

If you are in any doubt about the contents of this document or any action to be taken, it is recommended that you consult your Stockbroker, Banker, Solicitor, Accountant or any other professional adviser duly registered under the Investment and Securities Act No. 29, 2007. For information concerning certain Risk Factors which should be considered by prospective Qualified Institutional Investors and High Net-worth Individuals, please refer to the section on risk factors in the Shelf Prospectus for the Bond Programme.

(THIS DOCUMENT IS ISSUED SOLELY FOR PRICE DISCOVERY PURPOSES – RED HERRING)

Axxela

AXXELA FUNDING 1 PLC

RC: 1517428

Offer for Subscription
(By way of Book Build)

of

₦11,500,000,000

Series I: 7 Year 14.30% Fixed Rate Bonds due 2027

(being offered to Qualified Institutional Investors and High Net Worth Individuals)

Under the ₦50,000,000,000 Bond Issuance Programme

Application List Open: March 27, 2020

Application List Close: May 11, 2020

This Pricing Supplement has been prepared pursuant to Rule 321 of the Rules and Regulations of the Securities & Exchange Commission (“the Commission” or “the SEC”) in connection with the issuance of ₦11,500,000,000 Bonds under the ₦50,000,000,000.00 Bond Issuance Programme established by Axxela Funding SPV 1 Plc (“the Issuer”). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated the 20th day of May, 2020 and any other supplements to the Shelf Prospectus as maybe be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement. A copy of this Pricing Supplement has been delivered to the Commission for registration.

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 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 I Bonds” or “Bonds”). An application has been made to FMDQ OTC for the listing of the Bonds. The Bonds also qualify as a security in which Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria (“LFN”), 2004 and as a security under Section 20(1)(g) of the Personal Income Tax Act, Cap P8, LFN, 2004 as well as Section (19)(2) of the Companies Income Tax Act, Cap C21, LFN, 2004. Investors are advised to also note that liability for false or misleading statements or acts made in connection with the prospectus is provided in sections 85 and 86 of the ISA 2007.

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. Save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Shelf Prospectus has arisen or has been noted, as the case may be, since the publication of the Shelf Prospectus. Furthermore, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

LEAD ISSUING HOUSE/ BOOK RUNNER

Chapel Hill Denham Advisory Limited

CHAPEL HILL DENHAM

RC 1381308

JOINT ISSUING HOUSE/ BOOK RUNNERS

Stanbic IBTC Capital Limited



RC 1031358

Afrinvest (West Africa)
Limited



RC 261272

FBNQuest Merchant
Bank Limited



RC 264978

Rand Merchant Bank
Nigeria Limited



RC 1031371

Renaissance Securities
(Nigeria) Limited



RC685973

Vetiva Capital
Management Limited



RC485600

WWW.AXXELAGROUP.COM

THIS PRICING SUPPLEMENT IS DATED THE 20TH DAY OF MAY, 2020

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SUMMARY OF THE OFFER

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

1.	Issuer:	Axxela Funding 1 Plc
2.	Sponsor:	Axxela Limited
3.	Co-Obligors:	Axxela Limited, Gaslink Nigeria Limited
4.	Note Issuers	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
4.	Description:	7 Year 14.30% Fixed Rate Bonds due 2027
5.	Series Number:	I
6.	Aggregate Nominal Amount:	₦11,500,000,000.00
7.	i) Issue Price:	At par. ₦1,000 (One Thousand Naira)
	ii) Issue Coupon:	14.30%
	iii) Coupon Basis:	Fixed Rate
8.	i) Gross Proceeds:	₦11,500,000,000
	ii) Net Proceeds:	₦11,236,644,356
9.	Subscription:	Minimum of ₦1,000 multiples of 10,000
10.	Denomination:	₦1,000 (One Thousand Naira)
11.	i) Issue Date:	May 20, 2020
	ii) Coupon Commencement Date	May 20, 2020
12.	Tenor:	7 years
13.	Maturity Date:	May 20, 2027
14.	Redemption/Payment Basis:	Amortising
15.	Principal Moratorium	The period beginning on (and including) the Issue Date and ending on the date falling 24 (twenty four) months from the Issue Date
16.	Status of the Bond:	The Bonds are senior secured and will rank pari passu without any preference to one above the other by reason of priority of date of issue, currency of payment or otherwise with all other senior secured and unsubordinated obligations of the 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.
17.	Security	The Bonds are secured by the Gaslink Security Deed and the Axxela Security Deed. In relation to the Axxela Security Deed, Axxela Limited, the sponsor of Axxela Funding 1 Plc, is a holding company whose revenues and cash flows are primarily an aggregation of the

income from Gaslink Nigeria Limited, Central Horizon Gas Company Limited, Transit Gas Limited, and Gas Network Services Limited; Axxela's operating subsidiaries. Axxela has historically been a non-operating holding company but it commenced operations in September 2018, when it commenced gas supply activities to Togo pursuant to an executed Gas Sale and Purchase Agreement (GSPA) with gas sales to commence this year. It will also be entering into other GSPAs. The revenues generated from Axxela's operating subsidiaries are applied by Axxela in meeting its own debt obligations. Axxela does not currently have any debt obligations except for a shareholder loan, which is a quasi-equity instrument that was used in the Helios' acquisition of its stake in the company. Gaslink Nigeria Limited is the major contributor to Axxela's revenue contributing respectively about 92% and more than 100% to Axxela's revenues and profits in 2017. Axxela's holding in the listed subsidiaries is as follows: Gaslink - 97.2%; CHGC - 56.04%; Transit Gas - 100%. GNSL is a 100% subsidiary of Gaslink and so Axxela has an indirect 97.2% interest in GNSL through Axxela's interest in Gaslink. The Axxela Security Deed creates a fixed and floating charge over all the assets and undertakings of Axxela including a floating charge over all receivables. The security interests created under the Axxela Security Deed however excludes the shares and stocks owned by Axxela.

In relation to the Gaslink Security Deed, upon the issuance of the Bond, the Bond Trustee acting on behalf of the Bondholders will execute a Deed of Accession to the robust security arrangement that Gaslink has executed in favour of its existing lenders under the Gaslink Security Deed. The Gaslink Security Deed creates a fixed and floating charge over its assets and undertakings, a floating charge on all Gaslink's receivables and a security assignment over its 6 biggest offtake contracts. The interest of the Bond Trustee acting on behalf of the Bondholders shall rank pari passu with that of the existing lenders in all respects.

- | | |
|-------------------------------|--|
| 18. Listing: | FMDQ Securities Exchange Plc and/or Nigeria Stock Exchange (NSE) |
| 19. Method of Distribution: | By way of a Book Build to Qualified Institutional Investors and High Net Worth Individuals. |
| 20. Use of Proceeds: | All Bond Proceeds will be used to purchase notes issued by Axxela Limited, Gaslink, Transit Gas and any other Note Issuer determined. |
| 21. Security Trust Structure: | STL Trustees Limited as Security Trustee will hold the security interests created under the Axxela Security Deed and the Gaslink Security Deed in favour of the Bond Trustee acting on behalf the Bondholders. |

22	Event of Default	Any of the conditions, events or acts provided in Clause 15 (Events of Default) of the Series Trust Deed to be events upon the happening of which the Series 1 Bonds is repayable on demand once the Bond Trustee demands the repayment.
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PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

23.	Fixed Rate Bond Provisions:	
i.	Coupon Rate:	14.30% per annum
ii.	Coupon Payment Dates(s):	Semi-annual coupon payments, payable in arrears on the 6 th and 12 th month of each year from the Issue Date up to and including the Maturity Date
iii.	Coupon Amount (s):	Please refer to the Interest and Principal Amortization Payment Schedule on page 15
iv.	Business Convention	Modified Following Business Day: Where a Coupon Payment Date falls on a non-Business Day, such payment shall be postponed to the next day which is a Business Day provided that if such a Business Day falls into the next calendar month, such Coupon Payment Date shall be brought forward to the immediately preceding Business Day
v.	Day Count Fraction	Actual/actual (actual number of days in a month/ actual number of days in the year)
vi.	Other terms relating to method of calculating interest for Fixed Rate Bonds:	Not Applicable

PROVISIONS RELATING TO REDEMPTION

24.	Scheduled Redemption Dates:	Not Applicable
25.	Final Redemption Amount:	₹ 11,500,000,000

DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS

26.	Form of Bonds	Electronic registration on the Central Securities Clearing System Plc platform
27.	Form of Dematerialised Bonds	Registered
28.	Registrar	Greenwich Registrars and Data Solutions Limited
29.	Clearing System	Central Securities Clearing System Plc
30.	Bond Trustee	ARM Trustees Limited
31.	Security Trustee	STL Trustees Limited
32.	Record Date:	No Bondholder may require the transfer of a Bond to be registered during the period of fifteen (15) days ending on the due date for any payment of principal or Coupon on the Bond
33.	Bonds Settlement	Bonds purchases will be settled by electronic funds transfers

through either CBN Inter-Bank Funds Transfer System (“CIBFTS”), National Electronic Funds Transfer (“NEFT”) or Real Time Gross Settlement (“RTGS”)

34. Payment Agent Greenwich Registrars and Data Solutions Limited

GENERAL PROVISIONS APPLICABLE TO THE BONDS

35. Issuer Rating BBB+ / Stable – Global Credit Ratings Co
36. Issue Rating BBB+ – Global Credit Ratings Co
37. Underwritten Not Applicable
38. Taxation The Bonds are exempt from taxation in Nigeria in accordance with the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the VAT (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011, the VAT (Exemption Commission on Stock Exchange Transaction) Order 2014 and the Personal Income Tax (Amendment) Act 2011. The Companies Income Tax and VAT Order 2011 (together the “Exemption Orders”) became effective on January 2, 2012 and are valid for a period of ten (10) years therefrom. The VAT Order 2014 became effective on July 25, 2014 and is valid for a period of five (5) years therefrom. The exemption under Personal Income Tax is indefinite.

Accordingly, all payments made to Bondholders shall be free and clear of withholding or other deductions, in respect of State Governments and Federal Government Income taxes as provided by the relevant Orders and Amendments.

The Exemption Orders are due to expire on January 2, 2022 and it may be the case that withholding tax, or other State or Federal income tax are deducted at source from payments made to the Bondholders.

39. Governing Law The Bonds will be governed by, and construed in accordance with the laws of the Federal Republic of Nigeria

PARTIES TO THE OFFER

PARTIES TO THE ISSUE

The Issuer

Axxela Funding 1 Plc

The Wings Office Complex, East Tower

17A, Ozumba Mbadiwe Avenue

Victoria Island, Lagos

Email: enquiries@axxelagroup.com

Website: <https://axxelagroup.com/>

Tel: +234 1 27000035

The Sponsor

Axxela Limited

The Wings Office Complex, East Tower

17A, Ozumba Mbadiwe 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 Ejueyitchie

(Company Secretary)

Sponsor's Board of Directors

Mr. Boye Olusanya

(Chairman)

Mr. Mobolaji Osunsanya

(Chief Executive Officer)

Mr. Jeremy Bending

(Director)

Mr. Kaat Van Hecke

(Director)

Mr. Nitin Kaul

(Director)

Mr. Tope Lawani

(Director)

Mr. Ogbemi Ofuya

(Director)

Mr. Tuoyo Ejueyitchie

(Company Secretary)

PARTIES TO THE OFFER

PROFESSIONAL PARTIES TO THE ISSUE

Issuing House:

Chapel Hill Denham Advisory Limited

1st Floor, 45 Saka Tinubu Street
Victoria Island
Lagos

Issuing House:

FBNQuest Merchant Bank Limited

10 Keffi Street, off Awolowo Road
South-West Ikoyi
Lagos

Issuing House:

Renaissance Securities (Nigeria) Limited

6th Floor, East Tower, Wings Office Complex
Victoria Island
Lagos

Issuing House:

Afrinvest (West Africa) Limited

27 Gerrard Road
Ikoyi
Lagos

Solicitors to the Issuer:

The New Practice (TNP)

49 Raymond Njoku Street
Ikoyi
Lagos

Auditors:

Ernst & Young

2 Bayo Kuku Road
Ikoyi
Lagos

Ratings Agency:

Agusto & Co Limited

5th Floor, UBA House
57 Marina
Lagos

Issuing House:

Stanbic IBTC Capital Limited

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

Issuing House:

Rand Merchant Bank Nigeria Limited

3rd Floor, Wings East Tower
17A Ozumba Mbadiwe Street
Victoria Island
Lagos

Issuing House:

Vetiva Capital Management Limited

266B Kofo Abayomi Street
Victoria Island
Lagos

Solicitors to the Offer:

Aluko & Oyebode

1 Murtala Muhammed Drive
Ikoyi
Lagos

Reporting Accountant:

Pricewaterhouse Coopers

5B Water Corporation Road
Landmark Towers
Victoria Island
Lagos

Stockbrokers to the Issue

Afrinvest Securities

27 Gerrard Road
Ikoyi
Lagos

Ratings Agency:

Global Credit Rating Co.

11th Floor, New Africa House
31 Marina
Lagos

PARTIES TO THE OFFER

Registrar:

GTL Registrars & Data Solutions Limited

274 Murtala Muhammed Way

Yaba

Lagos

Email: n/a

Website: <https://www.gtlregistrars.com/>

Tel: +234-(0)1-01-2793160-2

Bond Trustees:

ARM Trustees Limited

1, Mekunwen Road

Off Oyinkan Abayomi Drive

Ikoyi

Lagos

Receiving Bank:

First Bank of Nigeria Limited

Samuel Asabia House

35 Marina

Lagos

Security Trustees:

STL Trustees Limited

30 Marina

Lagos

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

INDICATIVE TRANSACTION TIMELINE

Date	Activity	Responsibility
30-Aug-2019	File Pricing Supplement with the SEC	Issuing Houses
25-Mar-2020	Obtain the SEC's clearance of the Pricing Supplement and approval to commence Book Building	Issuing Houses
27-Mar-2020	Commence Book Build	All Parties
11-May-2020	Conclude Book Building / Determination of Clearing Price and Allocation of Bonds	All Parties
11-May-2020	Despatch Allotment Confirmation Letters	Issuing Houses
13-May-2020	Update Issue documents and submit to SEC	Issuing Houses
20-May-2020	Hold Signing Ceremony/Investors fund allotted Bonds	Issuing Houses
21-May-2020	Remit Bond Proceeds to the Issuer	Receiving Bank
22-May-2020	File executed Issue documents with SEC	Issuing Houses
26-May-2020	Credit CSCS accounts of bond holders	Registrars
29-May-2020	Obtain SEC Approval to publish Allotment Announcement	Issuing Houses
1-Jun-2020	Publish Allotment Announcement in at least 2 national dailies	Issuing Houses
5-Jun-2020	File FMDQ/NSE Listing Application	Issuing Houses
11-Jun-2020	Listing of Bond on FMDQ/NSE	Issuing Houses/Stockbrokers
19-Jun-2020	File Post Completion Report with SEC	Issuing Houses

**NB: These dates are indicative and are subject to change.*

MATERIAL ADVERSE CHANGE STATEMENT

Axxela Funding 1 PLC RC:1517428

8th Floor, The Wings Complex, Edebi Tower,
17a, Columbia Road, Victoria Island, Lagos, Nigeria
Tel: +234 1 2750035 Website: www.axxela.com

August 19, 2019

The Managing Director
Chapel Hill Denham Advisory Limited
45 Saka Tinubu Street (1st Floor)
Victoria Island, Lagos

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

Dear Sir,

SUBMISSION OF MATERIAL ADVERSE CHANGE STATEMENT ON AXXELA FUNDING 1 PLC- N50 BILLION DEBT ISSUANCE PROGRAMME, SERIES I N10 BILLION.

Except as disclosed in this Shelf Prospectus, there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the financial or trading position of the Issuer.

In addition, during the twelve calendar months immediately preceding the date of filing an application with the Securities & Exchange Commission for the registration of this Shelf Prospectus, Axxela Funding 1 Plc did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies.

The Issuer accepts responsibility for the information contained in this Shelf Prospectus which, when read, contains all information that is material in the context of the issue of the Bond.

SIGNED for and on behalf of the Issuer, Axxela Funding 1 Plc


Boye Olusanya
Director


Tuoyo Ejueytichie
Company Secretary




CHINEDUM UMECHE
Notary Public for Nigeria
BANWO & IGHODALO
48, Awolowo Road, South-West
Ibeju, Lagos, Nigeria
+234 (0)8038726138
28-08-2019



DECLARATION BY AXXELA FUNDING 1 PLC



DECLARATION OF ISSUER

This Pricing Supplement has been prepared by the Issuing Houses on behalf of Axxela Funding 1 Plc, for the purpose of providing information, disclosures and a description to investors, of the relevant aspects of the Issuer in connection with the Bond Issuance under the Programme as indicated in this Pricing Supplement.

On behalf of the Board of Directors of Axxela Funding 1 Plc, we hereby make the following declarations:

1. We confirm that the information contained in this Pricing Supplement, 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 Pricing Supplement; 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 Funding 1 Plc
by its duly authorised representatives:

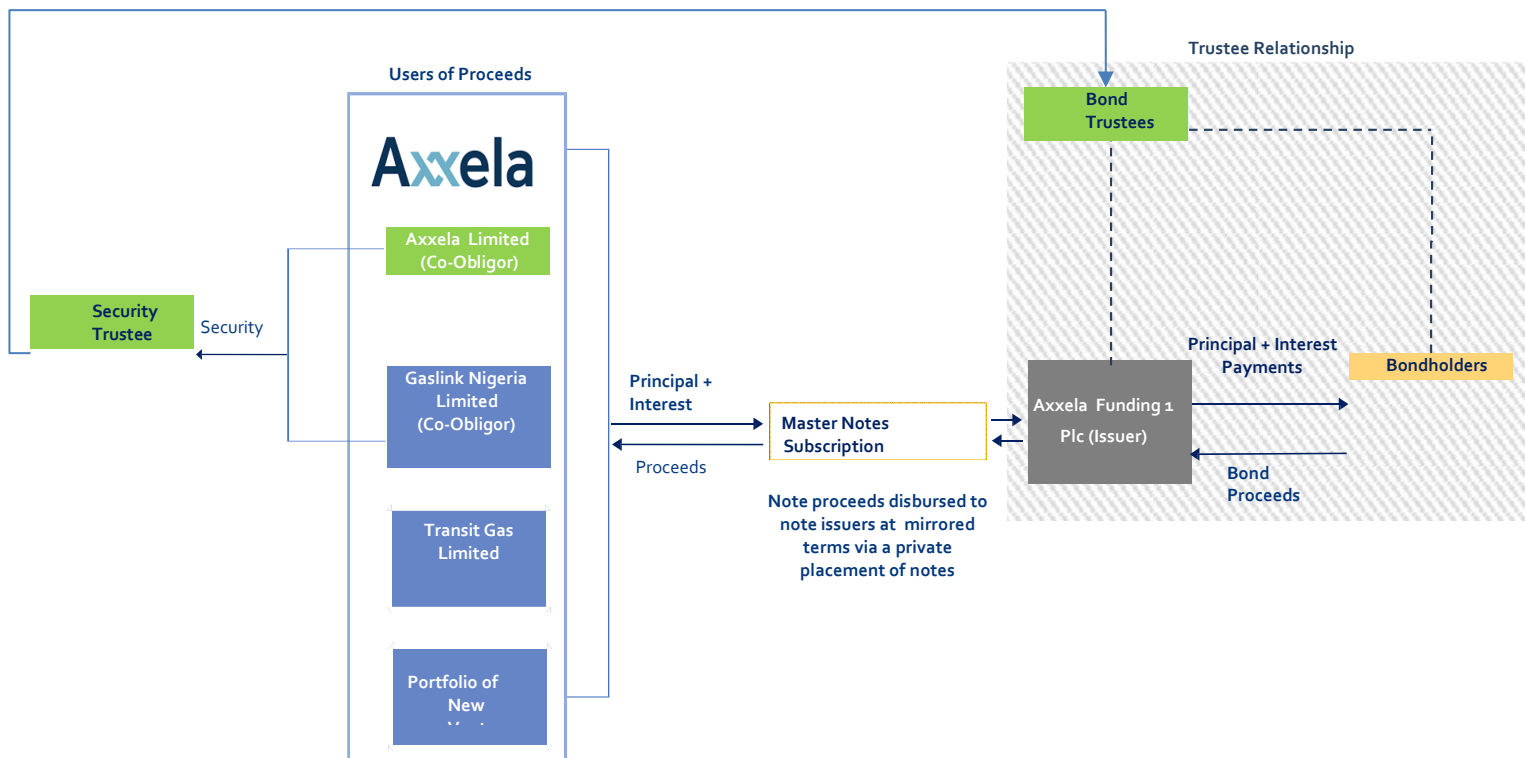
Mobolaji Osunsanya
Director

Omoboyede Olusanya
Director

Tuoyo Ejueyitchie
Company Secretary

DESCRIPTION OF THE ISSUE

TRANSACTION STRUCTURE DIAGRAM



Key features of the Issuance 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 will pay interest and principal amounts due to Axxela Funding under the Trust Deed and/or a Master Notes Subscription Agreement 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.

SCHEDULE I - USE OF PROCEEDS

Axxela Funding 1 Plc

Proceeds of the Bonds issued by the Issuer will be used to purchase Notes issued by the Note Issuers on similar terms through a private placement programme constituted by the Master Notes Subscription Agreement.

Axxela Limited

The net proceeds of the intercompany bonds from Axxela Funding 1 Plc will be utilised as follows:

Use	Amount (N'mn)	%	Estimated Completion Period
Capex - TGNL (Sagamu /LFZ- LFTZ Project)	4,440	39.60%	12 months
Debt Refinancing	3,975	35.30%	Immediate
General Corporate	2,000	17.80%	Immediate
Debt Service Reserve Account	822.3	7.30%	Immediate
Total	11,237	100.00%	

SCHEDULE II – COUPON AND PRINCIPAL AMORTISATION SCHEDULE

The following table indicates the semi-annual coupon payments due to Bondholders during the tenor of the issue.

Period	Bond Obligation Repayment Dates	Semi-annual Interest Payment (R'000)	Principal Repayments Payment (R'000)	Total Repayments Payment (R'000)
Payment 1	20-Nov-2020	829,008	-	829,008
Payment 2	20-May-2021	815,492	-	815,492
Payment 3	20-Nov-2021	829,008	-	829,008
Payment 4	20-May-2022	815,492	-	815,492
Payment 5	20-Nov-2022	829,008	826,463	1,655,471
Payment 6	20-May-2023	756,885	885,555	1,642,440
Payment 7	20-Nov-2023	703,665	948,872	1,652,537
Payment 8	20-May-2024	628,543	1,016,716	1,645,259
Payment 9	20-Nov-2024	563,898	1,089,411	1,653,310
Payment 10	20-May-2025	477,452	1,167,304	1,644,756
Payment 11	20-Nov-2025	401,217	1,250,767	1,651,983
Payment 12	20-May-2026	305,980	1,340,196	1,646,177
Payment 13	20-Nov-2026	214,440	1,436,020	1,650,461
Payment 14	20-May-2027	109,113	1,538,696	1,647,808
TOTAL		8,279,202	11,500,000	19,779,202



GLOBAL CREDIT RATING CO.

Local Expertise • Global Presence

Axxela Funding 1 Plc N50bn Bond Issuance Programme (N11.5bn Series 1 Senior Secured Fixed Rate Bonds)

Nigeria Secured Bond Analysis – New Issuance Report

April 2020

Security class	Rating scale	Indicative rating*	Rating outlook	Expiry date
Series 1: N11.5bn Senior Secured Bonds	National	BBB+ _(NIG)	Stable	September 2020

Key Transaction counterparties:

Issuer: Axxela Funding 1 Plc
Sponsor: Axxela Limited
Co-Obligors: Axxela Limited and Chafirik Nigeria Limited
Reporting Accountant: PricewaterhouseCoopers
Bond Trustee: ARM Trustees Limited
Security Trustee: STL Trustees Limited
Solicitors to the Offer: Akintu & Oyedele
Solicitors to the Trustee: Olanisvan Ajayi LP
Solicitors to the Issuer: The New Practice (TNP)
Joint Issuing Houses: Chapel Hill Denham Advisory Limited, Starbic IBTC Capital Limited, Afriinvest (West Africa) Limited, FBNQuest Merchant Bank Limited, Band Merchant Bank Nigeria Limited, Renaissance Securities (Nigeria) Limited and Vetrus Capital Management Limited.
Receiving Bank: First Bank of Nigeria Limited and Starbic IBTC Bank PLC.
Registrars: OTL Registrars and Data Solutions Limited
Key Transaction Documentation: See page 8 of this report.

Summary of Transaction:

Asset class	Structured bonds
Programme limit	N50bn
Series 1 Bonds	N11.5bn Senior Secured Fixed Rate Bonds
Term	7 years
Principal moratorium	2 years
Interest rate	14.3%
Interest basis	Fixed, payable semi-annually
Principal repayment	Amortising basis, to commence following the expiration of the moratorium
Negative pledge	Yes

Related methodologies/research:

Global Master Criteria for rating Corporate entities, updated February 2018; Global Master Structured Finance Rating Criteria (February 2018); Global Summary Structurally Enhanced Corporate Bonds Rating Criteria (November 2018); Axxela Issuer rating reports, 2018-19; Glossary of terminology, February 2018

GCR contacts:

Primary Analyst:
 Femi Atare
 Credit Analyst
 femi@globalratings.com

Committee Chairperson:
 Dave King

Analyst location: Lagos, Nigeria
 +234 1 9049462
 www.globalratings.com.ng

Transaction summary

The Issuer has filed an application with Securities and Exchange Commission ("SEC") to issue bonds in the Nigerian capital market, under a N50bn Bond Issuance Programme ("BIP"). Under the BIP, bonds shall be issued in Series or Tranches from time to time, with varying maturities, terms and conditions, and rates of interests. The Issuer is undertaking an initial N11.5bn in Series 1 Issue under the BIP. The Series 1 Bonds shall be senior secured bonds, to be issued by way of a book build. The Bonds shall have a term of seven (7) years, with two (2) years moratorium on principal repayment, while interest shall be paid semi-annually in arrears. The Series 1 Bonds shall constitute direct, irrevocable and senior secured obligations of the Issuer, and shall at all times rank *pari passu* and without any preference among themselves.

Global Credit Rating Company Limited ("GCR") has accorded an *indicative public, national scale long-term credit rating* of 'BBB+_(NIG)' to the Series 1 Senior Secured Fixed Rate Bonds, and not the entire BIP. The *indicative rating* accorded to the Series 1 Bonds relates to ultimate payment of principal and interest (as opposed to timely, skin to an expected loss rating, which is a function of probability of default and loss severity).

Summary rating rationale

- The Issuer is a special purpose vehicle incorporated primarily to operate as a business development company and raise finances for the business of the Sponsor and its subsidiaries. The Sponsor is a leading private gas distribution group in Nigeria. Its core business is the development of gas and power infrastructure, and distribution of natural gas for power generation to industrial and commercial customers. GCR affirmed the Sponsor's national scale long-term corporate rating of 'BBB+_(NIG)' in April 2020, with a Stable outlook. The Bond rating is intrinsically linked to the financial performance of the Sponsor, and any change in the Sponsor rating will impact the Bond rating.
- The transaction mechanics entail the use of the proceeds of the Bonds issued by the Issuer to purchase bonds issued by the Co-Obligors on similar terms through a private placement programme constituted by the Master Notes Subscription Agreement.
- Pursuant to the draft Series 1 Trust Deed, security is primarily created over trade receivables due from take or pay contracts, held in trust under an existing Security Deed, in addition to the assets to be pledged by the Sponsor. The existing security package is currently pledged to secure indebtedness to an existing lender, which has indicated willingness to admit the bondholders as beneficiaries to the security package. However, a written consent letter from the existing lender is yet to be provided.
- The transaction arranger and the Sponsor have indicated that existing receivables will not be sold off to any entity, neither will the receipts on future receivables be ring-fenced for the payment of the bond obligations. Based on the foregoing, GCR considers the security structure contrary to trade receivable securitisation, and does not consider future trade receivables as a credit enhancement as recoveries would be in line with the corporate recovery prospects in a default scenario. Also, GCR considers trade receivables as part of the working capital available for day to day operations of the Co-Obligors, which have been factored into the senior unsecured corporate credit ratings accorded to the Sponsor. Accordingly, the Series 1 Bond has been accorded an indicative national scale credit rating of BBB+_(NIG) in line with the long term senior unsecured corporate credit rating of the Sponsor.
- The final rating is contingent on the proper execution of the security documents in favour of the Bondholders, which include a Deed of Accession. A downgrade in the rating of the Sponsor could impact the final rating to be accorded.

*The final ratings will be accorded upon receipt of satisfactorily final and executed final transaction documents and legal opinions.

AXXELA FUNDING 1 PLC

Up to ₦10 Billion Series 1 Seven-Year Fixed Rate Bond Due 2026 Under the ₦50 Billion Bond Issuance Programme

Issue Rating:

Bbb+*

Outlook: Stable
Issue Date: 27 September 2019
Expiry Date: September 2026

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

The final issue rating is subject to annual renewals on the anniversary of the Bond.

Sponsor's Rating: Bbb+
Expiry Date: 30 June 2020

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RATING RATIONALE

- Agusto & Co. hereby assigns an indicative rating of "Bbb+" to Axxela Funding 1 Plc's up to ₦10 Billion Series 1 Seven-Year Fixed Rate Bond Due 2026 ("Series 1 Bond", "the Bond" or "the Issue") under its ₦50 Billion Bond Issuance Programme. The Issue rating is underlined by the "Bbb+" rating assigned to Axxela Limited ("the Sponsor") by Agusto & Co. in August 2019. Although the Bond is backed by an irrevocable and unconditional undertaking of the Sponsor and its Co-Obligors as well as fixed and floating charges over assets and receivables of Axxela and Gaslink Nigeria Limited (one of the Co-Obligors), Agusto & Co. holds the view that the nature and structure of the security do not warrant any notch to the unsubordinated unsecured credit rating of the Sponsor.
- Axxela Funding 1 Plc ("the Issuer") is a special purpose vehicle incorporated by Axxela Limited with the sole aim of providing debt finance to Axxela and its subsidiaries (jointly called "the Co-Obligors"). Axxela Limited is a pioneer independent gas distribution company in Nigeria, following the development of its foremost natural gas distribution network covering two major commercial cities of Lagos and Port-Harcourt. The Company's revenue is derived principally from the marketing and distribution of natural gas to industrial consumers as well as the sale of compressed natural gas ("CNG"). Axxela's operating subsidiaries include Gaslink Nigeria Limited ("GNL"), Central Horizon Gas Company Limited ("CHGC") and Gas Network Services Limited ("GNSL").
- Axxela Funding 1 Plc plans to issue up to ₦10 Billion Series 1 Seven-Year Fixed Rate Bond Due 2026 under its ₦50 Billion Medium Term Note Programme. The net proceeds of the Bond will be used to purchase Notes to be issued by Axxela Limited and Gaslink Nigeria Limited, while the Co-Obligors will ultimately apply the proceeds to refinance existing debts and fund Sagamu pipeline construction.
- The proposed Series 1 Bond will attract a fixed coupon rate (to be determined via a book building process) with a seven-year tenor. The Issue's coupon shall be payable semi-annually in arrears on the coupon payment date over its duration. The principal will also be repaid half-yearly upon the expiration of a two-year moratorium upon issuance. The Bond constitutes a senior secured obligation of the Issuer and will rank pari passu without any preference to one above the other

This Series 1 Bond Rating Report should be read in conjunction with Agusto & Co's 2019 Corporate Rating Report for Axxela Limited

APPENDIX II: EXTRACT OF THE SERIES I TRUST DEED

The information in this section is a summary of the certain provisions of the series 1 trust deed. this summary should be read in conjunction with and is qualified in its entirety by reference to all the provisions of the series 1 trust deed. a copy of the series 1 trust deed is available for inspection at the registered office of the bond trustee.

- **APPOINTMENT OF BOND TRUSTEE**

-

- *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 and itself in accordance with the terms of this Deed.
 - By execution of this Deed, the Bond Trustee has accepted and agreed to enforce the powers and perform the duties and obligations of the Bond Trustee specifically set out in this Deed and generally provided for in the Trustees Investment Act.
 - The Bond Trustee shall have no duty, responsibility or obligation for the issuance of the Series 1 Bonds or for the validity or exactness of the Series 1 Bond, or of any documents relating to such issuance.

- **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 Issuer herein contained, in trust for the Bondholders and themselves (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.
- Subject to clause 3.2.1, the trust created by this Deed shall remain in full force and effect until the later of:
 - the date on which the Bond Trustee receives unconditional confirmation in writing from the Registrar that 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 document pursuant to this Deed, if any.

- **SERIES 1 TRUST DEED BINDING ON ALL PARTIES**

- The provisions of this Deed shall be binding on the Issuer, the Co-Obligors, the Bond Trustee and the Bondholders and all persons claiming through them respectively as if such Bondholders and persons are Parties to this Deed.
- Unless otherwise expressly stated, all the provisions of the Programme Trust Deed including its schedules shall remain in full force and effect in accordance with their respective terms and shall apply to this Deed and the Series 1 Bonds.

- **COVENANTS BY THE ISSUER**

The covenants and obligations of the Issuer in Clause 5 (*Covenant to Repay*), Clause 14 (*Covenant of Compliance*) and Clause 18 (*Covenants of the Issuer*) of the Programme Trust Deed shall be read as part of this Deed and apply to the Series 1 Bonds for so long as any of the Series 1 Bonds remain outstanding.

- **COVENANTS BY THE CO-OBLIGORS**

The covenants of the Co-Obligors in Clause 19 (*Covenants of the Co-Obligors*) and the obligations of the Co-Obligors in Clause 5 (*Covenant to Repay*) of the Programme Trust Deed shall be read as part of this Deed and apply to the Series 1 Bonds for so long as any of the Series 1 Bonds remain outstanding.

- **PURPOSE**

- The net proceeds of the Series 1 Bonds (after deduction of the costs and expenses incurred in connection with the issuance of the Series 1 Bonds) shall be advanced to the Note Issuers via a Master Notes Subscription Agreement.
- Without prejudice to the generality of the foregoing and the subsequent provisions of this Deed, the Bond Trustee shall not be bound to enquire as to the application of the proceeds of the Series 1 Bonds.

- **ISSUANCE OF THE SERIES 1 BONDS**

- Pursuant to the provisions of the Programme Trust Deed, a Series of the Issuer's Bonds is hereby authorised in the aggregate principal amount of ₦11,500,000,000 (Eleven Billion, Five Hundred Million Naira Only) issued at par. Such Bonds shall be designated and shall be distinguished from any other Bonds of all other Series by the title "**Series 1 Bonds**".
- The Series 1 Bonds shall constitute an irrevocable obligation of the Issuer and the Co-Obligors and the aggregate Principal Amount of the Bonds to be issued hereunder is limited to ₦11,500,000,000 (Eleven Billion, Five Hundred Million Naira Only)
- The Series 1 Bonds shall have the benefit of the security granted by Gaslink Nigeria Limited and the Sponsor pursuant to the Gaslink Security Deed and the Axxela Security Deed in connection with the Issuer and Co-Obligors' obligations under this Series 1 Trust Deed.
- Subject to the approval of the relevant Recognised Securities Exchange, the Series 1 Bonds shall be, and the Issuer shall ensure that the Series 1 Bonds are, listed on a Recognised Securities Exchange.
- *Denomination and Tenor*
 - The Series 1 Bonds shall be issued in minimum units of NGN 10,000,000 (Ten Million Naira) (i.e. 10,000 units at ₦1,000 per unit) and multiples of NGN 1,000,000 (One Million Naira) thereafter.
 - The Series 1 Bonds shall have a tenor of 7 (seven) years.
- *Mode of Issuance and Offering*
 - The Series 1 Bonds constituted under this Trust Deed shall be issued by way of an offer for subscription through book building.
- *Status of the Series 1 Bonds*
 - The Series 1 Bonds constitute:
 - direct, general, and irrevocable obligations of the Issuer backed by an irrevocable and unconditional undertaking issued by the Co-Obligors, and charges over Assets, Receivables and general undertaking of Gaslink Nigeria Limited and the Sponsor in favour of the Bond Trustee on behalf of Bondholders 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.
 - direct, and unsubordinated obligations of the Issuer and when issued shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer and the Co-Obligors under the Series 1 Bonds and in respect of principal and any coupon on the Series 1 Bonds shall at all times rank at least equally with all senior secured and unsubordinated obligations of the Issuer and the Co-Obligors, present and future except for obligations mandatorily preferred by law applying to companies generally.
- *Bonds to be in Registered Form*
 - The Series 1 Bonds are in a registrable form and shall be registered with a separate securities identification code with the CSCS. The Series 1 Bonds shall be dematerialised and shall be credited by the Registrar to the CSCS accounts of the Bondholders. Dealings in the Series 1 Bonds shall be in accordance with CSCS procedures and the rules of the NSE.

- *Coupon Rate*
 - The Coupon payable in respect of the Series 1 Bonds shall be in accordance with Condition 7 of this Series 1 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.
- **SECURITY**
 - Each of Gaslink Nigeria Limited and the Sponsor has agreed to create security over its Receivables, assets and undertakings for the payment of Bonds issued under the Series 1 Bonds and the performance by the Issuer and the Co-Obligors of their obligations under the Series 1 Bonds issuance.
 - The terms upon which Co-Obligors have agreed to secure the issued Bonds under the Series 1 Bonds are set out in the Security Deed.
- **ESTABLISHMENT OF ACCOUNTS**
 - **Establishment of Payment Accounts**
 - The Issuer shall on or before the Issue Date of the Series 1 Bonds open with the Account Bank, the Payment Account in the name and under the control of the Bond Trustee.
 - *Funding of Payment Account:* The Issuer shall pay all sums or monies due on the Series 1 Bonds into the Payment Account no later than 12:00 noon on the day that is five (5) Business Days before the Coupon Payment Date or the Principal Payment Date (as the case may be). 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 Series 1 Bonds on the relevant Payment Date.
 - The Issuer shall no later than 10.00 a.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 Series 1 Bonds to the Bondholders as and when due in accordance with the Pricing Supplement.
 - 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.
 - All monies due to the Issuer under the Master Notes Subscription Agreement shall be paid unconditionally by credit transfer in same day funds to the Payment Account no later than 12:00 noon (Lagos time) 5 Business Days prior to each Coupon Payment Date or Final Maturity Date.
 - 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 Amount 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 Day before a Coupon Payment Date, remit sufficient funds into the Payment Account to meet such shortfall in the Coupon Amount 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**

- The Issuer and the Co-obligors shall, on or before the Closing Date of the Series 1 Bonds, open the Minimum Reserve Account.
 - The Issuer and the Co-obligors shall maintain the Minimum Reserve Account 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 with the Minimum Reserve Amount immediately upon receipt of the proceeds of the Series 1 Bonds.
- 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 Amount due on the Bonds, and following the issuance of the written notice by the Bond Trustee as contemplated under clause 10.2, the Bond Trustee shall effect transfer of required funds from the Minimum Reserve Account to the Payment Account to pay the Coupon Amount.
- In the event the Bond Trustees utilise the monies in the Minimum Reserve Account for the purpose stated in clause 10.5 and 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.

● **CANCELLATION OF SERIES 1 BONDS AND RECORDS**

- The Issuer shall procure that all Series 1 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 Series 1 Bond valid for the purpose of re-issue. For so long as the Series 1 Bond is admitted to listing and or trading on the 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 Series 1 Bonds under this Clause 11.

● **REDEMPTION OF SERIES 1 BONDS**

- The mode and terms of redemption of the Series 1 Bonds will be in accordance with Condition 3 (*Redemption*) and the applicable Final Terms.

● **REPRESENTATIONS AND WARRANTIES**

- The representations and warranties of the Issuer, Co-Obligors and the Bond Trustee in Clause 17 of the Programme Trust Deed shall be read as part of this Deed and apply to the Series 1 Bonds. In addition, the Issuer represents and warrants to the Bond Trustee that as at the date of this Deed and the Closing Date of this Series 1 Bonds none of the Events of Default contained in Clause 20 of the Programme Trust Deed has occurred and/or is continuing.

● **EVENTS OF DEFAULT**

- If any of the Events of Default (as defined in Condition 16, schedule 1 of this Deed) 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 and the Co-Obligors at their specified office that the Series 1 Bonds are immediately repayable, whereupon the

Principal Amount of the Series 1 Bonds together with accrued Coupon shall become immediately due and payable.

- **ENFORCEMENT**

- At any time after the occurrence of an Event of Default which is continuing, the Bond Trustee may, in its 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 or any other person as it may think fit to enforce the obligations of the Issuer under this Deed, or the Series 1 Bonds.

- **PROCEEDINGS, ACTION AND INDEMNIFICATION**

- The provisions of Clause 23 of the Programme Trust Deed (*Proceedings, Action and Indemnification*) shall be read as part of this Deed and apply to the Series 1 Bonds.

- **TRUST OF RECEIPTS**

- The provisions of Clause 24 of the Programme Trust Deed (Trust of Receipts) shall be read as part of this Deed and apply to the Series 1 Bonds.

- **NOTICE OF PAYMENTS**

- The provisions of Clause 25 of the Programme Trust Deed (Notice of Payments) shall be read as part of this Deed and apply to the Series 1 Bonds.

- **INVESTMENT BY BOND TRUSTEE**

- The provisions of Clause 26 of the Programme Trust Deed (Investment by Bond Trustee) shall be read as part of this Deed and apply to the Series 1 Bonds.

- **BREACH**

- Any breach of or failure to comply by the Issuer or Co-Obligors with any such terms and conditions as are referred to in Clause 5 (*Covenants by the Issuer*) and Clause 13 (*Representations and Warranties*) of this Deed shall constitute a default by the Issuer and Co-Obligors in the performance or observance of a covenant or provision binding on it under or pursuant to this Deed.

- **NOTICES**

- The provisions of Clause 37 of the Programme Trust Deed (Notices) shall be read as part of this Deed and apply to the Series 1 Bonds.

- **GOVERNING LAW AND DISPUTE RESOLUTION**

- 23.1 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.
- 23.2 The provisions of Clause 38 (Dispute Resolution) of the Programme Trust Deed will apply to any dispute that may arise in connection with the Series 1 Bonds.

- **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 Series 1 Trust Deed or any trust deed supplemental hereto may enter into the same by executing and delivering a counterpart.

APPENDIX III - 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 Mbadiwe 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
1st 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

APPENDIX IV: PROCEDURE FOR APPLICATION AND ALLOTMENT

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 opened on March 27, 2020 and closed on May 11, 2020. Orders must be for a minimum units of NGN 10,000,000 (Ten Million Naira) (i.e. 10,000 units at ₦1,000 per unit) and multiples of NGN 1,000,000 (One Million Naira) thereafter.
- 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.

APPENDIX IV: PROCEDURE FOR APPLICATION AND ALLOTMENT

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:

Bank	Account Name	Account No.
Stanbic IBTC Bank PLC	CHAPEL HILL/ AXXELA OFFER PROCEEDS ACCOUNT	0034191690
First Bank of Nigeria Limited	CHAPEL HILL/ AXXELA OFFER PROCEEDS ACCOUNT	2035394244

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

FORM OF COMMITMENT

11 FORM OF COMMITMENT

FOR ELIGIBLE INVESTORS ONLY

BOOK BUILD PERIOD	
OPENS	CLOSES
MAR 27, 2020	MAY 11, 2020

Axxela Funding 1 Plc

₦11,500,000,000 14.30% FIXED RATE BOND SERIES 1 (2027)

Under the Axxela Funding 1 Plc ₦50,000,000,000 Debt Issuance Programme

LEAD ISSUING HOUSE/ BOOK RUNNER

CHAPEL HILL  DENHAM

RC 1381308

JOINT ISSUING HOUSE/ BOOK RUNNERS



OFFERING BY WAY OF BOOK BUILD

Orders must be made in accordance with the instructions set out in this Shelf Prospectus. Investors must carefully follow all instructions as applications which do not comply with the instruction may be rejected. If in any doubt, consult your Stockbroker, Accountant, Banker, Solicitor or any professional adviser for guidance

All Sections of this Form must be completed (as applicable) PLEASE USE BLOCK LETTERS

QUALIFIED INVESTOR (PLEASE TICK ✓)	DATE (DD/MM/YYYY)	CONTROL NO. (FOR REGISTRARS' USE ONLY)
<input type="checkbox"/> High Net worth Investors <input type="checkbox"/> Fund Managers <input type="checkbox"/> Pension Fund Administrators <input type="checkbox"/> Insurance Companies <input type="checkbox"/> Investment/Unit Trusts <input type="checkbox"/> Market Makers <input type="checkbox"/> Staff Schemes <input type="checkbox"/> Trustees/Custodians <input type="checkbox"/> Resident Corporate Investors <input type="checkbox"/> Non-Resident Investors <input type="checkbox"/> Hedge Funds	/ / 2 0 1 8	
DECLARATION		
<input checked="" type="checkbox"/> I/We hereby confirm that I am/we are eligible persons to participate in this Bond Issue in accordance with applicable SEC Rules and Regulations.	<input checked="" type="checkbox"/> I/We note that the Issuer and the Issuing Houses/Book Runners are entitled in their absolute discretion to accept or reject this Order.	
<input checked="" type="checkbox"/> I/we hereby irrevocably undertake and confirm my/our Order(s) for the Bonds equivalent to my/our Participation Amount(s) set out below at the Coupon Rate to be discovered through the Book Building Process.	<input checked="" type="checkbox"/> I/We agree to accept the Participation Amount as may be allocated to me/us subject to the terms of this Red Herring Prospectus.	
<input checked="" type="checkbox"/> I/We authorise you to enter my/our name on the Register of Holders as holders of the Bonds that may be allotted to me/us and to register my/our address as given below.		

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

Participants have the option to make a maximum of three orders on the Commitment Form. Each option shall be regarded as a separate application and will be not be considered as multiple applications. All orders must be for a minimum amount of ₦1,000 and multiples of 10,000

ORDER 1

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

ORDER 2

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

GREENWICH REGISTRARS AND DATA SOLUTIONS LTD

PLEASE TURN OVER TO COMPLETE THIS FORM

