change in Control and procure by its best endeavours that its holding company (where applicable) does not divest its majority interest in the Issuer, the Co-Obligors and or any of the Issuer's Subsidiaries;
  - notify the Bond Trustee of any divestment or restructuring of its Subsidiaries or any of the Co-Obligors;
  - not declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital if a Potential Event of Default or an Event of Default has occurred and is continuing;
  - use its best endeavours to maintain the quotation or listing on the relevant securities market or exchange on which the Bonds are quoted or listed or, if it is unable to do so having used such endeavours, use its best endeavours to obtain and maintain a quotation or listing of such Bonds on such other stock exchange or securities market as the Issuer may decide and upon obtaining a quotation or listing of such Bonds issued by it on such other stock exchange or exchanges or securities market or markets, enter into a deed supplemental to this Deed or the relevant Series Trust Deed to effect such consequential amendments as shall be necessary to comply with the requirements of any such stock exchange or securities market. Provided that the Issuer shall be able to delist the Bonds from any exchange for any reason whatsoever with the prior approval of the Majority Bondholders;
  - provide the Bond Trustee with all documents and information the Bond Trustee may reasonably require in connection with the performance of its obligations under this Deed, within fifteen (15) Business Days of receipt of a written request from the Bond Trustee or, in the event that the Issuer may require a longer period to obtain such documents or information from third parties, as soon

- as is reasonably practicable after such request and in any event by such longer period as may be agreed with the Bond Trustee; and
- by 31st December in each year in which any part of the principal amount on the Bonds and accrued interest are outstanding, issue a certificate stating that:
    - all arrangements required during the next financial year to meet the payment obligations of the Issuer have been or will be put in place by the Issuer; and
    - to the best of its knowledge, it is not aware of any facts or circumstances in the ordinary course of its business that will affect its ability to meet its payments obligations as and when due.
  - ensure that all payments due to the Bondholders shall be paid to the Payment Account(s) as provided in the relevant Final Terms.
  - where the day on which a payment is due to be made is not a Business Day, ensure that payment shall be effected on or by the next succeeding Business Day unless that succeeding Business Day falls in a different Month in which case payment shall be made on or by the immediately preceding Business Day.
  - where there is a change in Registrar, give at least fourteen (14) days' prior notice to the Bond Trustee of any change or any future appointment, resignation or removal of the Registrar and not make any such appointment or removal without the written approval of the Bond Trustee.
- **COVENANTS OF THE CO-OBLIGORS**
  - Each of the Co-Obligors covenants to the Bond Trustee that it shall:
    - comply with and perform all the obligations expressed to be undertaken by it under this Deed.
    - obtain and keep in full force and effect all authorisations required for the validity and enforceability of the Offer Documents against the Co-Obligor;
    - promptly inform the Bond Trustee of any Event of Default or Potential Event of Default as soon as it becomes aware of such event;
    - comply in all respects with all Applicable Laws, permits, and licences to which it may be subject and which in each case is material to its business and its obligations under the Offer Documents for as long as any Bonds are outstanding under the Programme, and shall obtain and maintain such permits and licences except where such non-compliance will not result in a Material Adverse Effect on its business or its obligations under the Offer Documents;
    - furnish the Bond Trustee and Rating Agencies with five (5) copies of its audited financial statements, including their Statements of Financial Position as at the close of that fiscal year and the Statements of Financial Position and statements of sources and application of funds for that fiscal year, prepared in accordance with IFRS and confirmed by the Auditors as fairly representing the financial condition of the Issuer as at the close of that fiscal year, at the same time as such statements are being sent to the Issuer;
    - for as long as any Bonds are outstanding not enter into any amalgamation, demerger, merger, corporate reconstruction or business combination without the consent of the Bond Trustee, such consent not to be unreasonably withheld;
    - unless with the prior written consent of the Bond Trustee first had and obtained (which consent shall not be unreasonably withheld), not reduce its issued share capital or otherwise amend or change its share capital in a manner which, in the Bond Trustee's reasonable opinion would adversely affect its ability or obligation to pay the principal and or interest on Bonds and or any monies payable under this Deed except such amendment is required by an Applicable Law;
    - in any other case of alteration of capital, and or amendment of its Memorandum and Articles of Association, it shall, give the Bond Trustee prior written notice of the proposed and/or amendment of its Memorandum and Articles of Association, giving full particulars of the status of its share capital after the proposed amendment, accompanied with a formal representation by the Issuer confirming that such alteration or amendment shall not adversely affect its ability or obligation to pay principal and or interest on the Bonds issued under this Deed. In addition, the Issuer shall give answers to any reasonable queries of the Bond Trustee in respect of such alteration or amendments;
    - retain a reputable firm of auditors as its auditors at all times;
    - duly and punctually pay and discharge all taxes for which:
      - it reasonably believes it is liable, pursuant to any self-assessment procedure; and

- assessed upon it or its assets under any Applicable Law within the time period allowed, without incurring penalties, except:
- such payment is being contested in good faith;
- adequate reserves are maintained for those taxes and any interest or penalties; and
- such payment can be lawfully withheld;
  - ensure that it maintains its legal status and complies with all Applicable Laws required to maintain such status;
  - ensure the information it makes available to the Bondholders directly or through any of its directors, officers, employees, or representatives in connection with the transactions contemplated by this Deed shall be complete and correct in all material respects; and not contain any untrue statement of a material fact or omit to state a material fact;
  - give notice in writing to the Bond Trustee immediately upon becoming aware of any Event of Default or Potential Event of Default and without waiting for the Bond Trustee to take any further action;
  - keep proper books of account and, at any time after an Event of Default has occurred or if the Bond Trustee reasonably believes that an Event of Default may have occurred or may be about to occur, allow the Bond Trustee and the Auditor free access to such books of accounts at all reasonable times during normal business hours, until such Event of Default ceases;
  - for as long as any Bonds are outstanding and, without the prior written consent of the Bond Trustee (such consent not to be unreasonably withheld), ensure that there is no change in Control and procure by its best endeavours that its holding company (where applicable) does not divest its majority interest in the Co-Obligors;
  - notify the Bond Trustee of any divestment or restructuring of its parent company; and
  - not declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital if a Potential Event of Default or an Event of Default has occurred and is continuing.
- Negative Pledge:
  - not create or permit to subsist any Security other than Permitted Security, over any of its undertaking, assets or revenues, present or future, to secure any Financial Indebtedness, or any guarantee of or indemnity in respect of any Financial Indebtedness without the consent of the Bond Trustee, such consent not to be unreasonably withheld, unreasonably conditioned or unduly delayed.
- not, without the prior approval of the Bond Trustee (obtained following an Extraordinary Resolution of the Bondholders granting the Bond Trustee authority to grant such approval, or in writing by the Bondholders of at least one-fifth in Principal Amount of the Bonds then outstanding granting the Bond Trustee authority to grant such approval) sell, assign (other than an assignment that constitutes Permitted Security), lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, its assets other than:
  - trading stock in the ordinary course of business;
  - assets exchanged for or to be replaced by other assets comparable or superior as to type, value and quality;
  - obsolete or surplus assets;
  - shares in Gas Network Services Limited;
  - shares of any entity that is not a Co-Obligor; and
  - disposal of assets in any given financial year whose market value is collectively worth less than NGN3,000,000,000 (Three Billion Naira) (or its equivalent in another currency or currencies).
- **EVENTS OF DEFAULT**
- If any of the following events (“Events of Default”) occurs and is continuing, the Bond Trustee at its discretion may, and if so requested in writing by the Majority Bondholders, or if so directed by an Extraordinary Resolution of the Bondholders shall, give written notice to the Issuer at its specified office that the Bonds are immediately repayable, after which subject to the applicable Final Terms, the

Principal Amount of the Bonds outstanding, together with accrued Coupon shall become immediately due and payable:

- *Non-Payment*: default by the Issuer or Co-Obligors in the payment when due of any Redemption Amount in respect of the Bonds and the continuance of any such default for a period of ten (10) Business Days in the case of the Principal Amount or fourteen (14) Business Days in the case of Coupon after the relevant Coupon Payment Date. The Issuer or Co-Obligors shall not be in default, however, if during the said ten (10) or fourteen (14) Business Days period, the Issuer satisfies the Bond Trustee that such sums (**Withheld Amounts**) were not paid:
  - in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, the Issuer, Co-Obligor, the Bond Trustee or the relevant Bondholder provided non-payment as a result of this Clause 20.1.1 does not exceed the period of ten (10) Business Days in the case of the Principal Amount or fourteen (14) Business Days in the case of Coupon after the relevant Coupon Payment Date; or
  - in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of fourteen (14) or ten (10) Business Days by independent legal advisers acceptable to the Bond Trustee or;
  - pursuant to an agreement made in accordance with Condition 11.4 of the Terms and Conditions.
  - Proof that, as regards any specified Bonds, the Issuer or Co-Obligors has made default in paying any amount due in respect of such Bonds shall (unless the contrary is proved) be prima facie evidence that the same default has been made as regards all other Bonds, in respect of which the relevant amount is due and payable.
- *Breach of Other Obligations*: the Issuer or any Co-obligor does not perform or comply with any one or more of its other obligations under the Trust Deed which default will affect the capacity of the Issuer or Co-Obligors to meet their payment obligations and which default has not been remedied for a period of thirty (30) days (or such longer period as the Bond Trustee may reasonably determine is not materially prejudicial to the interest of the Bondholders) after the date on which written notice of such default requiring the Issuer to remedy the same shall have been given to the Issuer by the Bond Trustee (except where such default is not, in the reasonable opinion of the Bond Trustee after consultation with the Issuer, capable of being remedied, in which case no such notice as is mentioned above will be required).
- *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied on, or enforced against the whole or a material part of the property, assets or revenues of the Issuer or any of the Co-Obligors, where the value of such property, assets or revenues is in excess of ~~₦~~3 Billion and such distress, attachment, execution or other legal process is not discharged or stayed within 120 (one hundred and twenty) days
- *Inability to Pay Debts*: the Issuer and the Co-Obligors stop or suspend payment of a substantial part of its debts due to financial difficulties.
- *Cessation of Business*: If the Issuer or any of the Co-Obligors ceases to conduct all or substantially all of its business as it now conducts or changes all or substantially all of the nature of its business or merges or consolidates with any other entity without the prior written consent of the Bond Trustee (such consent not to be unreasonably withheld);
- *Insolvency*: The appointment of a liquidator (other than in respect of a solvent liquidation or reorganization), receiver, manager or other similar officer in respect of the Issuer, any of the Co-Obligors or any of their assets;
- *Material Adverse Effect*: If a Material Adverse Effect has occurred; and
- *Obligations Unenforceable*: any of the Bonds or the Trust Deeds is or becomes wholly or partly void, voidable or unenforceable.
- *Default under the Master Notes Subscription Agreement*: any event of default occurs under the Master Notes Subscription Agreement which is not remedied within the cure period provided therein.

- **STATEMENT OF INVESTMENT PRINCIPLES**

- The Bond Trustee undertakes to invest the monies available in the Payment Accounts in accordance with and based on the approved portfolio allocation as set out in the relevant Series Trust Deed *provided*

however that the Bond Trustee shall, while any Bonds are outstanding, render accounts on a half-yearly basis to the Issuer.

- **ENFORCEMENT**

- At any time after the occurrence of an Event of Default, the Bond Trustee may, in their discretion or upon an Extraordinary Resolution of the Bondholders passed at a special meeting convened for that purpose institute proceedings and or take other action against or in relation to the Issuer and the Co-Obligors or any other person as it may think fit to enforce the obligations of the Issuer under this Trust Deed.

- **PROCEEDINGS, ACTION AND INDEMNIFICATION**

- The Bond Trustee shall not be bound to take any action or proceedings mentioned in Clause 22 (*Enforcement*) or any other action in relation to this Deed unless directed or requested to do so (i) by an Extraordinary Resolution or (ii) in writing by the Majority Bondholders and in either case the Bond Trustee shall be indemnified by the Bondholders and/or secured and/or prefunded to its satisfaction against all Liabilities to which the Bond Trustee may thereby render themselves liable or which the Bond Trustee may incur by so doing.
- Only the Bond Trustee may enforce the performance of the Issuer's obligations under this Deed. Subject to the provisions of Section 176 (2) of CAMA, no Bondholder or a person claiming through a Bondholder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the obligations under this Deed or any Series Trust Deed.

- **TRUST OF RECEIPTS**

- All monies received by the Bond Trustee in respect of the Bonds of any Series or amounts payable under this Deed from the Issuer (including any monies which represent principal or interest in respect of Bonds which have become void or in respect of which claims have become prescribed under Condition 19 (*Prescription*)) shall, be apportioned *pari passu* and rateably between the Bonds, and all moneys received by the Bond Trustee under this Deed from the Issuer, shall be held by the Bond Trustee upon trust to apply them (subject to Clause 23 (*Proceedings, Action and Indemnification*)) in the following order:
  - FIRSTLY in payment or satisfaction of costs, charges, taxes, levies, expenses and liabilities incurred and payments made in respect of the execution of the trusts or this Deed including all amounts then due and unpaid under Clause 27 (*Remuneration and Indemnification of Bond Trustee*) and/or 28.8 to the Bond Trustee and/or any appointee;
  - SECONDLY in or towards payment *pari passu* and rateably of all Principal Amount and Coupon (if any) then due and unpaid in respect of the Bonds; and
  - THIRDLY in payment of the balance (if any) to the Issuer (without prejudice to, or liability in respect of, any question as to how such payment to the Issuer shall be dealt with as between the Issuer and any other person).
- Without prejudice to this Clause 24, if the Bond Trustee holds any moneys which represent principal or interest in respect of Bonds which have become void or in respect of which claims have been prescribed under Condition 19 (*Prescription*), the Bond Trustee will hold such moneys on the above trusts.

- **NOTICE OF PAYMENTS**

- The Bond Trustee shall give notice to the relevant Bondholders in accordance with Condition 12 (*Notices*) of the day fixed for any payment to them under Clause 24 (*Trusts of Receipts*). Such payment may be made in accordance with Condition 10 (*Method of Payment of Principal Money, Coupon and Premium*) and any payment so made shall be a good discharge to the Bond Trustee.

- **INVESTMENT BY BOND TRUSTEE**

- If the amount of the moneys at any time available for the payment of principal, premium (if any) and Coupon (if any) on the Bonds shall be less than ten per cent (10%) of the amount due and

payable on the Bonds, the Bond Trustee may at its discretion and pending payment to the Bondholders, place such moneys in Authorised Investments for such periods as it may consider expedient with power from time to time at the like discretion to vary and accumulate such investment and the resulting interest and other income derived therefrom until such accumulated investment shall amount to 10 per cent (10%) of the amount due and payable under the Bonds and then the accumulated investment shall be applied under Clause 24 (*Trusts of Receipts*).

- Any monies, which under the trusts of this Deed ought to or may be invested by the Bond Trustee, may be invested in the name or under the control of the Bond Trustee only in relation to investments permitted under the Trustees Investment Act or any other investments, which may be agreed between the Bond Trustee and the Issuer.
- The Bond Trustee may at any time vary any such investments for or accumulate any such investments into other investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise.

- **REMUNERATION AND INDEMNIFICATION OF BOND TRUSTEE**

- *Normal Remuneration:* The Issuer shall pay to the Bond Trustee remuneration for its services as Bond Trustee as from the date of this Trust Deed, such remuneration as shall be agreed between the Issuer and the Bond Trustee in accordance with the terms of an engagement letter executed in relation to each relevant series of the Bonds.
- *Value added tax:* The Issuer shall in addition pay to the Bond Trustee an amount equal to the amount of any value added tax or similar tax chargeable in respect of their remuneration under the engagement letter provided that it is understood that the Issuer shall deduct applicable withholding tax from all remuneration referred to in this Clause 27.
- *Expenses:* The Issuer shall also pay or discharge all fees, costs, charges and expenses reasonably incurred by the Bond Trustee in relation to the preparation and execution of the exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Deed, such as reasonable travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Bond Trustee in connection with any action taken by or on behalf of the Bond Trustee for enforcing this Deed; Provided that the Bond Trustee shall seek and obtain the prior written consent of the Issuer to incur any such liabilities in excess of an aggregate sum of ₦1,000,000.00 (One Million Naira) unless such expense is incurred for the purposes of enforcing the provisions of this Deed against the Issuer upon occurrence of an Event of Default in which case such consent shall not be required.
- All amounts payable pursuant to sub-clause 27.3 above and/or Clause 26.5 shall be payable by the Issuer on the date specified in a demand by the Bond Trustee and in the case of payments actually made by the Bond Trustee prior to such demand from the date specified in such demand, and in all other cases shall (if not paid within thirty (30) days after the date of such demand or, if such demand specifies that payment is to be made on an earlier date, on such earlier date)
- *Indemnity:* The Issuer and the Co-Obligors shall indemnify the Bond Trustee (i) in respect of all Liabilities incurred by it or other person appointed by it to whom any trust, power, authority or discretion may be validly delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by this Deed and (ii) against all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing validly done or omitted in any way relating to this Deed except as a result of the Bond Trustee's negligence or/and default, and provided further that the indemnity contained in this Clause 27.5 shall remain in full force and effect notwithstanding any discharge of this Deed for a period of six (6) years following the discharge of the Issuer from its obligations under this Deed in respect of any such Liabilities which may have arisen prior to such discharge.
- Unless otherwise specifically stated in any discharge of this Deed the provisions of this Clause 27 and Clause 28.9 shall continue in full force and effect in relation to the period during which the Bond Trustee was Bond Trustee of this Deed notwithstanding such discharge.
- The Bond Trustee shall be entitled in their absolute discretion to determine in respect of the Bonds that any Liabilities incurred under this Deed have been incurred or to allocate any such Liabilities between the Bonds.

- **SUPPLEMENT TO TRUSTEES INVESTMENT ACT**

- The Bond Trustee shall have all the powers conferred upon trustees by the Trustees Investment Act and by way of supplement thereto it is expressly declared as follows:
  - The Bond Trustee may in relation to this Deed act on the advice or opinion of or any information obtained from any lawyer, valuer, accountant, surveyor, banker, broker, auctioneer or other expert whether obtained by the Issuer, the Bond Trustee or otherwise and shall not be responsible for any Liability occasioned by so acting provided it has used its best efforts to ensure that such persons are competent and has exercised due care and diligence in the selection of such professional adviser(s).
  - Any such advice, opinion or information may be sent or obtained by letter, email, telex, telegram, facsimile transmission or cable and the Bond Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, email, telex, telegram, facsimile transmission or cable although the same shall contain some error or shall not be authentic.
  - The Bond Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by two of the Directors of the Issuer or one Director and the Chief Financial Officer of the Issuer and the Bond Trustee shall not be bound in any such case to call for further evidence or be responsible for any Liability that may be occasioned by it or any other person acting on such certificate.
  - The Bond Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Bonds by the Issuer, the exchange of any Bond for another Bond or the delivery of any Bonds to the person(s) entitled to it or them.
  - The Bond Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in this Deed or to take any steps to ascertain whether any Event of Default or any Potential Event of Default has occurred or to monitor or supervise the performance, observance or compliance by the Issuer of the provisions of this Deed and, until the Bond Trustee shall have actual knowledge or express notice pursuant to this Deed to the contrary, the Bond Trustee shall be entitled to assume that no Event of Default or Potential Event of Default has occurred and that each of the Parties is observing and performing all its obligations under this Deed.
  - Save as expressly otherwise provided in this Deed, the Bond Trustee shall have absolute discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under this Deed (the exercise or non-exercise of which as between the Bond Trustee and the Bondholders shall be conclusive and binding on the Bondholders) and the Bond Trustee in the absence of fraud, gross negligence, or wilful misconduct, shall not be responsible for any Liability which may result from their exercise or non-exercise and in particular the Bond Trustee shall not be bound to act at the request or direction of the Bondholders or otherwise under any provision of this Deed or to take at such request or direction or otherwise any other action under any provision of this Deed, without prejudice to the generality of Clause 23.1, unless the Bond Trustee shall first be indemnified and/or secured to its reasonable satisfaction against all Liabilities to which they may render themselves liable or which the Bond Trustees may incur by so doing.
  - The Bond Trustee shall not be liable to any person by reason of having acted upon any Extraordinary Resolution in writing or any Extraordinary Resolution or other resolution purporting to have been passed at any meeting of the Bondholders of the Bonds in respect whereof minutes have been made and signed or any direction or request of the Bondholders even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution, (in the case of an Extraordinary Resolution in writing) that not all such Bondholders had signed the Extraordinary Resolution or (in the case of a direction or request) it was not signed by the requisite number of Bondholders) or that for any reason the resolution, direction or request was not valid or binding upon such Bondholders.
  - Without prejudice to the right of indemnity by law given to trustees, the Issuer shall indemnify the Bond Trustee and every permitted appointee of the Bond Trustee and keep them indemnified against all Liabilities to which they may be or become subject or which may be incurred by them

in the execution or purported execution of any of their trusts, powers, authorities and discretions under this Deed or their functions under any such appointment or in respect of any other matter or thing done or omitted in any way relating to this Deed or any such appointment or in respect of disputing or defending any Liabilities, provided always that the Bond Trustee, or any such permitted appointee has not acted fraudulently ,or negligently or in default of its powers, duty and obligations. The above indemnity shall continue in full force and effect notwithstanding the termination of this Deed.

- Any consent or approval given by the Bond Trustee for the purposes of this Deed may be given on such terms and subject to such conditions (if any) as the Bond Trustee thinks fit and, notwithstanding anything to the contrary in this Deed, may be given retrospectively. The Bond Trustee may give any consent or approval, exercise any power, authority or discretion or take any similar action (whether or not such consent, approval, power, authority, discretion or action is specifically referred to in this Deed) if it is satisfied that the interests of the Bondholders will not be materially prejudiced thereby. For the avoidance of doubt, the Bond Trustee shall not have any duty to the Bondholders in relation to such matters other than that, which is contained in the preceding sentence.
- The Bond Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder, any information (including, without limitation, information of a confidential, financial or price sensitive nature) made available to the Bond Trustee by the Issuer or any other person in connection with this Deed and no Bondholder shall be entitled to take any action to obtain from the Bond Trustee any such information.
- Where it is necessary or desirable for any purpose in connection with this Deed to convert any sum from one currency to another it shall (unless otherwise provided by this Deed or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Bond Trustee in consultation with the Issuer and any rate, method and date so agreed shall be binding on the Issuer and the Bondholders.
- The Bond Trustee may certify whether or not any of the conditions, events and acts set out in Clauses 20.2 to 20.8 is in its opinion materially prejudicial to the interests of the Bondholders and any such certificate shall be conclusive and binding upon the Issuer and the Bondholders. The Bond Trustee and the Bondholders may determine all questions and doubts between them arising in relation to any of the provisions of this Deed. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Bond Trustees, shall be conclusive and shall bind the Bond Trustees and the Bondholders but shall not be binding on the Issuer and the Co-Obligors.
- In connection with the exercise by the Bond Trustee of any of its trusts, powers, authorities or discretions under this Deed (including, without limitation, any modification, waiver, authorisation or determination), the Bond Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Bond Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Bond Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders;
- The Bond Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trusts constituted by this Deed as the Bond Trustee may determine, including for the purpose of depositing with a custodian this Deed or any document relating to the trusts constituted by this Deed and the Bond Trustee shall not be responsible for any Liability incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of such person; the Bond Trustee is not obliged to appoint a custodian if the Bond Trustee invests in securities payable to the bearer.

- The Bond Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to any Bonds or for checking or commenting upon the content of any such legal opinion and shall not be responsible for any Liability incurred thereby.
- The Bond Trustee of this Deed being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual and proper professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of this Deed and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with this Deed.
- The Bond Trustee may whenever they think fit, delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a Bond Trustee of this Deed or not) all or any of its trusts, powers, authorities and discretions under this Deed. Such delegation may be made upon such terms and subject to such conditions and regulations as the Bond Trustee may in the interests of the Bondholders think fit. The Bond Trustee shall not be under any obligation to supervise the proceedings or acts of any such delegate. The Bond Trustee shall within a reasonable time after any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer, provided however that where the Bond Trustee delegates all its powers to an agent, the Bond Trustee shall not do so without seeking the prior approval of the Issuer and notifying the Commission of such an intended delegation.
- The Bond Trustee may in the conduct of the trusts of this Deed instead of acting personally, employ and pay an agent (whether being a lawyer or other professional person) to transact or conduct, or concur in transacting or conducting, any business and to do, or concur in doing, all acts required to be done in connection with this Deed (including the receipt and payment of money). The Bond Trustee shall not in any way be responsible for any Liability incurred by reason of any misconduct or default on the part of any such agent or be bound to supervise the proceedings or acts of any such agent provided it has used its best efforts to ensure that such persons are competent and has exercised due care and diligence in the selection of such professional.
- The Bond Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Deed or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Deed or any other document relating or expressed to be supplemental thereto.
- The Bond Trustee may call for any certificate or other document to be issued or given by the Registrar as to the nominal amount of Bonds standing to the account of any person. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the Registrar in accordance with its usual procedures and in which the holder of a particular amount of Bonds is clearly identified together with the amount of such holding. The Bond Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued or given by the Registrar and subsequently found to be forged or not authentic.
- Notwithstanding anything contained in this Trust Deed and the Terms and Conditions of the Bonds, to the extent required by any Applicable Law, if the Bond Trustee is required to make any deduction or withholding from any distribution or payment made by it hereunder or if the Bond Trustee is otherwise charged to, or may become liable to tax as a consequence of performing its duties and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatever nature and whenever made upon the Bond Trustee, and whether in connection with or arising from any sums received or distributed by it or to which it may be entitled hereunder or any Bonds from time to time representing the same, including any income or gains arising therefrom, or any action of the Bond Trustee in or about the administration of the trusts hereof or otherwise, in any case other than any tax generally payable by the Bond Trustee on its income, then the Bond Trustee shall be entitled to make such deduction or withholding or (as the case may be) to retain out of sums received by it in respect of this Deed an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge

any such other liability of the Bond Trustee to tax from the funds held by the Bond Trustee on trust hereunder.

- The Bond Trustee shall not be bound to take any action in connection with this Deed or any obligations arising pursuant thereto, including, without prejudice to the generality of the foregoing, forming any opinion or employing any financial adviser, where it is not reasonably satisfied that the Issuer will be able to indemnify it against all Liabilities which may be incurred in connection with such action and may demand prior to taking any such action that there be paid to it in advance such sums as it reasonably considers (without prejudice to any further demand) shall be sufficient so to indemnify it and on such demand being made the Issuer shall be obliged to make payment of all such sums in full.
  - No provision of this Deed shall require the Bond Trustee to do anything which may:
    - be illegal, contrary to Applicable Law or render the Bond Trustee liable to any person;
    - cause the Bond Trustee to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions, if the Bond Trustee shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or Liability is not assured to it.
  - Unless notified to the contrary, the Bond Trustee shall be entitled to assume without enquiry that no Bonds are held by, for the benefit of, or on behalf of, the Issuer.
  - The Bond Trustee shall not be responsible for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in this Deed, or any other agreement or document relating to the transactions contemplated in these presents or under such other agreement or document.
  - The Bond Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Bonds or for checking or commenting upon the content of any such legal opinion and shall not be responsible for any Liability incurred thereby.
  - The Bond Trustee shall not be liable or responsible for any Liabilities or inconvenience, which may result from anything done or omitted to be done by it in accordance with the provisions of this Deed.
  - Any corporation into which the Bond Trustee shall be merged or with which it shall be consolidated or any company resulting from any such merger or consolidation shall be a party hereto and shall be the Bond Trustee under this Deed without executing or filing any paper or document or any further act on the part of the parties thereto.
  - Any certificate or report of the Auditors or any other person called for by or provided to the Bond Trustee (whether or not addressed to the Bond Trustee) in accordance with or for the purposes of this Deed may be relied upon by the Bond Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Bond Trustee in connection therewith contains a monetary or other limit on the liability of the Auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.
  - To the extent that the Bond Trustee is instructed to take any action pursuant to clause 23.1, the Bond Trustee shall be entitled to rely conclusively upon such request in writing or by Extraordinary Resolution of the Bondholders regarding the same and shall bear no liability of any nature whatsoever to the Issuer for acting upon such request in writing or Extraordinary Resolution of the Bondholders.
- **BOND TRUSTEE'S LIABILITY**
    - Nothing in this Deed shall, in any case in which the Bond Trustee have failed to show the degree of care and diligence required of it as Bond Trustee, having regard to the provisions of this Deed conferring on it any trusts, powers, authorities or discretions, exempt the Bond Trustee from or indemnify them against any liability for breach of trust in relation to their duties under this Deed. For the avoidance of doubt, the Bond Trustee shall be liable to the Issuer for any loss that may result from the Bond Trustee's misapplication of any funds paid by the Issuer into the Payment Account, or for any failure of the Bond Trustee to make payments to the Bondholders (or, otherwise, to apply any funds) in accordance with the terms of this Deed.

- **BOND TRUSTEES' CONTRACTING WITH THE ISSUER**

- Neither the Bond Trustee nor any director or officer or holding company, subsidiary or associated company of a Bond Trustee under this Deed shall by reason of its or his fiduciary position be in any way precluded from:
  - entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or any person or body corporate associated with the Issuer; or
  - accepting or holding the joint trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Issuer or any such person or body corporate so associated or any other office of profit under the Issuer or any such person or body corporate so associated, and shall be entitled to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such contract, transaction or arrangement as is referred to in Clause 30.1.1 or, as the case may be, any such joint trusteeship or office of profit as is referred to in this sub-clause without regard to the interests of the Bondholders and notwithstanding that the same may be contrary or prejudicial to the interests of the Bondholders and shall not be responsible for any Liability occasioned to the Bondholders thereby and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other amount or benefit received thereby or in connection therewith.
- Where any holding company, Subsidiary or associated company of the Bond Trustee or any director or officer of the Bond Trustee acting other than in their capacity as such a director or officer has any information, the Bond Trustee shall not thereby be deemed also to have knowledge of such information and, unless it shall have actual knowledge of such information, shall not be responsible for any loss suffered by Bondholders resulting from the Bond Trustee failing to take such information into account in acting or refraining from acting under or in relation to this Deed.

- **WAIVER, AUTHORISATION AND DETERMINATION**

- The Bond Trustee may without the consent or sanction of the Bondholders, and without prejudice to their rights in respect of any subsequent breach, Event of Default or Potential Event of Default from time to time and at any time, but only if and in so far as in its opinion the interests of the Bondholders shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer and the Co-Obligors of any of the covenants or provisions contained in this Deed or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of this Deed provided always that the Bond Trustee shall not exercise any powers conferred on it by this Clause 31 in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 14 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Bond Trustee may determine, shall be binding on the Bondholders and, if, but only if, the Bond Trustee shall so require, shall be notified by the Issuer to the Bondholders in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

- **MODIFICATION**

- The Bond Trustee may:
  - carry out modifications to this Deed without the consent or sanction of the Bondholders of the relevant Series, at any time and from time to time concur with the Issuer in making any modification (i) which in the opinion of the Bond Trustee may be proper to make provided that the Bond Trustee is of the opinion that such a modification will not be materially prejudicial to the interests of the Bondholders or (ii) if in the opinion of the Bond Trustee such a modification is of a formal, minor or technical nature or to correct a manifest error which is, in the opinion of the Bond Trustee, proven or to comply with mandatory provisions of law. Any such modification may be made on such terms and

subject to such conditions (if any) as the Bond Trustee may determine, shall be binding upon the Bondholders and, unless the Bond Trustee agrees otherwise, shall be notified by the Issuer to the Bondholders of the relevant Series in accordance with Condition 12 (*Notices*) as soon as practicable thereafter.

- with the consent of the Bondholders, obtained by way of an Extraordinary Resolution, concur and cooperate with the Issuer in making any modifications to this Deed to effect any amendments, other than those mentioned in Clause 32.1.1 above. Any such modification may be made on such terms and subject to such conditions (if any) as the Bondholders may determine, and shall be binding on all Bondholders.
- Provided always that any modifications or amendments made to the Trust Deed shall be subject to the approval of the SEC.

- **BREACH**

- Any breach of or failure to comply by the Issuer with any such terms and conditions as are referred to in Clauses 17 (*Representations and Warranties*) and 18 (*Covenants by the Issuer*) of this Deed shall constitute a default by the Issuer in the performance or observance of a covenant or provision binding on it under or pursuant to this Deed.

- **APPOINTMENT OF ADDITIONAL BOND TRUSTEE**

- The power to appoint additional Bond Trustee of this Deed shall be vested solely in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Bondholders. One or more persons may hold office as bond trustee of this Deed but such bond trustee shall be or include a Trust Corporation. Whenever there shall be more than two (2) bond trustee of this Deed, the majority of such bond trustee shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the bond trustee by this Deed provided that a Trust Corporation shall be included in such majority. Any appointment of a new bond trustee of this Deed shall as soon as practicable thereafter be notified by the Issuer to the Registrar and the Bondholders and no such appointment of a trustee shall be valid without the prior consent of the Commission. The Bondholders shall together have the power, exercisable by Extraordinary Resolution, to remove any trustee or trustees for the time being hereof.

- **BOND TRUSTEES RETIREMENT AND REMOVAL**

- Compulsory Retirement: A Bond Trustee shall be required to retire from its position as Bond Trustee in the event of any of the following happening:
  - except for voluntary liquidation for the purpose of amalgamation or reconstruction, if it goes into liquidation or if a receiver is appointed over the undertaking of the Bond Trustee or if a public Authority shall take over the undertaking of the Bond Trustee or any substantial part of it; or
  - if the Bond Trustee has been fraudulent or has acted with misconduct in the performance of its duties under this Deed; and if for good and sufficient reason the Issuer is of the opinion that a change of Bond Trustee is desirable in the interests of the Bondholders and notifies the Bond Trustee in writing accordingly.
  - In the event of the occurrence of any of the events stipulated in Clause 35.1 above, the Bond Trustee's retirement shall take effect immediately upon approval of such compulsory retirement by an Extraordinary Resolution.
- Voluntary Retirement: A Bond Trustee may retire at any time on giving not less than three (3) Months' prior written notice to the Issuer without giving any reason and without being responsible for any Liabilities incurred by reason of such retirement. The Bondholders may by Extraordinary Resolution remove the Bond Trustee, provided the Bondholders can only remove such an appointed Bond Trustee where the Bond Trustee is in breach of its representations and warranty under this Deed or in the case of negligence, wilful default, breach of duty or breach of trust in relation to its duties as provided under this Deed. The Issuer undertakes that at all times where there are more than one bond trustee, one of the bond trustee shall be a Trust Corporation and where a Bond Trustee which is a Trust Corporation gives notice under this Clause 35.2 or is

removed by Extraordinary Resolution, the Issuer shall use its best endeavours to procure that a new Bond Trustee of this Deed being a Trust Corporation is appointed within three (3) Months thereafter. The retirement or removal of the Bond Trustee shall not become effective until a successor bond Trustee being a Trust Corporation is appointed with the Commission's approval. If the Issuer fails to procure a new Bond Trustee within the stipulated period of such notice being given, the Bond Trustee may appoint a new bond trustee.

- Retiring Bond Trustee shall not be responsible for any cost occasioned by its retirement, except for the cost of physically transferring all documents related to this Deed to the new Bond Trustee, and the cost of notifying the Bondholders of the appointment of a successor Bond Trustee.
- In the event of the retirement of a Bond Trustee in accordance with this Clause 35, the Bond Trustee shall immediately account for and deliver up all Assets within its custody and control relating to its obligations under this Deed, to the appointed successor(s). In addition, the Bond Trustee undertakes to refund the unearned portion of the annual fees for the year that it retires.

- **BOND TRUSTEE POWERS TO BE ADDITIONAL**

- The powers conferred upon the Bond Trustee by this Deed shall be in addition to any powers which may from time to time be vested in the Bond Trustee by Applicable Law or as a holder of any of the Bonds.

- **NOTICES**

- Any notice or demand to the Issuer or the Bond Trustee to be given, made or served for any purposes under this Deed shall be in writing and given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas), registered mail or courier or by despatching the same by electronic mail 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, except in the case of any electronic mail transmission sent after 5.00pm, it shall be deemed to have been served at 9:00am on the next Business Day. All notices shall be effective when received at the addresses specified for the service by the relevant party or as amended from the time to time in writing as follows:

**TO GASLINK NIGERIA LIMITED:**

**ATTENTION: MR. MOBOLAJI OSUNSANYA**

**TEL No.: +234 (1) 2700035**

**E-mail: [bosunsanya@axxelagroup.com](mailto:bosunsanya@axxelagroup.com)**

**TO AXXELA LIMITED:**

**ATTENTION: MR. MOBOLAJI OSUNSANYA**

**TEL No.: +234 (1) 2700035**

**E-MAIL: [bosunsanya@axxelagroup.com](mailto:bosunsanya@axxelagroup.com)**

**TO THE ISSUER:**

**ATTENTION: ONONIWU TIMOTHY**

**TEL No.: +234 (1) 2700035**

**E-MAIL: [TONONIWU@AXXELAGROUP.COM](mailto:TONONIWU@AXXELAGROUP.COM)**

**TO THE BOND TRUSTEE:**

**ATTENTION: FOLASHADE ADELOYE**

**TEL No.: 08033615766**

**E-MAIL: [FOLASHADE.ADELOYE@ARM.COM.NG](mailto:FOLASHADE.ADELOYE@ARM.COM.NG); [ARMTRUSTEES-CT@ARM.COM.NG](mailto:ARMTRUSTEES-CT@ARM.COM.NG)**

- or to such other address as shall have been notified (in accordance with this Clause) to the other Party hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served two days in the case of inland post or seven (7) days in the case of overseas post after despatch.

- **Governing Law and Dispute Resolution**
  - This Deed and all rights and obligation arising therefrom shall be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.
  - In the event of any dispute arising out of or under this Programme Trust Deed, the Parties shall within five (5) Business Days from the date the dispute arose, notify the Commission of the existence of the dispute. The Parties may within ten (10) Business Days from the date the Commission was notified, resolve the dispute by mutual negotiation.
  - Any dispute which cannot be mutually resolved by the Parties in accordance with Clause 38.2 shall be referred to Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, Cap A18, LFN, 2004. The arbitral tribunal shall consist of three arbitrators. The Issuer and the Bond Trustee shall each appoint one arbitrator within five (5) business days of the referral of the dispute to arbitration. The two arbitrators so appointed shall appoint the third arbitrator within five (5) business days of the request to appoint the third arbitrator. PROVIDED THAT if the first two arbitrators are unable to agree on a third arbitrator within two (2) weeks of the appointment of the second arbitrator, then such Arbitrator shall be appointed by the Chairman of the Chartered Institute of Arbitrators UK (Nigeria Branch) on the application of any Party and when appointed, the third Arbitrator shall convene an arbitrators' meeting and act as Chairman of the same. The arbitrators shall also have a maximum period of twenty-five (25) Business Days to resolve the dispute after the submission of final addresses by the Parties. In the event that any of the Parties are aggrieved by the decision of the arbitral tribunal, the Parties shall refer the matter to the Commission for resolution and if aggrieved by the decision of the Commission, the matter shall be referred to the Investments and Securities Tribunal in accordance with the provisions of Section 284 of the ISA.
  - The seat of arbitration shall be Lagos, and the language of arbitration shall be English.

#### **COUNTERPARTS**

- This Trust Deed and any trust deed supplemental hereto may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Trust Deed or any trust deed supplemental hereto may enter into the same by executing and delivering a counterpart.

#### **20.17 EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF AXELA LIMITED**

##### **PROCEEDINGS AT GENERAL MEETINGS**

- At any General meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded for which may be withdrawn, is (before or on the declaration of the result of show of hands) demanded
  - a) by the Chairman; or
  - b) by at least three Members present in person or by proxy; or
  - c) by any Member or Members present in person or by a proxy and representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or

Unless a poll is so demanded, a declaration by the Chairman that a resolution has on a show of hands been carried unanimously or by a particular majority or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of, or against, the resolution.

- Except as provided in Article 67 hereof, if a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

#### **POWERS AND DUTIES OF DIRECTORS**

- The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability obligation of the Company or of any third party.
- Provided that the amount for the time being remaining undischarged of monies borrowed or secured by the Directors as aforesaid (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not at any time, without the previous sanction of the Company in general meeting, exceed twice the nominal amount of the paid-up share capital and reserves of the Company, so however that no lender or other person dealing with the Company shall be concerned to see or inquire whether this limit is observed; but no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

#### **20.18 OFFICIAL LISTING ON STOCK EXCHANGE**

Bonds may be unlisted or listed on recognized Stock Exchanges such as the FMDQ-OTC, The Exchange and/or other relevant Stock Exchanges. Each tranche of Bonds may be admitted to the Daily Official List and to daily trading by The Exchange separately, as and when issued, subject to the approval of the SEC and FMDQ-OTC/The Exchange. As set out herein, this Prospectus and any supplement thereto will only be valid for the admission of the Bonds to the Daily Official List (and to trading on FMDQ-OTC/The Exchange and/or any relevant stock exchange) in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Bonds previously or simultaneously issued under this Programme, does not exceed ₦100 Billion or its equivalent in other currencies.

#### **20.19 CLEARING SYSTEM**

The Bonds will be cleared through the CSCS. Transactions will normally be effected for settlement not earlier than 3 working days after the date of the transaction.

#### **20.20 CRITERIA FOR DETERMINING THE PRICE AND VOLUME OF THE BONDS**

The Price of a bond is reflective of the prevailing yield environment, with current bond interest rates serving as a basis for extrapolating the yield and the price for a newly issued bond. The Sovereign Benchmark, in this instance the interest rate(s) on Federal Government bonds, also serve as the reference rate for the determination of the interest rate on newly issued Bonds; with the interest rate of new non-Sovereign bonds being at a discount, at par or at a premium to the Sovereign. Other factors that impact the determination of the price of a Bond are the Tenor, Credit Rating and Market Liquidity.

Consequently, at the conclusion of the Book Build, the Bookrunners collate the submitted Commitment Forms which contain the respective Bids of the prospective investors. The Lead Book Runner and the Issuer thereafter determine the volume of bids that fall within the coupon/yield range advised by the Issuer at the commencement of the Book Build; and with reference to the Issuer's stated coupon/yield for the issue. Subsequent to the Issuer communicating the coupon/yield at which the Bond is to be issued, the Lead Bookrunner aggregates the bids that clear the market; that is, the volume of bids that fall within the stated price.

In the event of an oversubscription, the Issuer may - at its discretion and subject to the Rules and Regulations of the SEC - opt to issue additional bonds.

#### **20.21 TRUSTEES' INVESTMENT PRINCIPLES**

The Trustees' Investment Principles will be as stated in the Series Trust Deed executed between the Issuer and the Trustee(s). The dividends, interest, bonus and other profits of any investment of any part of the Bond Repayment shall also be invested by the Trustees so as to form part of that Bond Repayment Account in like manner as monies appropriated as contributions to the Bond Repayment.

## TERMS AND CONDITIONS OF THE BONDS

The following are the terms and conditions which (subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are set out in the relevant Series Trust Deed, Supplementary Shelf Prospectus and/or Pricing Supplement (the “**Final Terms**”), and, save for the italicised text) will be incorporated by reference into the Bonds issued under this Deed.

Words and expressions defined in the Programme Trust Deed (as same has been and may be amended, varied or supplemented from time to time with the consent of the parties thereto) are expressly and specifically incorporated to and shall apply to these Conditions.

### 1. Form, Denomination and Title

- 1.1. Unless otherwise specified in any Final Terms, the Bonds shall be issued in registered form in denominations specified in the Final Terms relating to the relevant Series.
- 1.2. The Coupon Rate applicable to any Series of Bonds may be specified as being fixed rate or floating rate and the amount of Coupon payable in respect of such Bond shall be determined in accordance with, the applicable Final Terms. The Bonds shall be issued in uncertificated (dematerialised or book-entry) form, which shall be registered with a separate securities identification code with the CSCS or in such other form as may be agreed to in a Series Trust Deed.
- 1.3. A Series of Bonds may be listed on a Recognised Securities Exchange as may be determined by the Issuer, subject to any Applicable Laws. Unlisted Bonds may also be issued under the Programme. The applicable Pricing Supplement will specify whether or not a Series or Tranche of Bonds will be listed and on which financial exchange(s) they are to be listed (if applicable).
- 1.4. The title to the Bonds which will be issued in uncertificated (dematerialised book entry) form shall be effected in accordance with the rules governing transfer of title in securities held by CSCS. In these Conditions, Bondholders and (in relation to a Bond) holder means the person in whose name a Bond is registered in the Register of Bondholders.
- 1.5. Title to the Bonds will pass in accordance with the CSCS rules.
- 1.6. Except as may subsequently be agreed between the parties in a Series Trust Deed, the Bondholder, shown in the records of the CSCS (or his legal representative) shall be deemed and regarded as the legal and beneficial owner of the Bonds registered in his name for all purposes including but not limited to the payment of the Principal Amount, premium (if any) and Coupon.
- 1.7. Statements issued by the CSCS as to the aggregate number of such Bonds standing to the credit of the CSCS account of any person shall be conclusive and binding for all purposes save in the case of manifest error.

### 2. Repayment

The principal on the Bonds will be repaid on the relevant Maturity Date or on an amortising basis in accordance with the terms of the relevant Series or such date as the Bond Trustee in accordance with the Programme Trust Deed declares the Bonds to have become immediately repayable, together with such premium (if any) agreed in the relevant Series Trust Deed on such Bonds.

### 3. Redemption

- 3.1 *Redemption at Maturity:* Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Bonds on such dates as specified in the relevant Series Trust Deed.
- 3.2 *Redemption by Instalments:* The Bonds may be partially redeemed by instalments on such dates and at such amounts specified in the applicable Final Terms and the payments made in instalments shall reduce the Principal Amount Outstanding on such Bond until fully redeemed at the Maturity Date.
- 3.3 *Redemption Prior to Maturity/Early Redemption*
  - 3.3.1 Subject to the terms of the relevant Series Trust Deed, the Issuer shall be entitled at any time to redeem the whole or any part of the Bond upon giving the holders of the Bonds to be redeemed, a minimum of twenty (20) days and maximum of sixty (60) days’ notice of its intention to do so (“Early Redemption”).
  - 3.3.2 The Issuer shall only redeem the Bonds on a Coupon Payment Date and not otherwise.
  - 3.3.3 At the expiration of the notice in Clause 3.3.1 above, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given. Such notice shall state

the amount of the Bond due for redemption and the condition under which such redemption is to be effected.

3.3.4 Upon Early Redemption, the Issuer shall, (upon the expiration of the redemption notice), be obliged to pay the Bondholders the outstanding principal and accrued interest.

3.3.5 Early Redemption may be made at any time within the tenor of the Bond without any penalty for early redemption.

The Issuer shall be entitled to a five (5) day period from the service of the redemption notice within which it can cancel the redemption process without the application of any further Coupon.

3.4 Where no later than thirty (30) days prior to a Payment Date, the Issuer determines that it is unable to pay the Redemption Amount due on the relevant date, the Issuer shall enter into discussions with the Bond Trustee for the purpose of paying such other amount as may be agreed in writing with the Bond Trustee. Any outstanding amount for that Payment Date shall be rolled over. Any amount rolled over in a given year shall become due for payment in the following year and shall form part of the Redemption Amount for that year. Any amount rolled over in a year may be rolled over for payment in subsequent years until the Maturity Date.

3.5 The sum payable on the Maturity Date is the Redemption Amount which unless otherwise provided in the Final terms of a Series, is the outstanding sum in respect of each Bond, together with applicable Coupon at the time of redemption, and any amount(s) rolled over from previous years.

Upon the occurrence of redemption, the Bondholder shall forward the certificate (where applicable) to the Issuer and the obligations of the Issuer in respect of any such Bonds shall be discharged.

#### 3.6 **Redemption for Taxation Reasons**

The Bonds may be redeemed at their Early Redemption Amount together with the Coupon accrued up to the date fixed for redemption, at the option of the Issuer in whole, or in part pro rata, on giving not less than 20 (twenty) days and not more than 60 (sixty) days' notice to the Bondholders (which notice shall be irrevocable), if:

(i) the Issuer satisfies the Trustee and the Commission immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of Nigeria or any political subdivision or any authority thereof or therein having power to impose tax (other than the expiry of the exemption in respect of the Bonds set out in the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 (made pursuant to the Companies Income Tax Act (Chapter C21) LFN 2004 in relation to Bonds with a maturity date later than January 2, 2022), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Series or Tranche of the Bonds; and

(ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two (2) directors of the Issuer stating that the requirement referred to in preceding subparagraph (i) above will apply on the next Coupon Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

#### 4. **Purchase of Bond by the Issuer**

The Issuer may at any time and from time to time purchase any part of the Bonds through the Recognised Securities Exchange on which the Bonds are listed, but not otherwise. Any Bond so purchased will be cancelled and will not be available for re-issue.

## 5. Status of the Bonds

- 5.1. The Bonds shall constitute direct, general, and irrevocable obligations of the Issuer and the Co-Obligors and shall qualify as securities in which Pension Fund Administrators may invest under the Pension Reform Act, Cap P4, LFN, 2004 and will also qualify as securities in which the Bond Trustee may invest under the Trustees Investment Act Cap T22 LFN, 2004.
- 5.2. Subject to the applicable Pricing Supplement, any Series of the Bonds may be senior bonds, secured, unsecured, subordinated bonds, or guaranteed under terms to be provided in the applicable Final Terms;
  - 5.2.1. *Status of Senior Bonds:* The senior Bonds shall constitute direct, unconditional, secured obligations of the Issuer and Co-Obligors and shall at all times rank pari passu and without any preference among themselves by reason of priority of date of issue, currency of payment or otherwise. The payment obligations of the Issuer under the senior Bonds shall at all times rank at least equally with all other senior secured obligations of the Issuer and Co-Obligors, present and future, except for obligations mandatorily preferred by law applying to companies generally or 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 as provided in the applicable Final Terms.

*Status of Subordinated Bonds:* The Subordinated 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 subordinated unsecured obligations of the Issuer and Co-Obligors, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment to other subordinated unsecured obligations as may be provided in the applicable Final Terms.

## 6. Negative Pledge

For as long as any of the Bonds are outstanding, the Issuer, and the Co-Obligors shall not:

- 6.1. create or permit to subsist any Security other than Permitted Security, over any of its undertaking, assets or revenues, present or future, to secure any Financial Indebtedness, or any guarantee of or indemnity in respect of any Financial Indebtedness without the consent of the Bond Trustee, such consent not to be unreasonably withheld, unreasonably conditioned or unduly delayed; and
- 6.2. except in the case of Permitted Financial Indebtedness, the Issuer and the Co-Obligors shall not directly or indirectly secure any other financial indebtedness represented by bonds or any other debt securities which are, or are capable of being, traded or listed on any securities exchange or over-the-counter or similar securities market without the prior consent of the Bond Trustee such consent not to be unreasonably withheld, conditioned or delayed.
- 6.3. without the prior approval of the Bond Trustee (obtained following an Extraordinary Resolution of the Bondholders granting the Bond Trustee authority to grant such approval or in writing by the Bondholders of at least one-fifth in Principal Amount of the Bonds then outstanding granting the Bond Trustee authority to grant such approval) sell, assign (other than an assignment that constitutes Permitted Security), lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, its assets other than:
  - 6.3.1. trading stock in the ordinary course of business;
  - 6.3.2. assets exchanged for or to be replaced by other assets comparable or superior as to type, value and quality;
  - 6.3.3. obsolete or surplus assets;
  - 6.3.4. shares in Gas Network Services Limited;
  - 6.3.5. any assignment by way of security under any Permitted Financial Indebtedness;
  - 6.3.6. shares of any entity that is not a Co-Obligor; and

- 6.3.7. disposal of assets in any given financial year whose market value is worth less than NGN3,000,000,000 (Three Billion Naira) (or its equivalent in another currency or currencies).

## 7. **Coupon**

The Bonds of any Series will bear Coupon from the Coupon Payment Date at the Coupon Rate and such Coupon will be payable in respect of each Coupon Period on the Coupon Payment Date(s) specified in the Pricing Supplement. The coupon payable on the Bonds of any Series for a period other than a full Interest Period shall be determined in accordance with the Pricing Supplement.

### 7.1. Coupon on Floating Rate Bonds

7.1.1. The Floating Rate Bonds (being those Bonds that specify that coupon is payable at a floating rate) shall bear Coupon on its principal amount on such basis as may be described in the Shelf Prospectus or Series Trust Deed by reference to a specified floating rate benchmark plus a margin.

7.1.2. Coupon on the Floating Rate Bonds shall accrue from (and including) the Coupon Commencement Date and the Coupon payable from time to time in respect of each of the Floating Rate Bonds will be determined in the manner specified in the Final Terms.

## 8. **Registration and Transfer**

8.1. The Register shall be kept by the Registrar at its office at 274 Murtala Muhammed Way, Yaba, Lagos and there shall be entered into the Register, the following particulars:

8.1.1. the names and addresses of every Bondholder for the time being;

8.1.2. the amount of the units of Bonds held by every Bondholder;

8.1.3. the bank account number of every Bondholder; and

8.1.4. the date at which the name of every Bondholder is entered in respect of the Bonds standing in his name.

8.2. Any change of name or address on the part of a Bondholder shall forthwith be notified by the Bond Trustee to the Registrar and thereupon the Register shall be altered accordingly. The Bond Trustee and the Bondholder and any person authorised by any of them shall be entitled at all reasonable times during office hours to inspect the Register and to make copies of or take extracts from the same.

8.3. The Bonds are transferable in whole or in part in denominations set out in the applicable Final Terms and Trust Deed.

8.4. Every instrument of transfer must be signed by or on behalf of the transferor or where the transferor is a corporation, properly executed according to its constitutional documents, and the transferor shall be deemed to remain the owner of the Bonds until the name of the transferee is entered in the Register.

8.5. Every instrument of transfer must be left for registration at the place where the Register is kept accompanied by such evidence as the Issuer may require to prove the title of the transferor or his right to transfer the Bond and (if the instrument of transfer is executed by some other person on his behalf) the authority of that person so to do.

8.6. The Issuer and Registrar shall retain all instruments of transfer after registration.

8.7. Registration of any Bond transfer shall not be carried out within fifteen (15) days ending on the due date for any payment of principal or Coupon on that Bond.

## 9. **Transmission**

9.1. In the case of the death of a Bondholder, the survivor(s) (where the deceased was a joint holder) and the executor or administrator of the deceased where he was a sole or only surviving holder shall be the only person(s) recognised by the Issuer as having any title to such Bond.

9.2. Any person becoming entitled to the Bonds in consequence of the death, bankruptcy, winding-up or dissolution of the Bondholder thereof may, upon producing such evidence that he has or is entitled to the capacity in respect of which he proposes to act under this Condition or of his title as the Registrar shall think sufficient, be regarded as the Bondholder of such Bonds, or subject to the preceding Conditions as to transfer, may transfer the same.

10. **Method of Payment of Principal Money, Coupon and Premium**
- 10.1. Payment of the Principal, Coupon and premium (if any) due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder (or in the case of joint registered Bondholders) by the joint Bondholders.
  - 10.2. Whenever any part of the Bond is redeemed, a proportionate part of each holding of the Bond shall be repaid to the Bondholders.
  - 10.3. The Registrar shall give to the Bondholders not less than one (1) Month's notice in writing of the time and mode for repayment of the Bonds to be redeemed and each such notice shall state the amount of the Bond for redemption.
  - 10.4. At the time and place so fixed for redemption, each Bondholder shall, where applicable, deliver to the Registrar evidence of title to the Bonds issued by the CSCS in order that the same may be cancelled together with a receipt for the redemption moneys payable in respect of the Bonds, and upon such delivery, the Bond Trustee acting through the Registrars shall pay the Bondholder the amount payable to him in respect of such redemption, together with all accrued coupon.
  - 10.5. If, on the Maturity Date, any Bondholder whose Bonds are liable to be redeemed fails or refuses to accept payment of the redemption moneys payable in respect of the Bond, the moneys payable to such Bondholder shall be paid to the Bond Trustee and the Bond Trustee shall hold the moneys in trust for such Bondholder and coupon on such Bonds shall cease to accrue as from the date fixed for redemption of the Bond and the Issuer shall subsequently be discharged from all obligations in connection with such Bonds. If the Bond Trustee places the money so paid to it on deposit at a commercial bank or invests the same in the purchase of securities for the time being authorised by law for the investment of trust funds, the Bond Trustee shall not be responsible for the safe custody of such moneys or for interest on the same, except such interest (if any) as the said money may earn whilst on deposit or invested, less any expenses incurred by the Bond Trustee.
11. **Purchase and Cancellation of Bonds**
- 11.1. *Purchase of Bonds*  
All purchases and sales of Bonds may be made by way of private treaties, over the counter and/or a Recognized Securities Exchange.
  - 11.2. *Cancellation*
    - 11.2.1. All Bonds which are redeemed in accordance with the provisions of the Trust Deed shall be cancelled and such Bonds may not be reissued or resold to other Bondholders.
    - 11.2.2. Prior to the Maturity Date, all Bonds so cancelled shall not be subject to any additional Coupon or other payment in respect of such cancellation.
    - 11.2.3. All Bonds so cancelled shall thereafter be forwarded to the Issuer and the obligations of the Issuer in respect of any such Bonds shall be discharged.
  - 11.3. *Re-issue*  
Where the Issuer has redeemed, cancelled or repurchased any Bond(s) in accordance with this Condition 11 (*Purchase, Redemption and Cancellation of Bonds*), the Issuer shall not re-issue such Bond(s).
12. **Notices**
- 12.1. *Notices to the Bondholders*
    - 12.1.1. All notices to the Bondholders will be valid if sent via email or written and mailed to the Bondholders at their respective email addresses or addresses in the Register maintained by the Registrar. Any notice shall be deemed to have been given on the second day after being so mailed.
    - 12.1.2. Any notice, or other communication to the Bondholders will be validly delivered to the Bondholders if given to the Bond Trustee hereunder by sending the same through the post in a prepaid letter addressed to the Bond Trustee at its registered offices in Nigeria or email.
    - 12.1.3. Any notice or other document duly served on or delivered to any Bondholder under these conditions shall (notwithstanding that such Bondholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event) be deemed to have been duly served or delivered in respect of any Bond registered in the name of such Bondholder as sole or joint holder unless before

the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document his name has been removed from the Register as the holder of the Bond and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Bond.

- 12.1.4. Any notice shall be deemed to have been served on the 5th day following the day which the letter containing the notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice or the notice itself was properly addressed, stamped and posted. Any notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

12.2. *Notices from the Bondholders*

- 12.2.1. Notices to be given by any Bondholder shall be in writing and given by lodging the same, with the Registrar.

13. **Waiver of Right of Set-Off**

Subject to Applicable Law, no Bondholder may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it, by the Issuer arising under or in connection with the Bonds and each Bondholder shall, by virtue of being the holder of any Bond, be deemed to have waived all such rights of such set-off, counterclaim or retention. Notwithstanding, the preceding sentence, if any of the rights and claims of any Bondholder are discharged by set-off, such a Bondholder will immediately pay an amount equal to the amount of such discharge to the Issuer, or if applicable, the liquidator or Bond Trustee or receiver in insolvency of the Issuer as the case may be, and until such time as payment is made, will hold a sum equal to such amount in trust for the Issuer or, if applicable, the liquidator or Bond Trustee or receiver.

14. **Events of Default**

14.1. If any of the Events of Default occur and is continuing, the Bond Trustee at its discretion shall, and if so requested in writing by Majority Bondholders or if so directed by an Extraordinary Resolution, give written notice to the Issuer at its specified office that the Bonds are immediately repayable, after which, subject to the applicable Final Terms, the Principal Amount Outstanding on the Bonds together with accrued Coupon shall become immediately due and repayable:

- 14.1.1. *Non-Payment*: default by the Issuer and the Co-Obligors in the payment when due of the Redemption Amount, and the continuance of any such default for a period of 10 (ten) Business Days, in the case of the Principal Amount or fourteen (14) Business Days in the case of Coupon after the relevant Coupon Payment Date. The Issuer and the Co-Obligors shall not be in default, however, if during the said ten (10) or fourteen (14) Business Days' period (as the case may be), the Issuer satisfies the Bond Trustee that:

14.1.1.1. such sums (**Withheld Amounts**) were not paid (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, the Issuer, the Bond Trustee or the relevant Bondholder provided non-payment as a result of this Clause 20.1.1 does not exceed the period of ten (10) Business Days in the case of the Principal Amount or fourteen (14) Business Days in the case of Coupon after the relevant Coupon Payment Date; or (ii) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of fourteen (14) or ten (10) Business Days (as the case may be) by independent legal advisers acceptable to the Bond Trustee; or

14.1.1.2. Such Withheld Amounts were not paid pursuant to an agreement made in accordance with Condition 14.1.1.1 (i) above.

- 14.1.2. *Breach of Other Obligations*: the Issuer or any Co-Obligor do not perform or comply with any one or more of its other obligations under the Trust Deed, which default will affect the capacity of the Issuer or Co-Obligors to meet their payment obligations and which default has not been remedied for a period of 30 (thirty) days (or such longer period as the Bond Trustee may reasonably determine is not materially prejudicial to the interests of the Bondholders) after the date on which written notice of such default requiring the Issuer to

remedy the same shall have been given to the Issuer or Co-Obligors by the Bond Trustee (except where such default is not, in the reasonable opinion of the Bond Trustee after consultation with the Issuer, capable of being remedied, in which case no such notice as is mentioned above will be required); or

- 14.1.3. *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied on, or enforced against the whole or a material part of the property, assets or revenues of the Issuer or a Co-Obligor, where the value of such property, assets or revenues is in excess of ₦3 Billion and such distress, attachment, execution or other legal process is not discharged or stayed within 120 (one hundred and twenty) days;
- 14.1.4. *Change of Control*: If there is a change of Control of the Issuer and/or the Co-Obligors without the consent of the Bond Trustee, obtained following an Extraordinary Resolution of Bondholders;
- 14.1.5. *Insolvency*: the Issuer or any Co-Obligor is, or is deemed by law, or a court of competent jurisdiction to be unable to pay its debts as they fall due; or stops or suspends payment of a substantial part of its debts;
- 14.1.6. *Cessation of Business*: if the Issuer or any of the Co-Obligors ceases to conduct all or substantially all of its business as it now conducts or changes all or substantially all of the nature of its business or merges or consolidates with any other entity without the prior written consent of the Bond Trustee; and
- 14.1.7. If a Material Adverse Effect has occurred.
- 14.1.8. Default under the Master Notes Subscription Agreement: any event of default occurs under the Master Notes Subscription Agreement which is not remedied within the cure period provided therein.

**15. Enforcement**

At any time after the occurrence of an Event of Default which is continuing, the Bond Trustee may, in their discretion or upon an Extraordinary Resolution of the Bondholders passed at a special meeting convened for that purpose, institute proceedings and or take other actions against or in relation to the Issuer or any other person as it may think fit to enforce the obligations of the Issuer under the Bonds.

**16. Proceeding Against the Issuer**

Only the Bond Trustee may enforce the performance of the Issuer's obligations under this Deed. Subject to the provisions of Section 176 (2) of CAMA, no Bondholder or a person claiming through a Bondholder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the obligations under this Deed or any Series Trust Deed.

**17. Registrar**

The Registrar shall be appointed by the Issuer and shall act solely as an agent of the Issuer but shall act under instructions of the Bond Trustee at any time after the occurrence of an Event of Default. Except as otherwise provided, the Registrar shall not assume any obligation or relationship of agency or trust for or with any Bondholder.

**18. Taxation**

All payments of principal, coupon and any other sum due in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Federal Republic of Nigeria or any political subdivision or any Authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, no additional amounts shall be paid to the Bondholders as a result thereof.

**19. Prescription**

Claims against the Issuer for payment in respect of the Bonds shall be time-barred and become void unless made within 6 (six) years from the appropriate Relevant Date in respect of the Principal Amount and the Coupon due on such Bonds.

**20. Governing Law and Dispute Resolution**

- 20.1 This Deed and all rights and obligation arising therefrom shall be governed by and construed in accordance with the laws of the Federal Republic of Nigeria.
- 20.2 In the event of any dispute arising out of or under this Programme Trust Deed, the Parties shall within five (5) Business Days from the date the dispute arose, notify the Commission of the existence of the dispute. The Parties may within ten (10) Business Days from the date the Commission was notified, resolve the dispute by mutual negotiation.
- 20.3 Any dispute which cannot be mutually resolved by the Parties in accordance with Clause 20.2 shall be referred to Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, Cap A18, LFN, 2004. The arbitral tribunal shall consist of three arbitrators. The Issuer and the Bond Trustee shall each appoint one arbitrator within five (5) business days of the referral of the dispute to arbitration. The two arbitrators so appointed shall appoint the third arbitrator within five (5) business days of the request to appoint the third arbitrator. PROVIDED THAT if the first two arbitrators are unable to agree on a third arbitrator within two (2) weeks of the appointment of the second arbitrator, then such Arbitrator shall be appointed by the Chairman of the Chartered Institute of Arbitrators UK (Nigeria Branch) on the application of any Party and when appointed, the third Arbitrator shall convene an arbitrators' meeting and act as Chairman of the same. The arbitrators shall also have a maximum period of twenty-five (25) Business Days to resolve the dispute after the submission of final addresses by the Parties. In the event that any of the Parties are aggrieved by the decision of the arbitral tribunal, the Parties shall refer the matter to the Commission for resolution and if aggrieved by the decision of the Commission, the matter shall be referred to the Investments and Securities Tribunal in accordance with the provisions of Section 284 of the ISA.
- 20.4 The seat of arbitration shall be Lagos, and the language of arbitration shall be English.

## 21. APPLICATION FORM

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Set out below is the form of Pricing Supplement which will be prepared by the Issuer for each Series of Bonds issued under the Programme

**Pricing Supplement**  
**To the Shelf Prospectus dated 20<sup>th</sup> Day of May, 2020**

**Axxela**

**AXXELA FUNDING 1 SPV PLC**

RC: 1517428

**Offer for Subscription Of Up to**

**₦[•]**

**Series []: [•]-Year [•]**

**[•]% Fixed Rate Senior Unsecured Bonds Due [•] Under the ₦50,000,000,000 Bond Issuance Programme**

**Issue Price: 100% of Par Value**

**Payable in full on Application**

Application List	
Opens	[•]
Closes	[•]

This Pricing Supplement is prepared for the purpose of Rule 279(3) of the Rules and Regulation of the Securities & Exchange Commission (“the Commission” or SEC) in connection with the ₦50,000,000,000 Bond Issuance Programme established by Axxela Funding 1 SPV Plc (“the Issuer”). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated 20<sup>th</sup> day of May, 2020 and any other supplements to the Shelf Prospectus to be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Shelf Prospectus, the provisions of this Pricing Supplement shall prevail. This Pricing Supplement may be used to offer and sell the Bonds only if accompanied by the Shelf Prospectus. Copies of the Shelf Prospectus can be obtained from any of the Issuing Houses.

The registration of the Shelf Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the Securities or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Shelf Prospectus or this Pricing Supplement. No Securities will be allotted or issued on the basis of the Shelf Prospectus read together with this Pricing Supplement later than three years after the date of the issue of the Shelf Prospectus.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the “Series 1 Bonds” or “Bonds”). Application has been made to the FMDQ OTC for the admission of the Bonds to the Daily Quotations List of the Exchange. The Bonds now being issued will upon admission to the Daily Quotations List qualify as securities in which Trustee may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004.

The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this

Pricing Supplement 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 and that 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. Further, 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.

## **22. PROCEDURE FOR APPLICATION AND ALLOTMENT**

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### **1. Invitation for Participation**

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

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

## 2. Payment Instructions

Successful Participants should ensure that payment of the Participation Amount is received on the Signing Ceremony Date via the Real Time Gross Settlement (“RTGS”) into the following designated Issue Proceeds Accounts domiciled with the Receiving Banks.

## 3. Allocation/Allotment

3.1. On the Pricing Date, the Issuing Houses/Book Runners will analyse the demand generated at various price levels and, in consultation with the Issuer, finalise the Coupon Rate and the allocations to each Participant. Allocation Confirmation Notices will be sent to successful Participants thereafter.

3.2. The Directors of Axxela Funding 1 Plc and the Issuing Houses/Book Runners reserve the right to accept or reject any application in whole or in part for not complying with the terms and conditions of the Issue.

3.3. Upon clearance of the Final Pricing Supplement by the SEC, allotment of Bonds shall be effected in a dematerialised (uncertificated) form. **Participants are mandatorily required to specify their Bank Verification Number (BVN), CSCS Account Number, the name of their Stock-broking Firm and the Clearing House Number (CHN) in the spaces provided on the Commitment Form.**

## 4. Bank Account Details

4.1. Participants are required to indicate their bank account details in the space provided on the Commitment Form for the purposes of future payments of Coupon and the Principal Amount.

4.2. Participants are advised to ensure that bank account details stated on the Commitment Form are correct as these bank account details shall be used by the Registrar for all payments indicated in 4.1 above in connection with the Bonds.

4.3. Failure to provide correct bank account details could result in delays in credit of such payments or the issuance of cheques/warrants which shall be sent by registered post to the specified addresses of the affected investors. The Issuer, the Issuing Houses, the Receiving Bank, the Trustees and the Registrar shall not have any responsibility nor will any of these specified parties undertake any liability for the same