

# AFRICA INFRA PLUS FUND I

(Authorised and Registered in Nigeria as an Infrastructure Fund)

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**MEMORANDUM LISTING OF 17,439 UNITS OF  
₦1,000,000 (REPRESENTING THE CURRENT ISSUED AND  
FULLY PAID UNITS OF AFRICA INFRA PLUS FUND I) AT  
₦1,241,747.95 ON THE NIGERIAN EXCHANGE LIMITED**

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**FUND MANAGERS:**

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**FINANCIAL ADVISERS:**

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**STOCKBROKERS:**

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This Listing Memorandum (hereinafter referred to as the "Memorandum") has been prepared by or on behalf of Africa Infra Plus Fund I ("AIPF I", or the "Fund") solely in connection with the listing of the Fund on the Nigerian Exchange Limited ("NGX") (the "Listing"). In particular, it has not been prepared and published in relation to any offer to sell new or existing units of the Fund.

THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SUBSCRIBE FOR, OR A SOLICITATION OF AN OFFER TO SUBSCRIBE FOR UNITS OF THE FUNDS BY PERSONS IN ANY JURISDICTION. NO PUBLIC OFFERING OF THE FUND UNITS IS BEING CONDUCTED ON THE BASIS OF THIS MEMORANDUM IN ANY JURISDICTION.

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**THIS LISTING MEMORANDUM IS DATED 23 NOVEMBER 2022**

## TABLE OF CONTENTS

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TABLE OF CONTENTS .....	2
IMPORTANT NOTICE .....	3
PRESENTATION OF INFORMATION .....	4
DEFINITIONS OF KEY TERMS & ABBREVIATIONS .....	5
CORPORATE DIRECTORY OF THE FUND MANAGERS.....	7
LISTING APPLICATION SUMMARY.....	8
DIRECTORS, FUND MANAGERS AND PROFESSIONAL PARTIES TO THE LISTING.....	10
OVERVIEW OF AFRICA INFRA PLUS FUND I .....	14
FINANCIAL RISK MANAGEMENT POLICIES .....	28
OVERVIEW OF THE FUND MANAGERS .....	30
FINANCIAL INFORMATION .....	37
THE NIGERIAN INFRASTRUCTURE LANDSCAPE .....	40
STATUTORY AND GENERAL INFORMATION .....	44
CONSENTS.....	53

## **IMPORTANT NOTICE**

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The information contained in this Memorandum has been prepared by or on behalf of the Fund. The Fund Managers have engaged Vetiva Capital Management Limited as their Lead Financial Adviser, Afrinvest (West Africa) Limited and Integrated Trust and Investment Limited as Joint Financial Advisers, Vetiva Securities Limited and APT Securities and Funds Limited as Joint Stockbrokers whilst Banwo & Ighodalo was retained as Solicitors (the financial advisers, solicitors and the stockbrokers are collectively referred to as the "Advisers") in connection with the Listing.

This Memorandum does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to purchase, subscribe for, or otherwise acquire, any securities of the Fund, Fund Managers and/or its Affiliates. The Fund Managers accept responsibility for the information contained in this Listing Memorandum. To the best of knowledge and belief of the Fund Managers (which has taken all reasonable care to ensure that such is the case) the information contained in this Listing Memorandum is in accordance with the Listing Requirements of Nigerian Exchange Limited and contains no wrong information and/or omission to affect its import.

The Advisers and their respective Affiliates are acting exclusively for the Fund Managers and no one else in connection with the matters referred to in this Listing Memorandum and will not regard any other person (whether or not a recipient of this Memorandum) as their respective clients in relation to such matters or any transaction, arrangement or other matter referred to in this Listing Memorandum and will not be responsible to any other person for providing the protections afforded to their respective clients, or for providing advice in relation to such matters.

The distribution of this Listing Memorandum in certain jurisdictions may be restricted by law, and therefore persons into whose possession this Listing Memorandum comes should inform themselves about and observe any such restrictions. This Memorandum is not a prospectus or an offering document.

This Memorandum contains "forward-looking statements," which are all statements other than statements of historical facts. Such forward-looking statements include statements regarding the Fund Managers' intentions, beliefs, current expectations and projections about future events concerning, among other things, the Fund's results of operations, financial condition, prospects, growth, strategies and the markets in which the Fund operates or will operate.

Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe", "expects", "may", "will", "could", "should", "shall", "risk", "intends", "estimates", "aims", "plans", "proposes", "considers", "predicts", "continues", "assumes", "positioned", "guidance", "targets" or "anticipates" or the negative thereof, other variations thereon or comparable terminology. Such forward looking statements involve known and unknown risks; and factors beyond the Fund Managers' control could cause the actual results, performance or achievements of the Fund Managers to be materially different from the projected results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding the Fund Managers' present and future business strategies and the environment in which the Fund Manager will operate in the future. By their nature, forward-looking statements relate to events and depend on circumstances that may or may not occur in the future. The Fund Manager cautions that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition, prospects, growth, strategies and the development of the markets in which the Fund will operate may differ materially from those made in or suggested by the forward-looking statements contained in this Memorandum. Such forward-looking statements speak only as at the date as of which they are made, and none of the Fund Managers, the Advisers or their respective Affiliates, undertakes to review, update or confirm expectations or estimates or to release any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this Memorandum. Accordingly, any reliance placed on such forward-looking statements will be at the sole risk of such reliant party.

## **PRESENTATION OF INFORMATION**

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

Some statistical information reported in this Memorandum have been reproduced from official publications of, and information supplied by, a number of the Nigerian government agencies and ministries and other third-party sources. Views may necessarily vary among the sources from which the information in this Memorandum was obtained. This third-party information is presented under "*The Nigerian Infrastructure Landscape*" and "*Risk Factors*". Where such third-party information appears in this Memorandum, it has been cited as such. The Fund Managers have accurately reproduced such information, has not independently verified such information included in this Memorandum and, so far as the Fund Managers are aware and is able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Recipients are, therefore, advised to consider such information with caution. The underlying information, on which market studies are based, is to all intents and purposes, speculative. As such, these market and industry studies may not be accurate or appropriate. While neither the Fund Managers nor the Advisers have any reason to believe that any of the market or industry is materially inaccurate, neither the Fund Managers nor the Advisers have independently verified the figures, market data or other information on which third parties have based their studies and no representation is made by the Fund Managers or the Advisers with respect to the accuracy or completeness of any of these market or industry studies.

## DEFINITIONS OF KEY TERMS & ABBREVIATIONS

In this Listing Memorandum, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated opposite them in the second column; words in the singular include the plural and vice-versa:

<b>"Advisory Board"</b>	The advisory board of the Fund constituted under the Trust Deed
<b>"Anchor Investor" or "APP" or "Fund Sponsor"</b>	Africa Plus Partners Nigeria Limited
<b>"AUM"</b>	Assets Under Management
<b>"BOO PPP"</b>	Build, Own and Operate Public-Private Partnership
<b>"Carbon+"</b>	Reducing carbon emissions in the atmosphere
<b>"Committed Capital"</b>	The money investors have agreed to contribute to the Fund
<b>"Custodian"</b>	United Bank for Africa Plc (Global Investor Services Division)
<b>"ESG"</b>	Environmental, Social and Governance
<b>"FGN"</b>	Federal Government of Nigeria
<b>"Financial Advisers"</b>	Vetiva Capital Management Limited, Afrinvest (West Africa) Limited and Integrated Trust and Investment Limited
<b>"Fund Assets"</b>	All assets belonging to the Trust which include all Investments, cash and any intellectual property rights, assets and goodwill, etc. acquired by the Fund
<b>"Fund" or "AIPF I"</b>	The ₦20.5bn ESG-focused (Carbon+) infrastructure fund established in 2016 and managed by the Fund Managers
<b>"Fund Managers"</b>	Africa Plus Partners Nigeria Limited and Capitaltrust Investments & Asset Management Limited
<b>"Fund Management Team"</b>	Staff of the Fund Managers tasked with executing the operations of the Fund
<b>"Hurdle Rate"</b>	10% - being the minimum rate of return on a project or investment required by the Fund Investors
<b>"Investment Committee"</b>	The investment committee of the Fund as constituted under the Trust Deed
<b>"IPP"</b>	Independent Power Project
<b>"ISA"</b>	Investments & Securities Act No. 29, 2007 and any statutory modification or re-enactment thereof for the time being in force
<b>"Listing Memorandum"</b>	This document, which is issued in accordance with the provisions of the ISA and the SEC Rules and Regulations and which discloses relevant information about the Fund
<b>"MW"</b>	Megawatts
<b>"Naira", "₦" or "NGN"</b>	The Nigerian Naira, the official currency of the Federal Republic of Nigeria
<b>"NAV"</b>	Net Asset Value
<b>"NGX", or "The Exchange"</b>	Nigerian Exchange Limited
<b>"Notes or Units"</b>	The notes created by the Fund and issued in accordance with the Trust Deed including the Unpaid Notes
<b>"Noteholder" or "Unitholders"</b>	Investors that have been issued and/or acquired Units in the Fund and whose name have been entered into the Register of Unitholders
<b>"PFA(s)"</b>	Pension Fund Administrator(s)
<b>"PPP"</b>	Public-Private partnership

## DEFINITIONS

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<b>"Qualified Institutional Investor"</b>	A purchaser of securities that is financially sophisticated. These include Banks, Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable Private Equity Funds, Registered and/or Verifiable Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, Stockbroking Firms, and any other category as the Commission may determine as stipulated by Rule 321 of the Rules and Regulations of the Securities and Exchange Commission
<b>"SDG(s)"</b>	Sustainable Development Goal(s) as established by the United Nations
<b>"SDG Standards"</b>	SDG Impact guide for Private Equity Funds as published by UNDP
<b>"SEC" or the "Commission"</b>	Securities and Exchange Commission established pursuant to the provisions of the ISA
<b>"Trust Deeds"</b>	The deed between the Trustees and the Fund Managers dated 4 <sup>th</sup> August 2016 constituting the Fund and any amendment document supplemental thereto or executed in pursuance thereof
<b>"Trustees"</b>	Stanbic IBTC Trustees and FBN Trustees Limited
<b>"UNDP"</b>	United Nations Development Programme
<b>"UN"</b>	United Nations
<b>"US\$" or "USD"</b>	United States Dollars, the lawful currency of the United States of America
<b>"Vetiva"</b>	Vetiva Capital Management Limited

## CORPORATE DIRECTORY OF THE FUND MANAGERS

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### Africa Plus Partners Nigeria Limited

**Head Office:**

6th Floor, Church House  
29 Marina  
Lagos Island  
Lagos

**Other Office:**

2<sup>nd</sup> Floor, Waltersmith Tower  
47, Glover Road  
Ikoyi  
Lagos

**Website:**

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

**Contact telephone number and email:**

+234 1 2714785-8  
info@africaplusfund.com

### Capital Trust Investments & Asset Management Limited

**Head Office:**

6th Floor, Church House  
29 Marina  
Lagos Island  
Lagos

**Other Office:**

Ground Floor, Mukhtar El-Yakub Place  
1129 Zakaria Maimalari Street  
Central Business District  
Abuja

**Website:**

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

**Contact telephone number and email:**

+234 1 630 7640  
info@capitaltrustnigeria.com

## LISTING APPLICATION SUMMARY

This is a summary of information contained elsewhere in this Listing Memorandum. It does not contain all of the facts to be considered in approving this application. Hitherto, you should read this summary in conjunction with the more detailed information, including the financial statements and notes to same as contained in this Listing Memorandum.

<b>Fund Name</b>	Africa Infra Plus Fund I				
<b>Fund Description</b>	<p>A Carbon+, SEC approved closed-end SDG &amp; ESG focused infrastructure fund constituted under a Trust Deed structure, to provide an investment platform for Nigerian and international investors to invest in environmentally friendly Carbon+ infrastructure assets in Nigeria and other sub-Saharan Africa countries.</p> <p>AIPF I represents the Nigerian Fund Vehicle of an Africa focused group of SDG (Carbon+) infrastructure funds being promoted by Africa Plus Partners.</p>				
<b>Fund Size/Committed Funds</b>	₦20.5bn				
<b>Total Drawn Capital to date</b>	₦17.43bn				
<b>Establishment Date</b>	2016				
<b>Investors</b>	<p>Pension Fund Administrators – c. 89%</p> <p>Fund Managers and Sponsors – c. 11%</p>				
<b>Fund Tenor</b>	Ten (10) years extensible by a maximum of two (2) one-year periods				
<b>The Listing Initiative</b>	As provided under the Fund Trust Deed and supplements thereto, the Fund Managers are currently seeking to list the fully issued and paid-up units of the Fund on NGX				
<b>Issued and Paid-up units</b>	17,439 as at 30 September 2022				
<b>Mode of Listing:</b>	Memorandum Listing				
<b>Listing Objective</b>	The primary objective of the Listing is to create liquidity for existing noteholders and entry opportunities for prospective investors. Upon conclusion of this Listing, additional units would be subsequently listed as soon as they are issued and fully paid for				
<b>Listing Price</b>	₦1,241,747.95				
<b>Market Capitalization at Listing (NAV)<sup>1</sup></b>	₦21,654,842,500.05				
<b>Summary of Historical Financials</b>		<b>Q3 2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
		<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
	Revenue	2,300,171	2,311,585	1,795,007	3,111,286
	Profit/(Loss) after Tax	1,982,588	1,875,044	1,361,324	2,678,422
	Total Assets	22,402,619	17,803,251	11,090,877	6,945,211
	Total Liabilities	39,267	24,897	13,555	128,100
	Noteholders' Funds	22,363,352	17,778,354	11,077,322	6,817,111

<sup>1</sup> AIPF 1 Status Report dated 30<sup>th</sup> September 2022



**LISTING APPLICATION SUMMARY**

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<b>Lead Financial Adviser</b>	Vetiva Capital Management Limited
<b>Joint Financial Advisers</b>	Afrinvest (West Africa) Limited and Integrated Trust and Investment Limited
<b>Stockbrokers</b>	Vetiva Securities Limited and APT Securities and Funds Limited

**DIRECTORS, FUND MANAGERS AND PROFESSIONAL PARTIES TO THE LISTING**

<b>ADVISORY BOARD OF THE FUND</b>	
<b>Independent Member</b>	<b>Kasimu Garba Kurfi</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Member</b> <i>Representing NPF Pensions Limited</i>	<b>Nicholas Nneji</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Member</b> <i>Representing APT Pensions Limited</i>	<b>Shamsudeen Ahmad Rufai</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Independent Member</b>	<b>Adekunle AbdulRazaq Oyinloye</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Independent Member</b>	<b>Bismarck Rewane</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Independent Member</b>	<b>Ayoola Ajayi</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Member</b> <i>Representing First Guarantee Pension Limited</i>	<b>Thomas Obadofin Emmanuel</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>INVESTMENT COMMITTEE MEMBERS</b>	
<b>Independent Member (Chairman)</b>	<b>Fola Ogunsiakan</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Independent Member</b>	<b>Benedict Omonua</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Independent Member</b>	<b>Olayinka Ogunsulire</b> 6th Floor, Church House 29 Marina Lagos Island Lagos

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**DIRECTORS, COMPANY SECRETARY AND PROFESSIONAL PARTIES TO THE LISTING**

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<b>Chief Investment officer – AIPF I</b>	<b>Adeniran Ajakaiye</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Chief Executive Officer – AIPF I</b>	<b>Anhad Narula</b> 6th Floor, Church House 29 Marina Lagos Island Lagos

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**AFRICA PLUS PARTNERS NIGERIA LIMITED**

Directors and Company Secretary

<b>Chairman</b>	<b>Anhad Narula</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Managing Director</b>	<b>Adeniran Ajakaiye</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Non-Executive Director</b>	<b>Andy Jibunoh</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Non-Executive Director</b>	<b>Ayotunde Owoigbe</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Non-Executive Director</b>	<b>John Olsen</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Company Secretary</b>	<b>A&amp;O Secretarial Services Limited</b> 1 Murtala Muhammed Drive Ikoyi Lagos

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**DIRECTORS, COMPANY SECRETARY AND PROFESSIONAL PARTIES TO THE LISTING**

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**CAPITALTRUST INVESTMENTS AND ASSET MANAGEMENT LIMITED**

Directors and Company Secretary

<b>Board Chairman</b>	<b>Folawewo Osibo</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Non-Executive Director</b>	<b>Ibikunle Ogunbayo</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Non-Executive Director</b>	<b>Shuaibu Abubakar Idris</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Managing Director/CEO</b>	<b>Seyi A. Oke</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Non-Executive Director</b>	<b>Ekpe Ukpabio</b> 6th Floor, Church House 29 Marina Lagos Island Lagos
<b>Company Secretary</b>	<b>Century Legal LP</b> 4A, Osagie Street Golden Pearl Estate, Lekki Lagos

**PROFESSIONAL PARTIES TO THE LISTING**

<b>Lead Financial Adviser</b>	<b>Vetiva Capital Management Limited</b> Plot 266B, Kofo Abayomi Street Victoria Island Lagos
<b>Joint Financial Advisers</b>	<b>Afrinvest (West Africa) Limited</b> 27A, Gerrard Road Ikoyi Lagos  <b>Integrated Trust and Investment Limited</b> 61, Marina Road Lagos Island Lagos
<b>Stockbrokers</b>	<b>Vetiva Securities Limited</b> Plot 266B, Kofo Abayomi Street Victoria Island Lagos  <b>APT Securities and Fund Limited</b> 29, Marina Street Marina, Lagos Island Lagos

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**DIRECTORS, COMPANY SECRETARY AND PROFESSIONAL PARTIES TO THE LISTING**

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<b>Trustees to the Fund</b>	<b>Stanbic IBTC Trustees Limited</b> Wealth House Plot 1678, Olakunle Bakare Close Victoria Island Lagos  <b>FBNQuest Trustees Limited</b> 10, Keffi Street Ikoyi Lagos
<b>Solicitors to the Fund</b>	<b>Banwo &amp; Ighodalo</b> 48 South West Ikoyi Lagos
<b>Registrars</b>	<b>DataMax Registrars Limited</b> 2C Gbagada – Oworonshoki ExpressWay Gbagada Lagos
<b>Auditors</b>	<b>PricewaterhouseCoopers Nigeria</b> Landmark Towers 5B, Water Corporation Road Victoria Island Lagos
<b>Custodian</b>	<b>United Bank for Africa Plc</b> UBA House 57, Marina Lagos
<b>Fund Valuer</b>	<b>Ernst &amp; Young Nigeria</b> 10 <sup>th</sup> Floor, UBA House 57, Marina Road Lagos

## **OVERVIEW OF AFRICA INFRA PLUS FUND I**

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### **OVERVIEW OF THE FUND**

The Africa Infra Plus Fund (AIPF I) is a ₦20.5bn closed-end infrastructure fund providing an investment platform for domestic and international investors to invest in environmentally friendly, Carbon+ infrastructure assets in Nigeria and other sub-Saharan Africa countries. The Fund represents the Nigerian Fund Vehicle of an Africa focused group of Carbon+ infrastructure funds being promoted by Africa Plus Partners.

The Fund is constituted under a Trust Deed arrangement and registered in Nigeria, operating under the laws of the Federal Republic of Nigeria. The Fund is registered with the Securities and Exchange Commission and held by a broad pool of investors.

The Fund is co-managed by Africa Plus Partners, a leading emerging markets infrastructure company, with existing operations in West Africa and Capitaltrust Investments & Asset Management Limited, an asset management company incorporated in Nigeria and registered with SEC.

The Fund makes equity and quasi-equity investments in Carbon+ infrastructure projects that promote sustainable development including but not limited to roads, power, water-supply, wastewater management, ports and airports. The Fund also acquires the shares and other investment instruments issued by socially responsible entities carrying on infrastructure business or executing infrastructure projects exclusively.

AIPF I achieved capital raise first close in December 2018 and made profit distributions of 23.5% to its investors within the first twelve (12) months of its investment period. To date, the Fund has made total dividend and premium distributions of over ₦2.54bn.

### **AIPF I AS A SOCIO-ECONOMIC IMPACT INFRA FUND**

Globally, the private sector is increasingly seeking new opportunities to make a positive impact and to make meaningful contributions towards the achievement of the SDGs.

In keeping with the global move towards sustainable developments, AIPF I is an SDG and ESG focused fund specifically designed to target Carbon+ projects that are making a positive contribution towards achieving the United Nation's SDGs. The Fund is structured to operate in concurrence with the SDG impact standards and invests in only Carbon+ infrastructure projects that help achieve one or more of the 17 SDG goals.

AIPF I has designed its investment framework in compliance with the SDG impacts standard, to guide the use, administration and management of the Fund.

The foundational elements of the SDG impact standards are:

- Contributing positively to sustainable development and achieving the SDGs;
- Demonstrating respect for human rights and other responsible business practices; and
- Effective impact management and decision.

The Fund Manager of AIPF I has identified six (6) key services that can improve lives of Nigerians and aims to invest across all of them to impact 3.4mn people by 2028. The identified services include:

1. Housing for students
2. Access to power
3. Waste management
4. Access to clean drinking water
5. Access to healthcare
6. Improved transport networks

## OVERVIEW OF AFRICA INFRA PLUS FUND I

For the Fund, social impact is defined starting from its investment portfolio which is carefully selected in line with fund-wide goals. Key social impact indicators are set at both the Fund and investment levels as follows:

Fund Level Indicators	
Output	<ul style="list-style-type: none"> <li>3.4mn Nigerians covered by basic services provided by Africa Infra Plus Fund portfolio companies with a potential to grow to 13.6mn should the Fund equity be levered</li> </ul>
Outcome	<ul style="list-style-type: none"> <li>At least 3.1mn Nigerians using at least one consistent, quality, basic service provided by Africa Infra Plus Fund portfolio companies</li> </ul>
Impact	<ul style="list-style-type: none"> <li>At least 80% of lives impacted as % of total beneficiary group</li> <li>At least 2.8mn Nigerians impacted</li> <li>1 life impacted per N6,000 invested</li> </ul>

Investment Level Indicators						
	Housing for Students	Access to Power	Waste Management	Access to Clean Drinking Water	Access to Healthcare	Improved Transport Networks
<b>Output</b>	Accommodation provided for 328,000 students by 2028	Power and fuel provided to 78,000 individuals by 2028	Waste water management provided to 1,123,000 individuals by 2028	Potable water provided to 1,123,000 individuals by 2028	64,000 individuals are within a 50km radius, and can access to health facilities	203,000 individuals have access to road or rail network within 10km
<b>Outcome</b>	>95% accommodation occupancy with >90% satisfaction ratings	>99% of beneficiary households utilising electricity	100% of waste water processed	>99% of beneficiary households utilising water provided	90% of beneficiaries use the clinic as their primary healthcare facilities	90% of beneficiaries have utilised transport links in the prior month
<b>Impact</b>	>90% of students reporting provided accommodation helps improve their learning outcomes	>90% of beneficiaries reporting that they feel more secure and productive	>90% of households reporting improvement in health and well-being and living in dignity	>90% of households reporting improvement in health and well-being	90% of beneficiaries report improvement in health and well-being	>90% of beneficiaries report improvement in productivity and safety due to improved transport

The Fund is exclusively applied to finance - in part or in full - new and/or existing eligible Carbon+ projects with positive socio-economic outcomes.

### AIPF I Carbon+ Projects and ESG Impacts

The existential threat to our planet posed by climate change has necessitated the urgent effort to transform the world's energy systems. Changing weather patterns are already contributing to record numbers of increasingly severe climate disasters and are exacerbating global environmental, social and economic inequalities.

Africa Plus Partners (APP) is a strong believer in Carbon+ investing that is in line with the growth expectations of Africa, that is, investments that lead to a reduction in carbon emissions and in particular, displacement of high carbon-emitting investments with low carbon-emitting investments.

APP is focused on both climate change and climate adaptation. APP recognises that climate change is now a reality and the African continent needs to have assets that are able to deal with this reality.

The current and prospective infrastructure projects funded by AIPF I help mitigate against this existential threat by ensuring that at least one or more of the UN Sustainable developments goals are achieved as detailed below:

## OVERVIEW OF AFRICA INFRA PLUS FUND I

Project	Country	Amount	Project Description	Socio-Economic Impact
<b>Bastanchury Power Plant</b> <i>Power</i>	Nigeria	₦2.55bn <sup>2</sup>	<ul style="list-style-type: none"> <li>The Project comprises an 8.5mw power plant and over 25km underground electricity distribution network utilizing locally sourced natural gas as fuel to provide electricity in a bid to enhance the efficiency and effectiveness of over 40,000 employees of the Delta State Government</li> </ul>	<ul style="list-style-type: none"> <li>Increased power supply</li> <li>Reduced cost of business for small and medium size enterprises</li> <li>Drastic reduction in emission arising from the use of fossil fuels</li> <li>Direct and indirect job creation during the construction stage and operating life of the plant</li> <li>Increased access to cleaner energy</li> </ul>
<b>Windsworth Hostel</b> <i>Social Housing Infrastructure</i>	Nigeria	₦850mn	<ul style="list-style-type: none"> <li>Windsworth Hostel is a serviced students accommodation dedicated to making student living stress free by maintaining excellent standards in facility management and student engagement with priority in security and community</li> </ul>	<ul style="list-style-type: none"> <li>Provide direct and indirect job creation during the construction stage and operating life of the hostel</li> <li>Allows for the provision of quality tertiary education</li> <li>Increase standard of living and well-being of the people</li> <li>Sophisticated waste management bio-mass recycling for clean cooking</li> </ul>
<b>FMGSL Gas</b> <i>Energy</i>	Nigeria	₦5.12bn	<ul style="list-style-type: none"> <li>FMGSL is a clean and leading midstream energy company. The Company supports the direct reduction of CO<sub>2</sub> emissions by processing gas that would ordinarily be flared.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions in excess of 382,897 tonnes annually by reducing direct flaring of gas as well as replacing use of diesel for electricity generation</li> <li>Increase access to cleaner cooking fuels which is expected to improve the living standards of women and children</li> <li>Provide up to 56MW of low emission generation capacity in South-Eastern Nigeria</li> <li>Provide ~US\$1bn of foreign exchange savings from a reduction in diesel importation</li> <li>Help companies to operate more efficiently and achieve substantial cost savings of up to US\$58mn per annum from the gas-to-power strategy</li> <li>Provide direct and indirect job creation during the construction stage and operating life of the plant</li> </ul>

<sup>2</sup> This is made up of an equity investment of N425m and a debt investment of N3.525bn. The debt investment was subsequently reduced to N2.125bn after a refinancing of ₦1.4bn was secured.



## OVERVIEW OF AFRICA INFRA PLUS FUND I

Project	Country	Amount	Project Description	Socio-Economic Impact
<b>Ecologique Transport</b> <i>Transportation</i>	Nigeria	₦5.13bn	<ul style="list-style-type: none"><li>Ecologique transport possesses natural gas powered trucks that it uses in providing logistics services to a variety of industries and end-users. The Company also helps its partners to set up and administer carbon credit programs</li></ul>	<ul style="list-style-type: none"><li>Cheaper, cleaner and more efficient business operations</li><li>Eliminates harmful GHGs such as PM, SO<sub>2</sub>, NO<sub>x</sub>, and a reduction in Carbon emissions by up to 30%.</li><li>Direct and indirect job creation</li></ul>

AIPF I's investments have led to encouraging, positive and meaningful outcomes over the past two years. The Fund is in a good place with regard to its research, portfolio and impact, as well as within the broader context of reducing emissions globally.

The Fund Manager continually aims to become an impactful, responsible and environmentally conscious investor in Africa through its use of the IRIS+ impact framework that will measure Carbon+ investments by tracking their environmental, social and economic effects. This framework presents an opportunity to invest in Carbon+ enterprises and innovations over the long term, thereby meaningfully reducing or preventing CO<sub>2</sub> emissions and increasing overall savings and jobs.

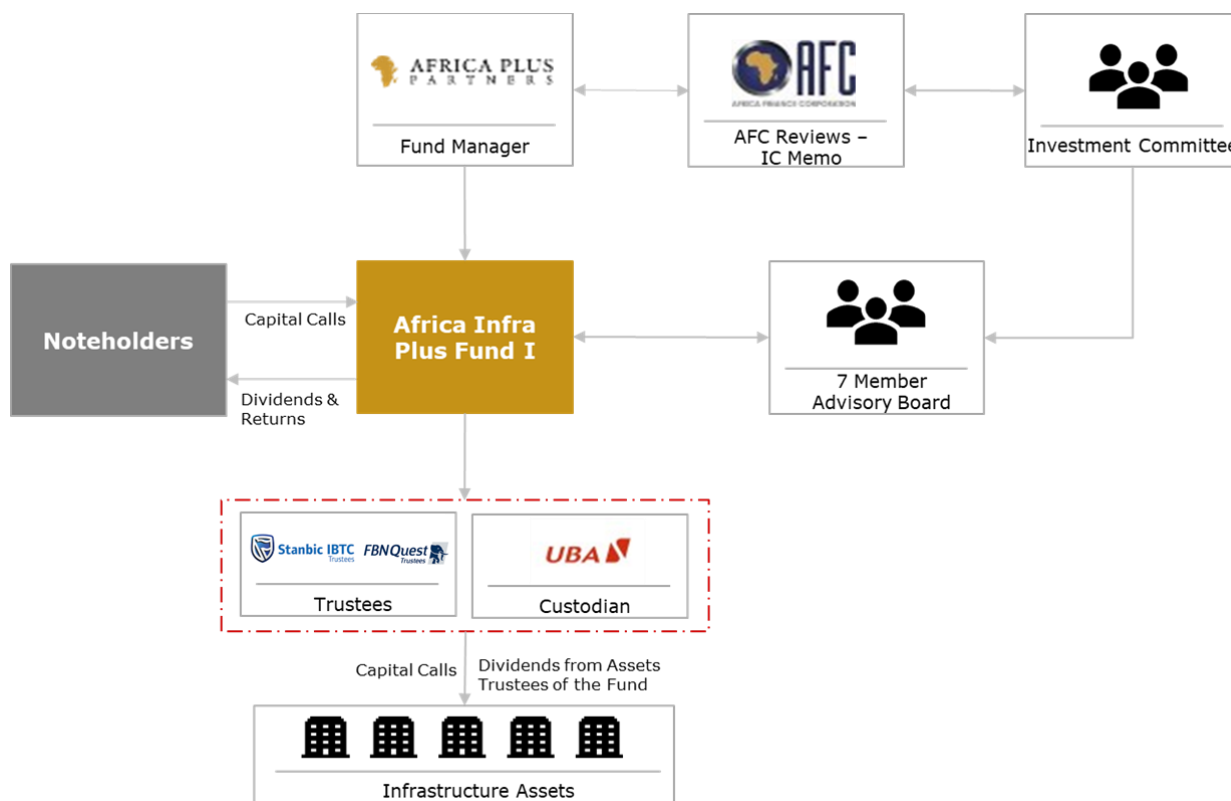
The Fund Manager hopes to continually evolve its approach to making impactful investments. While it has developed an initial impact framework to assess the effects of investments, this framework will continue to have a stronger focus on environmental impacts and carbon emissions in particular over time and with ongoing investments in different infrastructure projects. Over time, the Fund Manager seeks to look more broadly at the environmental, social and governance impacts of investments and intends to sign up for certification with Ethos ESG.

## OVERVIEW OF AFRICA INFRA PLUS FUND I

### AIPF I FUND STRUCTURE

AIPF I generates competitive income for institutional investors and high net-worth individuals with an appetite for investments in SDG infrastructure assets. The Fund is constituted as a unit trust scheme, pursuant to the Trust Deed dated 4<sup>th</sup> August 2016 and supplemental Trust Deeds dated 15<sup>th</sup> September 2017 and 27 September 2022 thereto.

The Fund is closed-end, therefore new units will not be offered to investors above the 20,500 units constituting the initial registered units of the Fund. Subscriptions to the Fund are limited to the initial subscribers except where such subscribers transfer their ownership interests or right to participate in a capital call to a new investor. The Fund Manager will continue to subscribe and hold an amount up to 3% of the registered units of the Fund.



The Fund invests at least 90% of its assets in securities and securitized debt instruments of Carbon+ infrastructure companies or projects. The Fund also invests no less than 80% of the Fund's net assets in Nigeria.

## OVERVIEW OF AFRICA INFRA PLUS FUND I

### RETURN REQUIREMENT

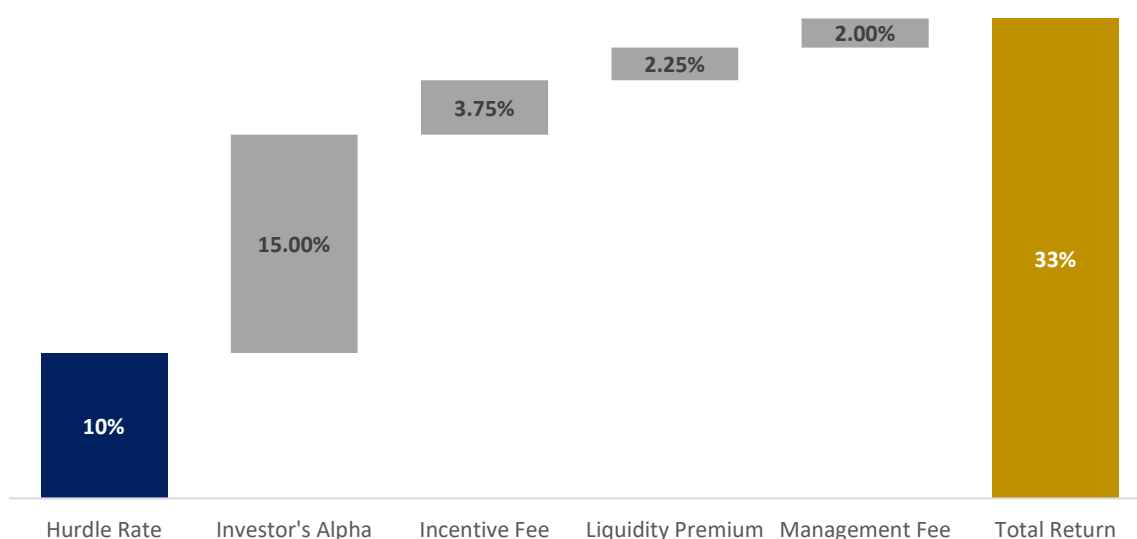
The Fund has a Hurdle Rate of 10% and a Management Fee of 2% and its return requirement is computed as follows:

Investors' required return (A)	25.00%
Hurdle rate (B)	10.00%
<b>Investor's alpha (C=A-B)</b>	<b>15.00%</b>
Investor's share of total carry (D)	80.00%
<b>Total alpha (E=C/D)</b>	<b>18.75%</b>
<b>Total return net of fees (F=B+E)</b>	<b>28.75%</b>
Management fees (G)	2.00%
<b>Gross investment return (H=F+G)</b>	<b>30.75%</b>
Liquidity risk premium (I)	2.25%
<b>Risk adjusted return (J=H+I)</b>	<b>33.00%</b>

AIPF I's Liquidity Risk Premium is computed based on the Fund's marketability cost and treasury spread as shown below:

On the run - Off the run treasury spread	0.75%
Fund specific cost (marketability cost)	1.50%
<b>AIPF I liquidity risk premium</b>	<b>2.25%</b>

The Return Analysis of the Fund is presented below:



### RETURN ALLOCATION

- The investors' baseline hurdle rate is 10% with a target alpha of 15% bringing the investors' required return to 25%
- There is an agreement between the Investors and Fund Managers to share excess return in the ratio 80:20 respectively
- Given investors' target alpha of 15%, the total excess return above hurdle rate required to generate the target alpha is 18.75% which is derived from grossing up 15% by a factor of 0.8 (the investor's proportionate share of total alpha)
- Adding 18.75% to the baseline hurdle rate of 10% produces a net total return of 28.75%.
- To ensure that each project is able to generate return high enough to cover annual management fees of 2%, the net total return is added to annual management fee rate to derive a gross investment return of 30.75%

## OVERVIEW OF AFRICA INFRA PLUS FUND I

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- Due to the nature of private equity investment, there is an inherent illiquidity, the inability to dispose investment instruments with relative ease without risk of loss in value, hence a liquidity risk premium was factored in.
- The liquidity risk premium of 2.25% is derived by determining a proxy liquidity risk premium of tradeable securities using a benchmark of the differential between on-the-run and off-the-run treasury securities which is typically about 0.75% and adding a company specific liquidity cost of 1.5% which is the cost of agency in bringing the private instrument to a marketable state
- The summation of the gross investment return (30.75%) and the liquidity risk premium (2.25%) results in the AIPF I Required Rate of Return of 33%.

### FUND INVESTMENT STRATEGY

The Fund's investment strategy is aligned on the core principles of the UN SDGs. The Fund's operations are in accordance with SDG impact standards. AIPF I focuses on early to growth stage, de-risked and diversified environmentally friendly Carbon+ infrastructure projects in Nigeria and the wider sub-Saharan Africa region, where the Fund Management team has the greatest experience and believes the risk-reward balance is most attractive.

The Fund has an Investment Committee to oversee the operations of the Fund to ensure alignment with the Fund Strategy while the day-to-day management and the implementation of the Fund's investment strategy is carried out by the Fund Manager. Subject to approval by the Investment Committee, the Fund Manager makes investments in the form of equity, quasi-equity or debt instruments in bankable SDG/ESG infrastructure projects (Carbon+) directly or in collaboration with reputable counterparties.

To secure early access to project cash flows, AIPF I's investments are typically structured as a mix of Carbon+ debt and equity instruments such that the Fund earns interest from the investments made early in the project life cycle and can make steady returns to investors ahead of dividend payments from the portfolio companies or capital gains realisation on the equity investment.

There remains a significant shortage of infrastructure in Nigeria as well as financing constraints, as majority of the capital providers in the market are focused on big ticket investments which typically involve large-sized deals with very long gestation periods, long-term project delivery as well as complex procedures, and therefore are few and far in-between. This situation continues to present a unique opportunity for innovative Carbon+ infrastructure financing alternatives to fund smaller-sized infrastructure projects which can be completed faster and with relatively little bottlenecks, and as such, have a shorter path to returns and insulate the investment from long-term economic uncertainties.

Given AIPF I's strategy of investing in small to mid-sized SDG (Carbon+) infrastructure projects in their early to growth phase, the Fund is differentiated from other infrastructure funds in the market and faces very minimal competition for investment opportunities. Additionally, the Fund is strategically positioned to benefit from early entry advantages which may apply to its portfolio companies.

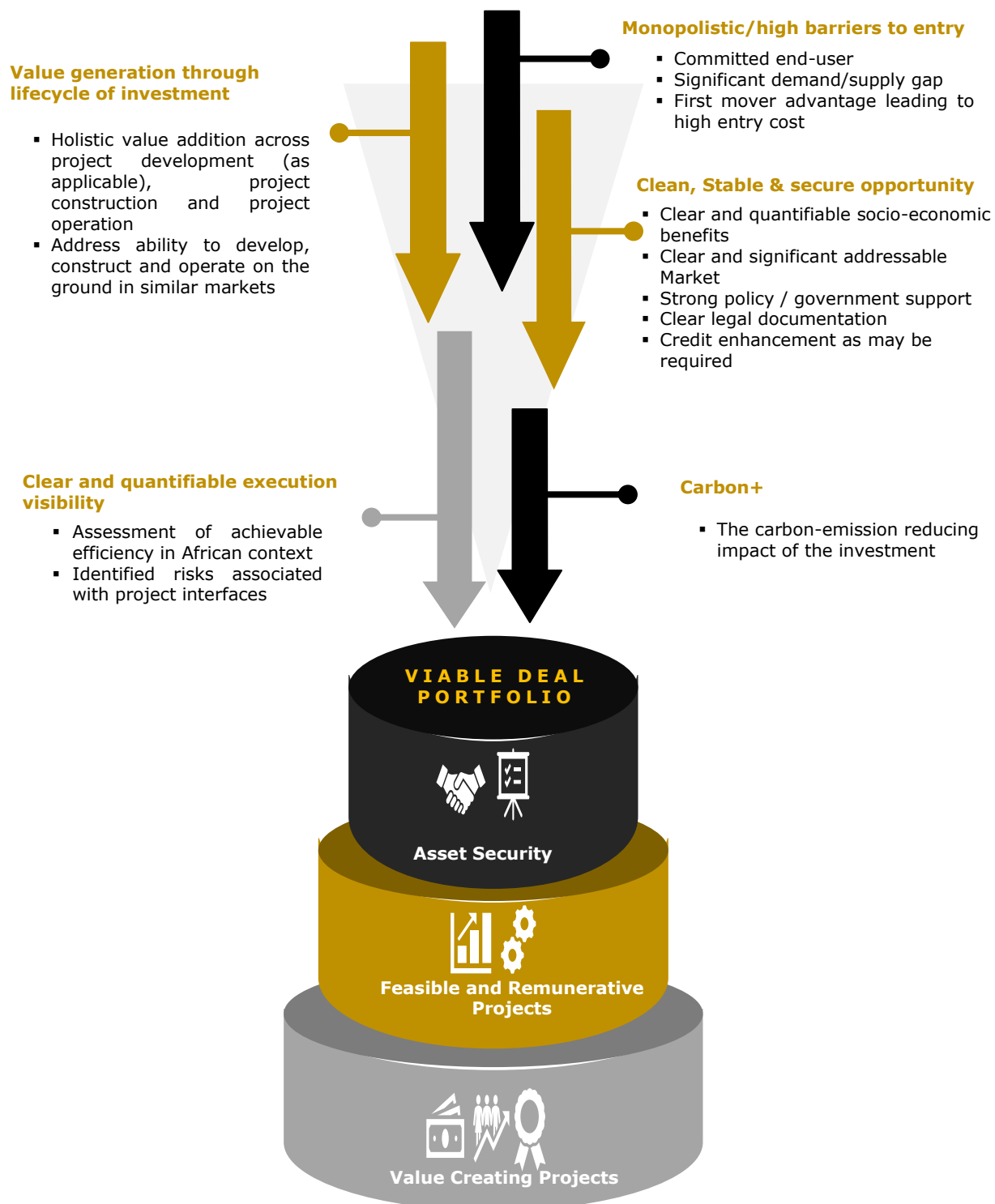
### DEAL SELECTION STRATEGY

The Fund Manager has continued to adopt a thorough and rigorous approach to sourcing and selecting deals. Each investment opportunity is evaluated against pre-set investment criteria by the deal team. Upon initial assessment, every opportunity is screened by Africa Finance Corporation ("AFC") – the Fund's retained Financial Adviser, as an additional layer of scrutiny.

AIPF I's deal selection process includes an initial assessment of the attractiveness/uniqueness of an opportunity's proposition, the socio-economic impact, security of cash flows, potential deal breakers and project characteristics that will potentially drive value progression post-investment.

Specifically, the Fund applies the following criteria for deal selection with a view to continuously achieving maximum value creation for investors:

AIPF I's Deal Selection Funnel



## OVERVIEW OF AFRICA INFRA PLUS FUND I

### ASSET ALLOCATION

#### Sectoral Focus

The focus of the Fund is the investment of capital in Carbon+ infrastructure opportunities or capital projects whose benefits will continue to be enjoyed into the long run. The Fund deploys capital to various sectors including Energy, power, social, telecommunications, transport, urban infrastructure and other infrastructure type projects with Carbon-emission reducing potential.

	Urban and Social Infrastructure	Core Infrastructure and Services	Project Development	Large Infrastructure	Core Infrastructure	Strategy Overview
Description	<ul style="list-style-type: none"><li>▪ Infrastructure essential for developing real estate and social projects</li></ul>	<ul style="list-style-type: none"><li>▪ Small to mid-sized projects, synthetic PPPs (majority)</li></ul>	<ul style="list-style-type: none"><li>▪ Getting projects to bankability (e.g., Pre-bid costs, local sponsor support)</li></ul>	<ul style="list-style-type: none"><li>▪ PPP projects, large IPPs (strategic minority with co investments)</li></ul>		<ul style="list-style-type: none"><li>▪ A portfolio approach de-risking event, construction and political risks</li></ul>
Rationale	<ul style="list-style-type: none"><li>▪ Structured finance /guaranteed commitment on revenue for Design/ Build/ Maintenance of infrastructure component of real estate and social infrastructure (e.g schools, hospitals)</li></ul>	<ul style="list-style-type: none"><li>▪ Lower execution risk profiles</li><li>▪ Lesser number of stakeholders</li><li>▪ Faster financial closure</li><li>▪ Smaller construction Period</li><li>▪ Lower execution complexity</li><li>▪ Resource allocation efficiency (e.g., overheads need to be minimised, maximising value of development)</li></ul>	<ul style="list-style-type: none"><li>▪ Development premium with option to fund post financial close</li><li>▪ Ability to draw on EM networks to minimise costs</li></ul>	<ul style="list-style-type: none"><li>▪ Large ticket projects with a fully defined PPP basis or large IPP projects</li><li>▪ Provide platform for capital appreciation through absorption of project execution and construction risk followed by yield play</li></ul>		<ul style="list-style-type: none"><li>▪ Majority positions and/or strategic minority position with board representation</li><li>▪ Catering to “missing middle” opportunities (outside the purview of larger players)</li><li>▪ Strong control risks (sector limits, counterparty limits, country limits) ensuring disciplined investments</li><li>▪ Initial focus on Nigeria and West Africa based on presence and current deal flow</li><li>▪ Opportunistic investments in infrastructure allied industries if monopolistic</li><li>▪ Target blended IRRs of 25%</li></ul>

#### Allocation Rules and Diversification

AIPF I invests in a mix of debt, equity and mezzanine instruments (Carbon+). Typically, AIPF I does not invest pure debt or pure equity (Carbon+) but a hybrid of the instruments to get the benefit of early liquidity, security and priority of settlements from the debt whilst enjoying the long-term value of equity and control premium, since the Fund always takes majority stake in the investee companies. AIPF I only makes exception for pure equity in businesses with very high liquidity potentials.

Without contravening the provisions of the AIPF I Trust Deed, the allocation of capital into the sectors outlined above shall follow an opportunity discovery basis – investments will be made into any of the sectors as the opportunities are identified. Investment in a single project shall not exceed 25% in order to ensure diversification into at least four different Carbon+ projects.

Diversification of Carbon+ projects across different sectors, with very low correlation, is usually recommended to protect against the impact of variability of return. However, given the stringent investment approach adopted by AIPF I that requires bank guarantee to cover revenue shortfall, the chance of return variability crystalizing is heavily restricted.

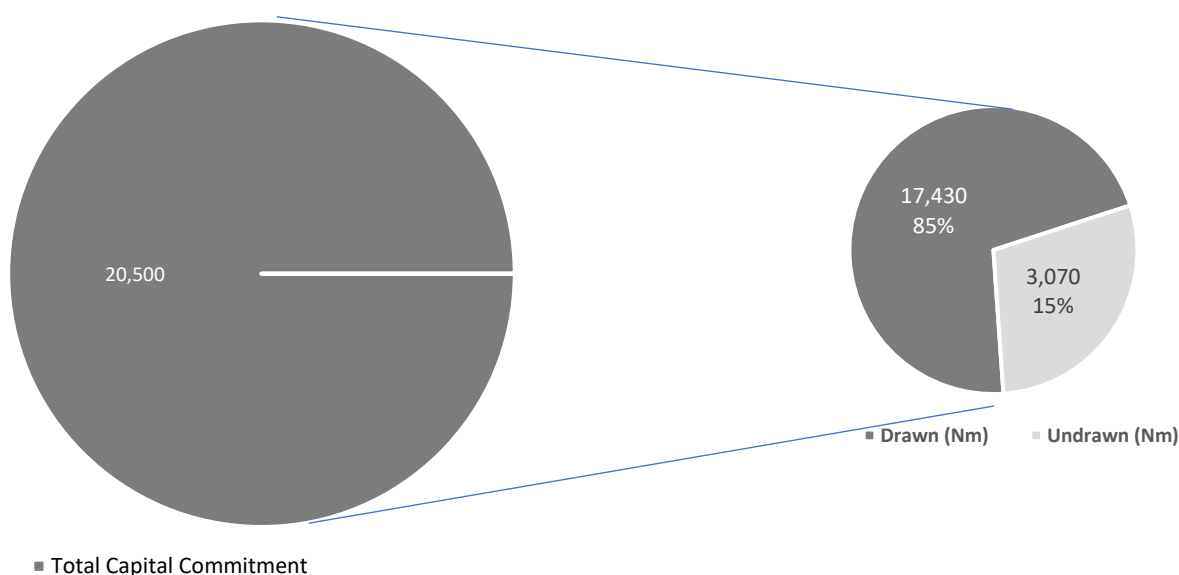
## OVERVIEW OF AFRICA INFRA PLUS FUND I

### PORTFOLIO SUMMARY

#### Current Fund Status

A total of ₦27.38bn has been allocated to approved Carbon+ projects which exceeds the total Fund size of ₦20.5bn by 34%. Of the entire ₦20.5bn fund size which has been fully allocated, ₦17.43bn (85%) has been drawn down leaving ₦3.07bn (15%) undrawn. The undrawn balance has been allocated toward the funding of the Expansion (Phase 2) Programmes of the invested deals.

The chart below indicated the current drawdown status of the Fund:



#### CURRENT INVESTMENTS

As at the date of the Listing Memorandum, the Fund has invested in various instruments (such as equity, debt and mezzanine) in four Carbon+ infrastructure projects across varying sectors including student housing, power, logistics and gas processing. The tables below highlight the current investment portfolio of AIPF I as at 30 September 2022:

#### Summary of Equity Investments

S/N	Investee/Project	Amount (₦'Mn)	Investment Year	Equity Stake
1	Bastanchury Power Plant	425	2019	80%
2	Windsworth Hostel	63	2018	60%
3	Ecologique Transport	2,575	2020	65%
4	FMGSL Gas	2,011	2021	72%
	<b>Total</b>	<b>5,074</b>		

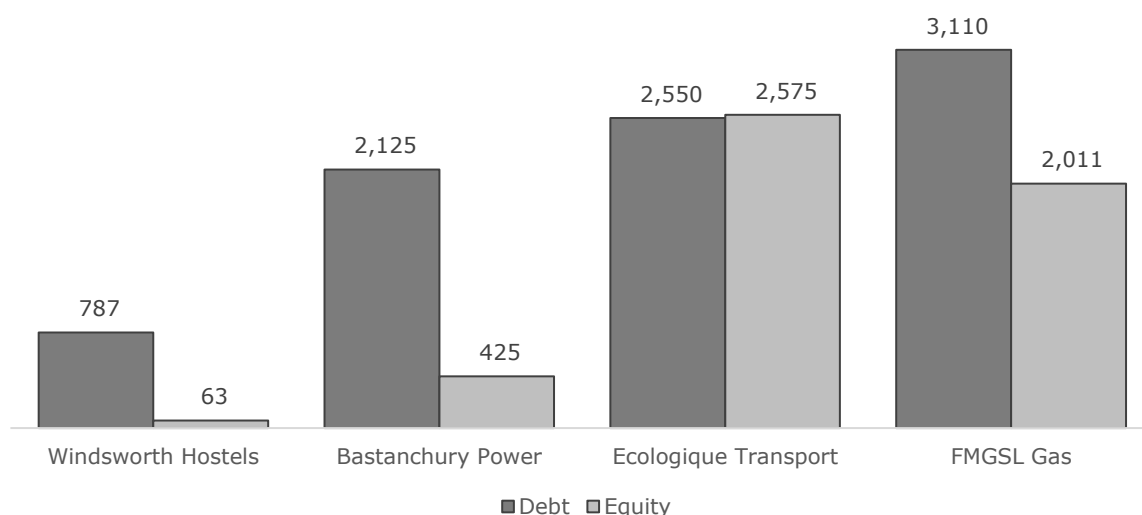
## OVERVIEW OF AFRICA INFRA PLUS FUND I

### Summary of Debt Investments

S/N	Investee/Project	Amount (₦' Mn)	Investment Year	Tenor (Years)	Average remaining life (Years)	Interest Rate
1	Bastanchury Power Plant	2,125 <sup>3</sup>	2019	7	3.92	27%
2	Windsworth Hostel	537	2018	5	1.92	23%
		250	2018	8	5.08	15%
3	Ecologique Transport	2,550	2022	5	4.58	25%
4	FMGSL Gas	3,110	2021	5	0.25	26%
	<b>Total</b>	<b>8,572</b>				

The Fund's Carbon+ equity investments have been fair valued in line with the requirements of the International Financial Reporting Standards<sup>4</sup> ("IFRS") and global best valuation practices.

### Summary of Carbon+ Debt & Equity Investments



### FUND FINANCIAL PERFORMANCE

The Fund ended its last accounting period in the positive region of 33% return on investment. The Net Asset Value attributable to noteholders of AIPF I as at 30 September 2022 was ₦21.655bn (Dec 2021: ₦17.78bn). A total number of 11 investors committed a callable capital of ₦20.5bn, including investments from 9 PFAs. The investment committee and the advisory board have approved transactions totaling ₦15.046bn comprising of four Carbon+ projects.

The table below reflects the book values of net noteholders funds based on the Fund's management account as at 30 September 2022 and movement of same from the Audited accounts values as of 31<sup>st</sup> Dec 2021:

<i>In thousands of Naira</i>	2022 <sup>5</sup> (₦' Mn)	2021 (₦' Mn)
Total Assets	22,402.62	17,803.25
Total Liabilities	39.27	24.90
<b>Net Assets attributable to Noteholders</b>	<b>22,363.35</b>	<b>17,778.36</b>

<sup>3</sup> Total investment amount after refinancing ₦1.4bn

<sup>4</sup> IFRS 13 – Fair Value Measurements

<sup>5</sup> Fund management account as at 30<sup>th</sup> September 2022



## OVERVIEW OF AFRICA INFRA PLUS FUND I

### AFRICA INFRA PLUS FUND I – 2022 OUTLOOK

The Fund Manager remains committed to its promise of delivering quality returns to the esteemed investors and driving positive socio-economic impact, via domestic Carbon+ infrastructure projects with quality earnings potential and market fundamentals, to take advantage of the significant drop in oil & non-oil revenue as well as anticipated reduction in capital expenditure.

The Fund also intends to increase its NAV by 100%. This will be achieved through aggressive marketing and deal sourcing.

### FUND FAIR VALUATION<sup>6</sup>

The indicative value of the Fund as at 30 September 2022 is ₦21.655bn and the table below represents the value of the investments of AIPF I in investee assets

Project	Value (₦'mn)
Windsworth Hostel	1,470
Bastanchury Power Plant	5,077
Ecologique Transport	7,995
FMGSL	7,113
<b>Total</b>	<b>21,655</b>

### BASIS FOR COMPUTING THE NET ASSET VALUE OF THE FUND

The values of the investee assets in the table above were derived from discounting the expected future cash flows from the projects at their applicable cost of capital. These values were summed up to arrive at the Net Asset Value of the Fund. The Net Asset Value of the Fund was then divided by the issued notes (units) as at the valuation date to determine the listing price per unit.

### INVESTMENT CONSTRAINTS

#### Liquidity

The Fund Manager has designed effective mechanisms to address the strains on the liquidity of the Fund imposed by its regular cash needs. The constraints and mechanisms designed to manage the strains on the Fund's liquidity are highlighted below:

- Quarterly management fees: These have been factored into the return requirement and is adequately covered for by the Fund's cash inflows.
- Possible cost overruns leading to emergency cash requirement: The Fund Manager ensures that cash flows not immediately required in the project must be invested in Money Market Fund to earn inflation-shield equivalent return. Additionally, all construction contracts require contractors to sign a performance bond as a precondition to the contract award. The Fund also targets fixed price contracts during negotiation with contractors to lock in cost against potential overruns.

#### Time Horizon

The time horizon of the Fund is a multistage horizon of 10+1+1 years indicating an approved fund life of 10 years extensible by a maximum of two one-year periods. The projects invested in by the Fund must have a duration of less than 10 years or incorporate a plan to exit holdings in the project within the Fund life or roll holdings over into another Fund operated by the Fund Sponsor.

### Legal and Regulatory Environment

<sup>6</sup> AIPF 1 Status Report dated 30<sup>th</sup> September 2022

## OVERVIEW OF AFRICA INFRA PLUS FUND I

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AIPF I is a National Pension Commission (PENCOM) compliant Fund regulated by the Securities and Exchange Commission. The Fund Sponsor and the Fund Managers are SEC-licensed capital market operators. Both are under the strict supervision of SEC.

### Taxes

AIPF I is exempted from paying income taxes under the current system of taxation in Nigeria, although investee companies of the Fund are liable to pay tax under the Company Income Tax Act (CITA). The investee companies of the Fund are liable to company income tax (30%) and education tax (2.5%) among others.

The returns of investors from the Fund are taxable at their individual levels, with the exception of Pension Fund Administrators that are also exempted by the Pension Reform Act. The Fund returns from investee companies shall be analysed on an after-tax basis.

### Unique Circumstances

AIPF I has developed its social impact story which maps out the principles guiding the integration of social impact goals with measurable results, to the AIPF I commercial investment philosophy in such a manner that does not derail the primary objectives of the Fund.

AIPF I believes in the improvement of the quality of life of people and the preservation of the environment. In demonstration of its commitment to social development, AIPF I has framed the social impact metrics into its investment assessment process, as one of the basis for deciding among projects that have qualified on the regular business fundamental criteria.

### DEAL SECURITY INSTRUMENTS

For a Carbon+ project with non-monopolistic market/high barrier to entry to be considered investible by AIPF I, at least a significant portion of its future cash flows must be secured with suitable contractual structures and financial instruments which include, Bank Guarantees (BGs), Revolving Letters of Credit (LCs) by blue chip offtakers, Irrevocable Standing Payment Orders (ISPOs), Credit Insurance, Construction Pay-out Guarantees and Subsidies from sovereign wealth / supranational organisations e.g. World Bank, AfDB etc. The financial instruments are at times jointly applicable and are briefly described below:

- a. **Bank Guarantee (BG):** AIPF I considers revenue shortfall guarantees from top-tier commercial/merchant banks as an acceptable protection against potential reduction in forecast cash flows below the minimum desirable limit. The minimum limit is usually set on a case-by-case basis at such an amount that is sufficient to meet AIPF I's return expectation. The exposure of the bank is limited to the amount of shortage by which the specified level of revenue is reduced.
- b. **Revolving Letters of Credit (LCs):** AIPF I requires project sponsors to provide offtake agreements from blue chip off takers with take-or-pay clauses adequately baked in to cover a significant portion of the available tradable volume on which the revenue is based. To further protect against default from these blue chips off takers, AIPF I requests signed commitment from banks in the form of revolving LCs to cover the agreed revenues over the life of the offtake contracts.
- c. **Irrevocable Standing Payment Orders (ISPOs):** For Carbon+ projects that have the state or federal government as the ultimate or penultimate responsible parties for settlement of consumption, AIPF I requires an ISPO which will be a first line charge against the state's Internally Generated Revenue (IGR) or Federal Accounts Allocation Committee (FAAC) allocation.
- d. **Credit Insurance:** Protection against losses from bad debts provided by top-tier insurance companies are acceptable forms of transaction security. This instrument may be relied upon, where all other forms of security prove impossible to obtain, where the commercial prospects of the deal is rated high and revenue is reasonably expected, or as an additional layer of comfort.
- e. **Advance Performance Guarantee (APG):** APG is a form of guarantee issued by a financial institution on behalf of a contractor in favour of a project owner to protect against the risk of

poor or non-completion of construction work in line with timing, scope, cost and quality pre-agreed.

- f. **Sovereign/Supranational Guarantees and Subsidies:** Where offtakers in a deal are not blue chip and are not expected to be capable of fulfilling commercial obligations and where deals target a niche which exposes the project to market risks, subsidy arrangement or guarantees issued by supranational or sovereign organisations, for example, IMF, World Bank, AfDB etc. may be obtained to provide the required cover against possible revenue loss. These arrangements may be in the form of capex recovery guarantee or subsidies on a significant portion of the stipulated commodity price or service charge.

## FINANCIAL RISK MANAGEMENT POLICIES

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The Fund is exposed to risks that may affect its future financial prospects and has implemented a very comprehensive enterprise risk management policy in order to ensure that it adequately mitigates inherent risks.

### a) Market Risk Policy

Market risk is the possibility of valuation loss or reduction in expected returns due to adverse fluctuations in the factors that affect the overall performance of the financial market. The market risk faced typically stems from movement in interest rates, changes in commodity prices, fluctuation in equity prices and changes in exchange rate. The objective of market risk management is to manage and control market risk exposures within acceptable parameters whilst optimizing the Fund's return.

- i. Interest Rate Policy: Interest rate risk is the exposure of the Fund to changes in the market rate of fixed income instruments such as treasury and corporate bills and bonds. AIPF invests debt with terms that are competitive relative to market rates. Interest rates agreed on deals are fixed, not subject to market fluctuations as the terms of the loan are embedded in locked-in contractual obligations and the debt instruments are not market-traded.
- ii. Inflation Protection Policy: Inflation risk is the exposure of the Fund's assets to decline in value from the changes in the general price level and purchasing power in the economy. AIPF bakes in inflation expectation in the negotiated prices for the commodity or services provided by its investee companies, throughout the investment time horizon, so as to ensure that revenue is protected from the changes in the consumer price index.
- iii. Equity Price Risk: This is the risk that the Fund's value may be eroded by the changes in the equity market. This risk is naturally minimized as a result of the alternative asset class to which AIPF belongs: globally, the correlation of infrastructure funds with equity risk is extremely low. Therefore, the price movement in the equity market has little impact on the Fund.
- iv. Foreign Exchange Transaction Policy: Foreign exchange risk is the possibility of loss arising from the movement in relative currency values between the currency of operations and the currency of investments. AIPF by policy does not invest in any opportunity where such investment is required in a transaction currency other than the Naira (operation currency) unless the revenue is also denominated in the transaction currency. Where transactions are acceptable in foreign currency, the funding and returns settlement must be denominated in a stable currency like the United States Dollars (USD).

### b) Credit Risk Policy

Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments or meet contractual obligations. The Fund is exposed to credit risk from the investee companies in which AIPF invests debt instruments or mezzanine. Consequently, the Fund Manager monitors the financial activity and performance of the investee entities on a regular basis to ensure that credit risk is appropriately mitigated and optimally managed.

#### ***Credit Policy Guideline***

In order to protect against credit risk, AIPF adopts a combination of the following measures:

- Mandatory requirement of revenue shortfall guarantee on a project which secures the project cash flows against falling demand conditions or failure of the offtaker in meeting contractual sales levels;
- Introduction of cancellation clauses and or termination guarantee in the definitive agreements for projects requiring the sponsor to pay AIPF an agreed commensurate compensation in the event that the deal is cancelled on the instance of the sponsor's failure;
- Incorporation of phased buy-out clauses as an impetus to guarantee performance in the agreement with sponsors which confers the right, but not the obligation, on the sponsor to redeem AIPF's investment in the deal.

### c) Liquidity Risk Policy

## **FINANCIAL RISK MANAGEMENT POLICIES**

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Liquidity risk is the risk that the Fund may be unable to generate sufficient cash to meet its short-term financial obligations as and when due or its inability to convert a security or asset to cash without a loss of capital and/or income in the process.

The Fund Manager ensures as far as possible that the Fund maintains an adequate buffer by regularly monitoring forecasted and actual cash flows and matching the maturity profile of financial assets and liabilities. This process includes:

- Projecting cash flows and considering the level of liquid assets necessary in relation thereto;
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements;
- Maintaining a diverse range of funding sources with adequate back-up facilities;
- Managing the concentration and profile of debt maturities.

## OVERVIEW OF THE FUND MANAGERS

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### **Africa Plus Partners Nigeria Limited**

The Fund was conceived by Africa Plus Partners Nigeria Limited (APP), a Carbon+ equity infrastructure-focused private equity firm established in Mauritius and registered in Nigeria. As the Fund concept developers, Africa Plus Partners Nigeria Limited will subscribe to and hold a minimum of 3% of the registered Notes of the Fund. Africa Plus Partners Nigeria Limited will second some members of its management team with vast experience in infrastructure development to the Fund Management Team for the benefit of the Fund and its investors.

APP is a Carbon+ infrastructure-focused firm, composed of a local team of experienced investment professionals with backgrounds in finance, private equity and investment banking. The Firm has successfully raised ₦20.5bn (in commitments) from PFAs in Nigeria and other institutional investors, through a closed-end Carbon+ infrastructure fund structured to provide an investment platform for Nigerian and international investors to invest in Carbon+ infrastructure assets in Nigeria and across sub-Saharan Africa.

APP is focused on executing small to mid-sized Carbon+ infrastructure projects (the missing middle) in Nigeria and sub-Saharan Africa. It is poised to be the leading investment platform aimed at investors who have an appetite for diversified de-risked Carbon+ infrastructure assets in Nigeria and the wider sub-Saharan Africa region. APP currently has a total of ₦420.5bn assets under management.

### **PROFILE OF BOARD OF DIRECTORS**

#### **Anhad Narula – Chairman**

Anhad is the Chairman of APPNL and the Chief Executive Officer at AIPF I. Prior to that, he was a Director at DSC Africa, a company that owned an EPC business and asset management company involved in equity investments in infrastructure-related projects. Anhad has over twenty (20) years of experience in infrastructure projects including bidding, acquisitions, construction, operations & monetisation and exits.

He joined the DSC Group in 2002 and in 2011, he began spearheading the Africa business. Anhad has successfully built out and invested in African projects in a short period of time and has intimate knowledge of infrastructure including on-site construction and operations and maintenance.

#### **Adeniran Ajakaiye –Managing Director**

Adeniran is the Managing Director of APP and Chief Investment Officer of AIPF I with over 25 years professional experience. He and the Chairman – Anhad Narula founded APP and under his leadership, the Firm has grown into a reputable leader in infrastructure investment in Africa. Before founding APP in 2016, Adeniran had garnered extensive experience both internationally and locally in Investment Banking and Consulting with expertise in debt creation, deal structuring, project management, structured finance, VC/PE advisory and investment management.

Internationally, Adeniran worked with PricewaterhouseCoopers (PwC) USA, where he consulted on M&A, compliance and re-engineering projects for some of the largest firms in the USA. Some of the clients he worked with include Citigroup, Wells Fargo, Fannie Mae, Suntrust, Delta Airline, PHH, Bank of America etc. Prior to joining PwC USA, he worked in Citigroup USA and Wells Fargo where as an investment banker, he worked on enhancing and creating infrastructure assets and developing M & A products.

In Nigeria, he was an investment banker with some of the largest local banks such as GTBank, First Bank, Stanbic IBTC, Access Bank and was, at different times, the Regional and Zonal Head at these banks. He has created and structured debt instruments for major infrastructure projects in Nigeria.

Adeniran earned his first degree in Engineering (B.Eng) from the University of Ilorin and an MBA (Finance & Strategy) from Washington University in St. Louis, USA. He also has International Business/Management certificate from EM Lyon Business School and Université Paris Dauphine Business School both in France. He is a Fellow of the Chartered Institute of Bankers of Nigeria (FCIB),

## OVERVIEW OF THE FUND MANAGERS

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an Associate of the Chartered Institute of Stockbrokers (ACS) and Fellow of the Nigerian Institute of Management (FNIM).

### **Ayotunde Owoigbe** – *Director*

Ayotunde is a thorough professional lawyer with over twenty (20) years of work experience and is passionate about achieving set goals and objectives efficiently. Since she joined Banwo & Ighodalo in 2001, she has been involved in nearly all of the firm's corporate and project finance, mergers & acquisitions, banking and securitisation transactions. She currently heads the Corporate Finance group of Banwo & Ighodalo.

She was chair of the Capital Market Solicitors Association (CMSA), is a member of the Nigerian Bar Association (NBA) and Continuing Legal Education Committee of the Capital Markets Solicitors Association (CMSA).

### **John Olsen** – *Director*

John has over 20 years of experience in mortgage and real estate financing, trading, brokerage and sales.

He is the Founder and Managing Member of ARC PE, a US-based private equity company involved in acquisition, lending and merchant services. He is responsible for all acquisitions and work out of the performing and non-performing mortgage portfolios.

### **Andy Uche Jibunoh** – *Director*

Andy is a seasoned professional builder. He joined the Royal Chartered Institute of Building, United Kingdom in February 1995. Thereafter, he became a Member of the Nigerian Institute of Building in June 2010. Before his appointment as the Managing Director of APD, he was the Executive Director, Operations for Costain (West Africa) Plc. This position had him organize and effectively manage projects for the company all over the country. Some of the clients he delivered projects for included government parastatals and major corporate organizations in the country such as Shell Petroleum Development Company, Shell Trustees Nigeria Limited and Nigerian National Petroleum Corporation.

His experience effectively started with the construction management division of Costain International UK, as a graduate trainee where he was part of the team that started and finished the construction of a 2000-seater concert hall in Basingstoke Hampshire in the UK. Thereafter, he worked for 15 years with Costain West Africa.

Acting as the Managing Partner of Dolphin Works, his expertise has seen the company successfully deliver projects for several notable organizations, some of which are GTBank, Oando, FBN Mortgages, and currently they are the construction managers and technical advisers to Haven Homes, Uruga Real Estate, Stanbic IBTC, Lakepoint Towers, among others. He was also the Project Director of the construction of the 10,000-seater church auditorium for House on the Rock Church where he actively serves on several committees. He is on the Governing Council of Grange School and also serves as Chair, Construction Skills Sector for the Lagos State Technical and Vocational Education Board. He is currently the Chairman of Meadow Hall School Education Board.

## FUND MANAGEMENT TEAM

### **Dipo Lawore** – *Deal Origination and Investments*

Dipo leads the deal sourcing and execution drive of the Africa Infra Plus Fund. Dipo originates deals for all APPNL managed funds and interfaces first-hand with project sponsors. He is also responsible for monitoring the deals on behalf of the Fund from the point of investment through exit. His experience spans over seven (7) years with Access Bank Plc and First City Monument Bank Plc in the Commercial Banking division where he was responsible for sourcing, structuring and executing deals for major infrastructure projects in Nigeria. His deal experience spans across projects in the construction, aviation, hospitality, agriculture and extractive industries.

## OVERVIEW OF THE FUND MANAGERS

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Dipo is a consummate finance professional that brings extensive knowledge in financial analysis and risk management. He is also deft at business development, relationship building, relationship management, negotiation, project management and project monitoring.

### **Adewale Adeyinka** – *Deal Analysis, Research and Investor relations*

Adewale is a Finance Professional with over fifteen (15) years of experience in Audit and Private Equity working for multinational companies and interacting with diverse cultures on different projects. He is the Head of Deal Analysis, Investor Relations, Research & Strategy at APPNL.

Prior to joining APPNL, he spent over nine years with AfricInvest Capital Partners, one of the leading private equity firms in Africa, and was part of the team responsible for deal origination, market and deal analysis, investment structuring, negotiation, investment decisions, active portfolio management and value creation as well as investment exits in the Anglophone West Africa region.

Before joining AfricInvest Capital Partners, Adewale spent six (6) years with KPMG Nigeria where he participated in and led various audit and due diligence missions of clients in the Financial Services sector.

Adewale has a Bachelor of Science degree in Accounting from Olabisi Onabanjo University, Ago-Iwoye. He is a CFA Charterholder and also a Fellow of both the Association of Chartered Certified Accountants and the Institute of Chartered Accountants of Nigeria.

### **Adeoye Onaderu** – *Finance and Account*

Adeoye is a proactive, organized and self-motivated professional with demonstrable experience in Treasury, Financial and Audit Management. He is a Chartered Accountant (ACA), Associate of the Chartered Institute of Taxation of Nigeria (ACTI) and an Associate of the Chartered Institute of Stockbrokers (ACIS). He obtained his bachelor's degree from Olabisi Onabanjo University and a Masters degree in Accounting from the University of Lagos. Adeoye has over a decade of working experience spanning both audit and investigation and a strong competence in the areas of treasury management, Financial Control and Accounting. He started his career as an Accounting Officer with Mobolaji Industries Limited where he grew through the ranks to become an Accountant. He later joined Jenoa-Spheris Realty Co. Ltd and proceeded to Union Capital Markets Limited as an Accountant. Adeoye was Chief Financial Controller at Lead Capital Plc, Chief Financial Officer at Elixir Investment Partners Limited and Senior Manager, Finance at Creditville. Adeoye joined Africa Plus Partners Limited as the Head of Finance and Accounts.

### **Samuel Daramola** – *Risk, Compliance and Internal Audit*

Samuel is a talented finance professional with over fifteen (15) years of cognate banking experience covering risk management, infrastructure finance, banking operations, internal control, project management, compliance and customer experience management. He is proficient in portfolio management, credit review, financial analysis, people management, budgeting, investment analysis, treasury management and international business finance.

Samuel received the Access Bank's honours roll award as the best graduating student at the School of Banking Excellence, ELTP 10, 2007. His role as a credit portfolio manager at Access Bank Plc includes regulatory reporting, credit risk mitigation, monitoring of loan covenants and proactive management of the bank's total loan portfolio to ensure optimal credit quality. He also performed strategic risk asset analysis for an optimum credit portfolio mix, conducted regular reviews of retail loan product papers to ensure adequacy of controls and alignment with market realities and established effective innovative management techniques to ensure the success of the branch as a branch manager.

He is the head of risk, compliance and internal audit team at APPNL.

### **Chioma Olibie** – *Legal*

Chioma is a brilliant and highly motivated legal practitioner with a sound understanding of intricate and complex commercial law issues. She has over 10 years' experience which cuts across transaction advisory, transaction structuring, corporate/project/structured finance transactions and debt/equity capital market transactions.



## OVERVIEW OF THE FUND MANAGERS

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She is currently the Head, Legal Services to Africa Infra Plus Fund I & II, Africa Plus Partners Nigeria Limited and its investee companies. She is responsible for the preparation and review of transaction, project and business-as-usual contracts for AIPF I & II, APP and its investee companies and coordinates the board secretarial activities.

Prior to joining APP, Chioma worked at *ÁLEX*, one of the largest law firms in West Africa. She holds a Bachelor of Laws degree from Madonna University, a Master of Laws Degree in Law and Economics from Queen Mary University of London and obtained First-class honours from the Nigerian Law School.

### **Abayomi Olatemiju** – *Human Resources*

Abayomi is the Head, Human Resources and Administration at APPNL. He is an experienced professional who has had the privilege of working across a broad spectrum of HR service lines while delivering value and supporting key HR initiatives.

Prior to joining APPNL, Abayomi worked at Andersen Tax, where he was a key driver of culture and novel employee engagement initiatives. He oversaw performance management, learning & development, employee discipline and grievance procedure management, general employee relations, amongst a host of other functions.

Abayomi believes in driving holistic growth in organizations, not just through hands-on capabilities but also in people and leadership skills — understanding that the greatest assets of an organization are its people.

Abayomi holds a Bachelor's Degree from the University of Lagos. He is a member of the Society of Human Resource Management (SHRM), Human Resource Certification Institute (HRCI) and Chartered Institute of Personnel Management of Nigeria (CIPMN).

### **Bankole Ojo** – *Deal Origination and Investments*

Bankole is an Associate in the Deal Origination and Investment team at Africa Infra Plus Fund, with 5 years' experience in Commercial Banking and Transaction Brokering. Saddled with the responsibility of transaction sourcing and nurturing, Bankole originates, analyzes and structures investments for AIPF I & AIPF II, monitoring investments through to exit.

He has actively managed relationships and transactions in the public and private sector across various industries including Manufacturing, Aviation, Power, General Commerce and Real Estate.

Prior to joining APP, Bankole Ojo was a Relationship Manager in the Commercial Banking Division of Access Bank Plc, championing the deployment of various value-adding initiatives while cultivating and managing relationships with C-Suite executives across a wide array of industries.

Bankole is a graduate of Business Administration from the University of Lagos (UNILAG). He is a student member of the Association of Chartered Certified Accountants (ACCA) and a Level II Candidate in the Chartered Financial Analyst (CFA) program.

## OVERVIEW OF THE FUND MANAGERS

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### **Capitaltrust Investments and Asset Management Limited**

Capitaltrust was incorporated on 2 February 2006 with an authorized share capital of ₦50mn and currently has a shareholders' fund of ₦884mn and asset under management of ₦198mn. The Company is duly registered as a Fund/Portfolio Manager and Corporate Investment Adviser by SEC. Within this scope of operation, the Fund Manager offers its clients the following services: fund and portfolio management, investment and financial advisory services.

#### **PROFILE OF BOARD OF DIRECTORS**

##### **Folawewo Osibo – Chairman**

Asiwaju Fola Osibo is a seasoned industrialist with over three decades of experience in various multinational and indigenous companies. He has worked in management capacities in various companies including Technical Director of Lipton Nigeria Limited, General Manager of Inlaks Group Plc and the Managing Director of Adeola Odutola Industries Plc.

He is a graduate of Agriculture from the University of Ibadan and has acquired considerable and varying industrial management experience both within and outside Nigeria. He was until recently the Managing Director/Chief Executive Officer of CSS Bookshops Limited and Bookshops House Limited.

##### **Seyi A. Oke – Managing Director**

Mr. Oke is a stockbroker by training with experience in financial control, corporate finance, general administration, asset management, lease financing and financial advisory. He started his career in 1998 with Zawadi Investments Limited. He then joined the Stock Broking Unit of Capital Bancorp Limited in 2000. He moved to Citicorp Financial Services Limited as the Treasurer in 2002 and prior to his exit in 2005 was the Group Head, Treasury & Investments.

He is a graduate of Agricultural Sciences, is an Associate Member of the Certified Pension Institute of Nigeria (CPIN) and a Member of the Chartered Institute of Stockbrokers (CIS). He is also an alumnus of London Business School having participated in the Senior Executive Program. He is currently undertaking his Master of Business Administration (MBA) at the Manchester Business School, Manchester, United Kingdom.

##### **Ibikunle Ogunbayo – Non-Executive Director**

Engineer Ibikunle Ogunbayo is a Fellow Chartered Engineer, a member of the Association of Consulting Engineers as well as the American Society of Heating, Refrigeration and Air conditioning Engineers (ASHRAE).

His expertise and experience which spans over three decades has seen him working with various organisations including Western Nigeria Government Broadcasting Corporation (later known as Nigerian Television (NTV) Ibadan) and Oscar Faber (Nigeria) Consulting Engineers, where he rose to become a partner. At Oscar Faber, Engr Ogunbayo was in charge of various laudable projects handled by the firm both in Nigeria and the United Kingdom.

He is currently the Principal Partner of Kunle Ogunbayo & Associates where he is directly in charge of the management of the numerous projects being handled by the firm.

##### **Shuaibu Abubakar Idris – Non-Executive Director**

Alhaji Shuaibu Idris is the immediate past Managing Director/CEO of Dangote Flour Mills Plc. He has extensive experience spanning more than 23 years in Investment Banking, Treasury, Financial Advisory Services, Loans and Portfolio Management. His experience also cuts across the industry sectors of Banking, Estate Management, Asset Management/Investments, Stockbroking, Business Consultancy as well as Manufacturing.

He is a graduate of the University of Wales in the United Kingdom and a member of various professional bodies including the Institute of Directors of Nigeria, the Nigerian Economic Summit Group, the Chartered Institute of Management (UK), the Cost Management Institute of Nigeria and the Association of National Accountants of Nigeria. He has also attended various executive management courses both locally and internationally.

## OVERVIEW OF THE FUND MANAGERS

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### **Ekpe Ukpabio – Non-Executive Director**

Mr. Ekpe Ukpabio is a Chartered Insurer and a member of the Society of Fellows of the Chartered Insurance Institute UK and Nigeria. He has over three-decades experience, having served as the Former Executive Director of FBN Insurance Limited, Former MD/CEO of Equity Indemnity Insurance Co. Limited, Former MD/CEO of Oceanic Life Assurance Limited (now Old Mutual Life Assurance Limited) a subsidiary of Oceanic Bank Group (now Ecobank Group). He was a member of the Board of Directors of Oceanic Insurance Co. Limited (Now Old Mutual General) and former MD/CEO of Anchor Insurance.

He is a recipient of the TimeNews Development in Nigeria Gold Award, which he received in 2010.

### **FUND MANAGER RATING**

The Fund Manager has a rating of A- from two independent rating agencies - Augusto & Co. and Datapro Limited. Excerpts of the ratings reports are presented below:

*"The Short-Term Rating of A2 indicates Fair Credit Quality and adequate capacity for timely payment of financial commitments.*

*The Long-Term Rating of A indicates Low Risk. It shows Very Good Financial Strength, Operating Performance and Business Profile when compared to the standard established by DataPro. This Company, in our opinion, has strong ability to meet its ongoing obligations." – Data Pro Fund Manager Rating Report 2022.*

*"Agusto & Co. affirms the A-(IM) rating assigned to Africa Plus Partners Nigeria Limited ("APPNL" or "the Manager"). The rating is upheld by the Manager's extensive deal screening and selection process with oversight from well-seasoned committee members and the Africa Finance Corporation (AFC). We also note APPNL's growing operational track and good oversight of projects. However, the rating remains constrained by key man risk within the research and risk management functions, with only one professional each. The rating also considers the weak macroeconomic environment and the high staff attrition rate currently being faced by the domestic asset management industry." – Agusto & Co Fund Manager Rating Report 2022.*

### **Strategic Relationships**

#### **I. APD Construction Management Limited**

One of the critical factors identified by APP in the development of infrastructure in Nigeria is efficient and cost-effective project execution. To further strengthen this capability and institutionalise its service delivery, in 2018, the Fund Manager's project management unit was spun into a stand-alone full-fledged construction and project management company – APD Project Management Company (APD). APD is expected to plan, execute, control and monitor all construction projects invested in by the Fund. APD is currently jointly owned by AIPF, Dolphin Works Limited and Mr Andy Jibunoh.

In addition to its project execution and construction management role in the Fund, APD renders services to external clients which cut across project appraisal, construction, project development and facility management.

#### **II. Infrastructure Credit Guarantee Company Limited**

APP has an established business alliance with InfraCredit which has approved contingent refinance guarantee products on two projects that AIPF I is currently invested in.

APP is also currently tying up a comprehensive refinance arrangement that will cover the total fund size of AIPF II thereby providing a refinancing option for the entire projects to be invested in by the Fund. This arrangement serves as a credit enhancement to the Fund given the AAA+ credit rating of InfraCredit.

APP is also currently developing a stronger collaboration with InfraCredit whereby all projects sourced and developed by AIPF II will be vetted in advance for credit enhancement and bond issuances. This will ensure a credible partial exit for investments made by AIPF II early in the operations phase of the projects.

#### **III. Africa Finance Corporation**

## OVERVIEW OF THE FUND MANAGERS

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AFC has been a key partnership for APP since the establishment of AIPF I. AFC has provided technical support and an independent analysis of all investments carried out by Fund I. AFC continues to provide this support and intends to continue with the same collaboration on Fund II. In addition, AFC has now started considering the provision of local Naira debt for projects and so will consider APP fund investments on a deal by deal basis for the provision of Naira debt.

### **Fund Manager's Responsibilities**

The Fund Manager is primarily responsible for managing the day-to-day activities of the Fund and implementing the Fund strategy in line with the guidelines outlined in the Fund's investment policy.

The Fund Manager's responsibilities include:

- Developing the Fund's investment strategy and ensuring its implementation;
- Receiving applicants for subscriptions from investors in the Notes;
- Identifying target investment opportunities;
- Investing the Fund's assets in accordance with the Fund's investment policies;
- Overseeing the performance of the Fund's investments;
- Maintaining up-to-date records of the operation and administration of the Fund;
- Ensuring annual audit of the Fund; and
- Ensuring compliance with all necessary regulatory and legislative obligations.

## FINANCIAL INFORMATION

### FINANCIAL HIGHLIGHTS OF THE FUND

#### Statement of Profit or Loss and other Comprehensive Income

The following is a summary of AIPF I's Audited Statement of Profit or Loss and other Comprehensive Income for the financial years ended 31 December 2018, 2019, 2020 and 2021.

	2021	2020	2019	2018
	₦'000	₦'000	₦'000	₦'000
Fees Income .....	151,206	74,845	124,696	3,670
Interest Income on financial assets at fair value.....	1,404,705	985,942	742,161	52,647
Fair value gain on Financial Instruments	640,874	730,183	2,244,429	189,776
Dividend Income .....	100,300	-	-	-
Other Income .....	14,500	4,037	-	23,000
<b>Total Revenue .....</b>	<b>2,311,585</b>	<b>1,795,007</b>	<b>3,111,286</b>	<b>269,093</b>
Impairment charge on financial assets ..	431	-2,548	4,286	1,045
Management fees .....	413,483	418,927	413,670	419,670
Establishment cost .....	-	-	-	433,000
Trustees' fees .....	5,375	5,375	5,250	5,250
Registrars' fees .....	1,115	1,115	1,050	1,050
Audit fees .....	16,125	10,807	8,600	4,305
Bank Charges .....	12	7	8	33
<b>Total Expenses .....</b>	<b>436,541</b>	<b>433,683</b>	<b>432,864</b>	<b>864,353</b>
Profit/(Loss) before tax .....	1,875,044	1,361,324	2,678,422	-595,260
Income tax expense	-	-	-	-
<b>Profit/(loss) for the period .....</b>	<b>1,875,044</b>	<b>1,361,324</b>	<b>2,678,422</b>	<b>-595,260</b>
Increase/(Decrease) in net assets attributable to noteholders from operations .....	1,875,044	1,361,324	2,678,422	-595,260

## FINANCIAL INFORMATION

### Statement of Financial Position

The following is a summary of AIPF I's Audited Statement of Financial Position for the financial years ended 31 December 2018, 2019, 2020 and 2021.

	2021	2020	2019	2018
	₦'000	₦'000	₦'000	₦'000
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Equity security .....	8,006,013	5,248,760	919,000	72,000
Debt security .....	9,175,734	5,615,210	5,574,001	1,023,000
Account Receivables .....	445,584	96,832	98,774	468,417
Cash and cash equivalent.....	175,920	130,075	353,436	32,472
<b>Total Assets.....</b>	<b>17,803,251</b>	<b>11,090,877</b>	<b>6,945,211</b>	<b>1,595,889</b>
<b>Liabilities</b>				
Fees payable .....	-	-	104,106	109,777
Deposit for units.....	-	-	-	245,596
Other liabilities.....	24,897	13,555	23,994	116,106
<b>Total Liabilities.....</b>	<b>24,897</b>	<b>13,555</b>	<b>128,100</b>	<b>471,479</b>
<b>Net assets attributable to noteholders .....</b>	<b>17,778,354</b>	<b>11,077,322</b>	<b>6,817,111</b>	<b>1,124,410</b>
Represented by:				
Contribution by noteholders.....	13,167,749	7,632,836	4,644,122	1,679,670
Premium .....	-	-	89,827	40,000
Retained earnings .....	4,610,605	3,444,486	2,083,162	-595,260
<b>Noteholders funds .....</b>	<b>17,778,354</b>	<b>11,077,322</b>	<b>6,817,111</b>	<b>1,124,410</b>

## FINANCIAL INFORMATION

### Statement of Cash Flows

The following is a summary of AIPF I's Audited Statement of Cash Flows for the financial years ended 31 December 2018, 2019, 2020 and 2021.

	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
<b>Cash flows from operating activities:</b>				
Acquisition of equity security .....	-2,010,992	-2,580,000	-425,000	-63,000
Acquisition of debt security .....	-2,350,000	-	-3,524,500	-787,000
Repayment of debt security .....	240,000	-	1,400,000	-
Establishment cost & management fees .....	-410,000	-512,500	-518,143	-632,388
Interest income .....	14,500	4,037	157,050	1,093
VAT paid .....	-3,483	-10,532	-3,164	-5,037
Investment in money market instrument .....	-1,500,000	-200,000	-1,000,000	-
Liquidation of money market instrument .....	1,500,000	200,000	1,000,000	-
Dividend/Fee income received .....	100,300	-	105,735	-
Other operating cash paid .....	-11,284	-27,743	-1,520	-
<b>Net cash used in operating activities .....</b>	<b>-4,430,959</b>	<b>-3,126,738</b>	<b>-2,809,542</b>	<b>-1,486,332</b>
<b>Cash flows from financing activities:</b>				
Proceeds from noteholders contribution .....	5,185,730	2,945,700	4,556,679	1,518,804
Distribution to noteholders .....	-708,925	-42,323	-1,426,173	-
<b>Net cash from financing activities .</b>	<b>4,476,805</b>	<b>2,903,377</b>	<b>3,130,506</b>	<b>1,518,804</b>
Net (increase) in cash and cash equivalent .....	45,845	-223,361	320,964	32,472
Cash and cash equivalent at beginning of year .....	130,075	353,436	32,472	-
<b>Cash and cash equivalent at end of year .....</b>	<b>175,920</b>	<b>130,075</b>	<b>353,436</b>	<b>32,472</b>

## THE NIGERIAN INFRASTRUCTURE LANDSCAPE

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### GLOBAL ECONOMIC TRENDS AND PERSPECTIVES

The concerted expansionary efforts by fiscal and monetary authorities to revitalize the global economy, which had entered into a recession as a result of the COVID-19 pandemic, have resulted in considerable growth in many regions across the globe especially in the developed, emerging and frontier markets. However, the reopening of economies powered demand amid lingering pandemic-induced supply chain disruptions. The outcome was higher inflation which was recently exacerbated by geopolitical tensions between Russia and Ukraine. The impact on commodity prices, such as oil and food, posed the greatest threat, as both countries are major commodity producers. As a result of rising inflation, many nations adopted a hawkish stance to subdue inflation, with the Bank of England leading the pack. Hence, the years of easy growth appears to have gone by as the global economy looks poised to slow moderately from 5.9% in 2021 to 4.4% in 2022 (IMF).

Just as Africa's economy began to recover from the unprecedented events of 2020, geopolitical tensions became the newest threat to recovery in African countries. With food inflation taking 40% of the consumption basket in Africa, high grain intensities point to higher inflation outcome in 2022. Nonetheless, we can expect varying effects on African economies as alternative suppliers of Russian exports benefit from the abnormal profits from elevated commodity prices while the others reel under high oil prices.

Aggregate output in Africa is projected to recover gradually against a backdrop of subdued investment and high uncertainty. Economic growth is estimated to firm up in 2022, to 4 per cent from 3.8 per cent in 2021. This should be driven by the gradual rollback of virus containment measures and rising vaccination rates as well as higher commodity prices and incremental improvements in investment rates. Africa observed one of the slowest recoveries in the world in 2021, lagging average growth rates for the developing countries and the globe, which are estimated at 6.4 per cent and 5.5 per cent, respectively (World Economic Situation And Prospects 2022).

Nigeria is Africa's most populous nation with a population of approximately 206 million, and according to the United Nations, is expected to exceed the population of the United States of America by 2050. The nation's population accounts for 47% of the West African populace with a year-on-year growth rate of about 2.6% and an ever-increasing urbanization rate. Nigeria surpassed its pre-COVID 5-year peak growth of 2.21% in 2021 (3.40% y/y). Meanwhile, a slower growth rate of 2.83% is projected for 2022.

However, these projected economic outturns still lag the long-run trend growth of 4.0% on the impact of inadequate structural and policy responses to the plunge in oil prices in 2015 and 2020. This dichotomy makes it hard to situate Nigeria's economic evolution on the business cycle.

In view of the foregoing, the public sector in oil-dependent countries such as Nigeria cannot be solely responsible for plugging the hole in the country's infrastructure gap; as such, part of the funding required to increase Nigeria's infrastructure stock must be sourced from private sector investors.

### INFRASTRUCTURE DEVELOPMENT IN NIGERIA

Nigeria faces an acute shortage of infrastructure as well as big financing constraints. The Minister of Finance, Budget and National Planning, Mrs. Zainab Ahmed, disclosed that the Federal Government will require about ₦36trn (US\$100bn) annually for the next 30 years to effectively tackle Nigeria's infrastructure challenges. Therefore, innovative infrastructure financing should be explored to address the financing shortfall for infrastructure. Pension funds present a rare opportunity to bridge the nation's current infrastructure gap by leveraging part of the huge pension assets for developmental purposes.

The overarching importance of infrastructure to economic development, particularly as it relates to the construction, management and regulation of infrastructure projects remains very clear as much as the impact of its absence which could be far-reaching. In Nigeria, although the potential of the infrastructure market has remained very visible, its growth prospects have been inhibited by several factors including the chronic lack of investment and the laborious business environment.



## THE NIGERIAN INFRASTRUCTURE LANDSCAPE

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Given the country's rapidly growing population and urbanization, the demand for infrastructural facilities, such as roads, rails, irrigation systems, internet connectivity among others has consistently outpaced its supply, thereby calling for new investments. The country's weak infrastructure base exerts a huge burden on foreign and local businesses and has reduced the ease of doing business with crumbling roads, clogged up ports, high cost of power cited among the biggest challenges to investors in the country. As such, the country is in significant need for investments in the infrastructure space.

Infrastructure development is crucial for Nigeria's economic growth and germane to the realization of the federal government's economic diversification agenda. However, it has become a well-known fact that the government is currently unable to generate sufficient revenue required to fund the existing infrastructural gap, thereby necessitating the need for alternative funding sources and more private sector involvement.

In recent years, there has been a deliberate shift towards public-private partnerships (PPP), a concession arrangement between the public and private sector which allows the private sector to finance infrastructure development in the country, with specified agreements on the management of the infrastructure to provide for capital realization.

Considering the huge infrastructure gap in Nigeria and the country's currently strained public finances, private participation is indispensable to adequately finance infrastructure projects in Nigeria. Similarly, continued infrastructure development through PPP will also enhance a better allocation of risks between public and private sectors and facilitate efficiency in the provision and management of these projects. This will impact positively on the country's economic growth trajectory and support job creation and the industrialization of the Nigerian economy.

### ***Nigeria's Power Infrastructure***

Despite Nigeria's huge growth and industrialization potentials, the shortage of electricity supply in the country has posed a significant hindrance to the country's quest for industrialization. As a result, the Nigerian power sector requires significantly more infrastructural investment to achieve reliable power supply. Industry experts estimate that the country will require about \$100bn in infrastructure investment over the next 20 years in order to attain, generate, transmit and distribute steady power to its teeming population.

Over the years, the Federal Government of Nigeria in its drive towards developing the power sector has enacted several Acts and implemented several policies aimed at improving the activities of players in the sector. This drive is not limited to the enactment of the Electricity Power Sector Reform ("EPSR") Act which liberalised, commercialised and privatised the electricity sector in order to attract investments into the sector. Accordingly, individuals, corporates and international agencies have become more comfortable with participating in the sector.

According to the International Trade Administration, World Bank is financing a \$486mn International Development Association credit for the Nigerian Electricity Transmission Access Project (NETAP), part of the Transmission Rehabilitation and Expansion Program (TREP). The goal of TREP is to support the rehabilitation and upgrade of Nigeria's electricity transmission substations and lines. The expectation is that the improvement in the country's power transmission network and capacity would further incentivize the power generating and distribution companies given the reduction in technical and commercial losses.

Additionally, other ongoing programs such as the Meter Assets Provider regulation which seeks to remove estimated billing and related issues are beginning to alleviate collection-related challenges faced by the distribution companies and ultimately other players across the supply chain.

Without a doubt, the Nigerian Power Sector has attracted significant investment aimed at expanding the sector and improving access to electricity in recent years not limited to the African Development Bank's pledge to invest \$200mn through the Rural Electrification Agency (REA), World Bank's initial \$550mn loan and an additional \$750mn Power Sector Recovery Operation (PSRO) loan in 2020.

Also, the Federal Government of Nigeria recently signed a six-year, c.\$3.8bn contract with Germany's Siemen AG for a three-phased electrification project aimed at increasing Nigeria's power to 25,000 MW. According to the Technical and Commercial Proposal released in May 2019, the first

## THE NIGERIAN INFRASTRUCTURE LANDSCAPE

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phase of the project will add an additional 2,000 MW to Nigeria's existing on-grid capacity, significantly reduce aggregate technical, commercial and collection while achieving improved grid stability and reliability. The scope of work for the first phase would entail transmission and distribution asset upgrades, grid automation, national metering infrastructure, power system simulation and general technical training. However, in spite of the current investments in the power sector, the infrastructure gap remains, thereby posing opportunities for new private sector investments.

### ***Nigeria's Transport Infrastructure***

Although investment in the Nigerian Transport Sector has risen significantly over the years, the sector is still in a state of disrepair arising majorly due to the decades of underinvestment in critical transport infrastructure. The country has made commendable progress in alleviating urban congestion, investing in critical infrastructure projects and increasing private sector participation in the development of transport arteries demonstrated through the completion of long-distance railway lines and roads across various regions.

The scale of the transport infrastructure deficit in Nigeria is such that the government alone will be unable to finance the majority of projects needed, consequently there will be a need to continue to rely heavily on international finance as well as public-private partnerships. There continues to be progress with implementing public-private partnerships (PPPs) across the transport sector which will help leverage more private capital into projects. With the demand dynamics present in Nigeria's cities and logistics hubs, the market is known as the most promising in Africa.

### **NIGERIA'S ECONOMIC GROWTH POTENTIAL AND FAVOURABLE DEMOGRAPHICS**

Nigeria has a huge population with an estimated size of 206 million people and an annual population growth rate estimated at 2.6%. With the United Nation's projection of a population growth of up to 400 million by 2050, Nigeria is set to be the third largest country in the world in the coming years.

The country's young and burgeoning population makes a compelling case for the development of adequate infrastructural facilities to support the required pace of economic growth. After the rebasing of Nigeria's economy in 2014, the country emerged as Africa's largest economy. Today, Nigeria's GDP is estimated at approximately US\$432bn.

The Nigerian economy is poised to be among the world's top 20 economies by 2050, leveraging its vast human and natural resources. Nigeria, consisting of 36 states and a Federal Capital Territory sits on an array of precious minerals and has proven oil reserves of about 37.1bn barrels. The imminent commencement of operation of the Dangote Refinery, which has a production capacity of about 625,000 bopd is expected to contribute immensely to the country's growth and also mitigate against further currency depreciation which has plagued the country's economy in recent times.

### **INFRASTRUCTURE DEFICIT AND FEW FUNDING OPTIONS**

Across the African continent, there is a large and growing differential between actual infrastructure investment and the infrastructure investment required. Africa's infrastructure gap is approximately US\$100bn and Nigeria accounts for a sizeable portion of this shortfall. According to the National Integrated Infrastructure Master Plan (NIIMP), the amount required to meet Nigeria's infrastructure needs amounts to US\$3trn over a thirty-year period.

As oil prices have remained low and oil production has stayed below levels required for long-term sustainability, it is almost impossible for the oil-dependent Nigerian public-sector to close Nigeria's infrastructure gap. This creates a necessity for private sector investors to intervene to finance critical infrastructure.

Despite this opportunity, the majority of infrastructure investors seek dollar-hedged returns from Naira-based project cash flows. This reduces the number of fundable projects for dollar investors but creates an opportunity for local investors with the required capital to fund infrastructure projects.

## THE NIGERIAN INFRASTRUCTURE LANDSCAPE

### Cumulative Infrastructure Investment 2016-2040

Billion US\$, 2015 prices and exchange rates	Road	Rail	Airports	Ports	Telecoms	Electricity	Water	Total
2016-2040 (Current Trends)	164	20	16	80	89	205	82	<b>656</b>
2016-2040 (Investment Need)	248	40	19	86	137	267	82	<b>879</b>
2016-2040 (Gap between Current Trend and Investment Need)	84	21	3	5	47	61	-	<b>221</b>
2016-2030 (SDG - requirement over and above Investment Need)	-	-	-	-	-	89	97	<b>186</b>

Source: Oxford Economics

### NICHE TARGET INVESTMENT MARKET

AIPF I is one of the pioneer indigenous Carbon+ equity infrastructure funds with a focus on the Nigerian environment and approved by SEC. Majority of the funds that invest in Nigeria are generalist in nature and most infrastructure specialist funds are managed by non-indigenous/international firms, with investments across Africa.

In comparison to most funds that seek readily and well-packaged or well-developed projects to invest in, AIPF I, in creating a diversified portfolio, seeks to also develop Carbon+ projects as well as collaborate on unique greenfield opportunities at the pre-development phase. This provides a unique opportunity for the Fund to benefit from the Carbon+ project during its developmental stages and also earn potentially higher returns at exit (when the projects are completed, tested and represent clear bankable opportunities).

AIPF I provides the much-needed Carbon+ equity/quasi-equity capital for early-stage projects which over time are expected to morph into potentially attractive large-scale financing opportunities for other infrastructure-focused investors and alternative capital providers; thus boosting the universe of investors/partners at exit.

Given AIPF I's strategy of investing in small-to-mid-sized Carbon+ infrastructure projects in their early to growth phase, the Fund is differentiated from other infrastructure funds in the market and faces very minimal competition for investment opportunities. Additionally, the Fund is strategically positioned to benefit from early entry advantages that may apply to its portfolio companies.

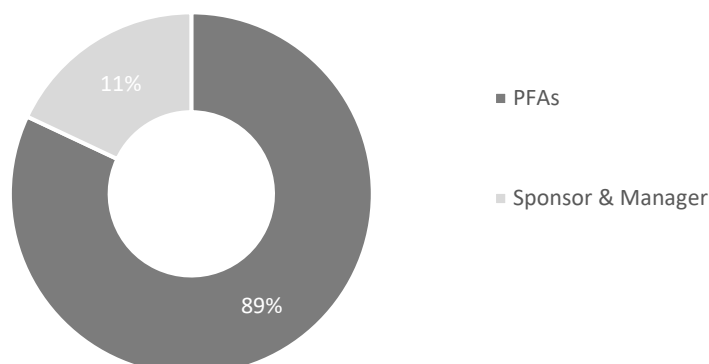
AIPF I plays a critical role in the infrastructure financing ecosystem, which is currently largely vacant, catalysing investment by alternative providers of capital. The Fund will carry out first level, thorough and extensive due diligence on the projects and its sponsors before investing in a select number of projects, which other capital providers are likely to rely on as the first layer of comfort in deciding to extend facilities to and/or invest in the projects further down the line. As AIPF I is the only Naira Carbon+ equity infrastructure Fund, there is little or no competition for investments. Therefore, AIPF I is expected to continue to enjoy high real returns for the full life of the fund.

## STATUTORY AND GENERAL INFORMATION

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### FUND INVESTORS

As at 30 September 2022, Pension Fund Administrators held about 89% of the entire fund size whilst the fund manager and sponsor held the balance of 11%.



### FUND TENOR

The life span of the Fund shall be 10 + 1 + 1 years from the date of the end of the Investment Period. Upon expiration of the fund life, the Fund Manager may distribute all of the Fund's value to the investors, or rollover into a new fund subject to the approval of the noteholders/investors.

### KEY FUND FEATURES

- The target of the Fund is to deliver an IRR of >25%+ and offer an attractive risk-adjusted investment option
- The sponsor/fund manager currently has skin-in-the-game, holding 11% of fund size. This ensures alignment of incentives with investors
- Successful track record with an experienced team (team has over 50+ years in developing, financing and realizing investments in Emerging Markets with a track record of delivering IRRs > 25% and money multiple >2.0x)
- On-the-ground presence across Nigeria
- Strategic alliance with AFC and Infrastructure Credit Guarantee Company Limited (benefits from African Markets relationships and experience)
- Differentiated investment strategy (focus on urban and core Carbon+ infrastructure catering to small-to-mid sized projects which can be securely delivered within the fund life of 10 years)
- Ready-to-go deals (actionable deal pipeline)
- De-facto positive socio-economic impact (mostly green-field Carbon+ projects leading to job creation and skill transfer)

### INVESTMENT CERTIFICATES

- Certificates of Investments are issued once a year to convey to investors evidence of their respective note holdings as at the end of the previous financial year.
- The issuance of a new certificate of investment to noteholders automatically invalidates and replaces all previous certificates issued to the respective noteholders.

### FEES AND EXPENSES

The following fees and expenses are applicable to the Fund.

## STATUTORY AND GENERAL INFORMATION

<b>Management Fee</b>	After the Investment Period, the Fund Manager is entitled to a fee of 2% of Fund Assets under Management.
<b>Fund Operating Expenses</b>	All operating expenses including charges and expenses incurred in connection with the Fund plus annual fees payable to service providers shall be borne by the Fund Manager with the exception of the Trustees and Auditors whose expenses shall be borne by the Fund.

### PROFILE OF FUND INVESTMENTS

#### *Windsworth Hostels (UniCal)*

<b>Deal Information</b>	<p>In 2018, University of Calabar, Cross River State, Nigeria sought to expand its hostel accommodation by building an international standard 1,600 bed space hostel accommodation and facilities. The total scope of work covered the design, engineering, finance and construction of:</p> <ul style="list-style-type: none"><li>• A total built-up area of 10,000 square meters</li><li>• Total project area of 22 hectares scattered across 10 sites spread throughout the state</li></ul> <p>The Africa Plus Partners' team put together a detailed design and cost estimate and structured a finance solution. In total, ₦850mn was budgeted for the project.</p>
<b>Investment Thesis</b>	<p>The basis of the investment included the following key traits:</p> <ul style="list-style-type: none"><li>• Execution of Equitable Mortgage on the concession land, perfected in the name of the Fund/Financier</li><li>• Transfer of 57% shares of the concession holding company to the Financier and execution of the shareholders' agreement itemizing protection for both parties</li><li>• Execution of joint mandate for the Debt Service Reserve Account (DSRA) account and operating agreement for the account</li><li>• Domiciliation of all receivables to the Special Purpose Vehicle (SPV) account</li><li>• Provision of a ₦220mn bank guarantee by Facility Manager from a tier-one bank to provide comfort of a minimum annual guaranteed revenue</li></ul>
<b>Project Status:</b>	<ul style="list-style-type: none"><li>▪ <b>Operating</b></li><li>▪ The completed 1,600-bed space hostel accommodation and facilities were handed over in March 2019</li></ul>
<b>Returns Expectation</b>	<ul style="list-style-type: none"><li>▪ Projected equity IRR of 32.75% with exit within 4 years of investment</li></ul>
<b>Debt Refinancing</b>	<ul style="list-style-type: none"><li>▪ Ongoing discussions with an infrastructure debt provider on a possible ₦1bn Debt &amp; Mezzanine Refinance</li></ul>

#### *Asaba IPP*

<b>Deal Information</b>	<p>Investment in an 8.5MW power generation and 25km distribution plant in Delta State, Nigeria with a 10 year tenor extendable for up to another 10 years under a BOO PPP structure</p> <p>The Fund invested through its dedicated SPV, Bastanchury Power Solutions Nigeria Limited.</p> <p>The Africa Plus Partners' team put together a detailed design and cost estimate as well as structured a finance solution for</p>
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## STATUTORY AND GENERAL INFORMATION

	the project.
<b>Investment Thesis</b>	<ul style="list-style-type: none"><li>• All Asset Debenture on fixed and floating assets of Bastanchury Power Solutions Nigeria Limited ("BPSNL").</li><li>• Irrevocable Standing Payment Order ("ISPO") for 120 months from Delta State Internally Generated Revenue ("IGR") issued by the Delta State Government in favour of BPSNL and ratified by the Delta State House of Assembly over the investment tenor.</li><li>• Bank Guarantee on the Buy-Out amount to protect the equity holders from early termination of the contract.</li></ul>
<b>Project Status</b>	<ul style="list-style-type: none"><li>▪ <b>Operating</b></li><li>▪ Delta SG has consistently met their payment obligation.</li></ul>
<b>Funding</b>	<ul style="list-style-type: none"><li>▪ In total, ₦3.945bn was budgeted for the project.</li><li>▪ However, Investment Value has reduced to ₦2.55bn due to ongoing debt refinancing</li></ul>
<b>Returns Expectation</b>	<ul style="list-style-type: none"><li>▪ Projected equity IRR of 33% with exit within 4 years of investment</li></ul>
<b>Debt Refinancing</b>	<ul style="list-style-type: none"><li>▪ Fulfilment of conditions precedent ongoing with a credit guarantee provider to unlock a ₦5.5bn bond issuance credit enhancement product</li><li>▪ Awaiting approval for a ₦5.5bn refinancing</li></ul>

### *Ecologique Transport*

<b>Deal Information</b>	To finance the procurement and deployment of fifty (50) semi-trailer trucks, with a minimum capacity of forty (40) tons each on fixed-term contracts to Lafarge Africa Plc
<b>Project Status</b>	Trucks acquisition and site development have been completed, and operations have commenced
<b>Funding</b>	<ul style="list-style-type: none"><li>▪ <b>Investment Value:</b> ₦5.13bn</li><li>▪ AIPF I Investment - ₦2.575bn for 67% Stake (85% Economic Interest)</li><li>▪ AIPF Debt Funding - ₦2.55bn</li></ul>
<b>Returns Expectation</b>	<ul style="list-style-type: none"><li>▪ Projected equity IRR of 53%</li></ul>
<b>Additional Funding</b>	<ul style="list-style-type: none"><li>▪ An international DFI is eager to provide up to ₦25bn (\$61m) to fund the procurement of 500 additional trucks and supporting infrastructure in tranches</li></ul>

### *FMGSL Gas*

<b>Deal Information</b>	Investment in up to 15mmscf gas processing plants in Anambra and Abia State, Nigeria
<b>Funding</b>	<ul style="list-style-type: none"><li>▪ <b>Investment Value:</b> ₦5.12bn</li><li>▪ Project capital disbursed into the deal SPV by AIPF I</li></ul>
<b>Project Economics</b>	<b>AIPF I all-in Returns</b> <ul style="list-style-type: none"><li>▪ IRR 35.66%</li><li>▪ NPV ₦2.04bn; Payback 5 years</li><li>▪ DSCR (average) 1.76x</li><li>▪ LLCR 2.89x; PLCR 2.89x</li></ul> <b>Debt</b> <ul style="list-style-type: none"><li>▪ All-in yield 28.35%</li></ul>

## STATUTORY AND GENERAL INFORMATION

	<ul style="list-style-type: none"><li>▪ DSCR (average) 1.76x</li><li>▪ LLCR 2.89x</li><li>▪ PLCR 2.89x</li></ul>
<b>Contingent Refinancing</b>	<ul style="list-style-type: none"><li>▪ Fulfilment of conditions precedent ongoing with a credit guarantee provider to provide or unlock a ₦5bn bond issuance credit enhancement product</li></ul>
<b>Investment Thesis</b>	<ul style="list-style-type: none"><li>▪ Expected returns on the project will be better considering upside expected from higher CNG and LPG gas prices in the market</li><li>▪ Key incentives available including;<ul style="list-style-type: none"><li>○ NIPC 5-year tax holiday</li><li>○ National Gas Expansion Program funding for up to ₦10bn available</li><li>○ Carbon credit eligibility</li></ul></li></ul>

### EXTRACT FROM THE TRUST DEED

The following are relevant extracts from the Trust Deed (as amended) establishing the Fund:

#### Constitution of the Fund

- 2.1 The Fund is hereby constituted as a trust pursuant to this Trust Deed by the delivery of Commitment Letter(s) issued by the Initial Investor (Sponsor) and the Fund Manager to the Trustee in exchange for Notes to be created and issued by the Fund Manager. The Sponsor shall continue to subscribe and hold a minimum of 2% of the registered units of the Fund while the Fund Manager shall continue to subscribe to and hold a minimum of 3% percent of the registered units of the Fund.
- 2.2 All commitments to the Fund and distributions by the Fund to Noteholders shall be made in Naira. The Fund will calculate dividends to Noteholders in Naira and the dividends to Noteholders who invest in USD or other currency will be at the prevailing market exchange rate at the time dividends are due.
- 2.3 The Fund hereby creates up to 30,000 (Thirty Thousand) notes at a par value of ₦1,000,000.00 (One Million Naira only) per Note to be offered for subscription to selected Investors.
- 2.4 Subject to the provisions of this Trust Deed and the Investment Policy, the purpose of the Fund is to apply the proceeds of the issue of the Notes to carry out Investments in Infrastructure Assets as may be permitted by the Investment Policy either by way of direct investment in such Infrastructure Assets or by investment in shares or securities (equity or quasi-equity) of special purpose companies engaged primarily in developing and/or operating such Infrastructure Assets for profits. The Fund Manager may cause such Infrastructure Assets to be operated by itself or such other person which possess the necessary skills and expertise to operate same.
- 2.5 The Fund Manager shall operate and administer the Fund in accordance with the terms and conditions hereinafter contained, the relevant provisions of the SEC Rules and any other agreement as may be executed between the Fund Manager and the Trustee.
- 2.6 On the Initial Close, any Subsequent Closing and the Final Closing, the Fund Assets shall be constituted by the proceeds of the issue of the Notes to Investors in exchange for cash, irrevocable letter of commitment which are due and payable on issue of a capital call or such Infrastructure Asset which an investor may have transferred to the Fund. The proceeds of issue of the Notes referred to in this clause shall at all times be vested in the Trustee and shall constitute the Fund Assets after deductions of Fund Expenses pursuant to the provisions of this Trust Deed.

#### Consideration for Notes

- 3.1 The Fund Manager may, issue Notes to any person in consideration for any Infrastructure Assets other than cash or for irrevocable commitment letters subject, however, to the approval of the Investment Committee and the provisions of clause 3.2.

## STATUTORY AND GENERAL INFORMATION

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- 3.2 In the exercise of the power vested in the Fund Manager under this Trust Deed, the Fund Manager may with the approval of the Investment Committee issue Unpaid Notes to Investors prior to the transfer by such Investor, of its Infrastructure Assets to the Fund in consideration of the delivery of the following by the Investor within 2 weeks from the date of the Fund Manager's receipt of an Expression of Interest:
- 3.2.1 a Letter of Undertaking from the investor to the Trustee pursuant to which the investor undertakes to transfer its Infrastructure Assets to the Trustee within 3 months from the date of the Expression of Interest (Transfer Date) submitted by such investor to the Fund Manager subject to the procurement of requisite approvals by such.
  - 3.2.2 a letter of indemnity to the Trustee (in the form acceptable to the Trustee) indemnifying the Trustee against any loss, liability, claim or risk which the Trustee may suffer or be exposed to as a result of such investor's inability to procure the relevant approvals, the investor's inability to transfer the Infrastructure Asset to the Trustee and/or the transfer of such infrastructure asset by the investor resulting in a breach of any agreement which the investor is a party to.
  - 3.2.3 a legal opinion from the investor's internal and external counsel to the Trustee (in the form acceptable to the Trustee) that the transfer of such Infrastructure Asset by the investor will not result in a breach of any agreement which such investor is a party to.
- 3.3 Where the Fund Manager decides to accept Infrastructure Assets other than cash for the purposes aforesaid, the Fund Manager shall obtain a valuation of the assets by a Valuer.
- Subscription for Notes
- 4.1 The Initial Investor and the Fund Manager shall subscribe for Notes at the Offer Price subject to the conditions set out in clause 3.2 above.
- 4.2 Prior to the Initial Close, Investors shall subscribe for the Notes at the offer price of N1,000,000.00 (One Million Naira only) per Note ("Initial Offer Price"). Provided, however, that the Fund Manager shall not issue Notes to an investor unless such investor has applied to subscribe for at least N200,000,000.00 (Two Hundred Million only) worth of Notes. ("Minimum Commitment") Provided that Notes issued shall be in respect of each Noteholder's pro rata portion of Total Fund Commitment.
- The offer price for Notes issued subsequent to the Initial Close ("Subsequent Subscription") shall be at a premium, as determined by the Valuer and Fund Manager, and ratified by the Advisory Board ("Subsequent Offer Price"). Provided that the Fund Manager, as ratified by the Advisory Board, shall be entitled to fix a minimum commitment value for subscriptions.
- An Investor making a Subsequent Subscription shall be required to pay the premium on the Notes, being the difference between the Initial Offer Price and the Subsequent Offer Price, as well as the pro rata proportion of drawdown as drawn from existing Investors since Initial Close, at the time of subscription.
- 4.3 Where the value of the Infrastructure Assets transferred to the Fund by an investor as reported by the Valuer is less than the aggregate value of the Notes ascertained by reference to the Offer Price per Note, the Fund Manager shall submit the report of the Valuer to the Advisory Board within 3 Business Days of the Fund Manager's receipt of the report from the Valuer. In such event, the Advisory Board shall determine such other conditions which may be fulfilled by such investor and/or the value of the Notes which may be issued to such investor. Any condition determined by the Advisory Board which is not expressly provided for in this Trust Deed shall be brought to the attention of SEC.
- 4.4 Where the Fund Manager obtains SEC's approval and issues additional Notes, the terms and conditions of such issue shall be as determined by the Fund Manager which shall include the requirement that any subscriber to the Notes so issued execute the Subscription Agreement in favour of the Fund Manager. The Fund Manager shall notify the Trustee of such terms and conditions of issue.



## **STATUTORY AND GENERAL INFORMATION**

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- 4.5 The Fund Manager shall subscribe and hold at least 3% of the registered Units of the Fund and the Sponsor shall subscribe and hold at least 2% of the registered Units of the Fund.
- 4.6 The Fund Manager shall furnish to the Trustee, management accounts, on a quarterly basis and from time to time on demand, a statement of all issues and sales of Notes specifying the price at which such Notes were issued and giving such information as may be necessary to enable the Trustee ascertain at any particular time the value of the Fund Assets.

### **Issue of Unpaid Notes**

- 5.1 The Trustee shall have a first and paramount lien on every Unpaid Note for all moneys whether presently payable or not, or payable at a future time in respect of such Unpaid Note, and the Trustee shall also have a first and paramount lien and charge on all Unpaid Notes standing registered in the name of a Noteholder for all the debts and liabilities of such Noteholder to the Trustee.
- 5.2 If the Noteholder fails to transfer its Infrastructure Assets to the Trustee by the Transfer Date, or to fund a Drawdown ("Defaulting Noteholder"), the Fund Manager may at any time thereafter give the Defaulting Noteholder a notice of forfeiture of the Unpaid Notes. The notice shall specify a further day (not being less than 20 days from the date of the notice) on or before which the Infrastructure Assets should be transferred or the Drawdown funded, and shall state that in the event that the Infrastructure Assets are not so transferred or the Drawdown so funded, the Unpaid Notes will be liable to be forfeited.
- 5.3 Unless otherwise agreed by the Trustee and the Fund Manager during the notice period, the Unpaid Notes shall upon the expiration of the 20 days' notice period be forfeited by the Defaulting Noteholder and the Fund Manager shall issue a final notice of forfeiture to such Defaulting Noteholder within 5 days of the date of expiration of the notice of forfeiture.
- 5.4 The Defaulting Noteholder shall return the Certificates issued to it in respect of the forfeited Unpaid Notes to the Fund Manager within 3 days of its receipt of the final notice of the forfeiture of Unpaid Notes.
- 5.5 A Noteholder whose Notes have been forfeited shall cease to be a Noteholder in respect of the forfeited Notes. The Fund Manager shall cause the registrar to cancel the Certificate issued to such Noteholder in respect of the forfeited Notes and amend the Register of Noteholders accordingly.
- 5.6 The forfeited Notes shall be deemed to be the property of the Fund and may be disposed of by the Fund Manager. Upon the forfeiture of the Notes, the Fund Manager may at any time thereafter dispose of the Unpaid Notes of the Defaulting Noteholder to such person or persons as the Fund Manager shall determine (the "Purchaser(s)") for such price(s) as may be reasonably determined by the Fund Manager (who in setting such price shall act with regard to the interest of the Fund and the non-defaulting beneficiaries/Noteholders under the Trust Deed.
- 5.7 Upon the transfer of the Notes to Purchaser, the name of the Purchaser shall be entered in the Register as the holder of the Notes and a new Certificate shall be issued to such Purchaser in respect of the Notes.
- 5.8 The disposal of the Unpaid Notes by the Fund Manager to a Purchaser shall be on terms and conditions determined by the Fund Manager. The Fund Manager shall notify the Trustee of such terms and conditions of disposal.
- 5.9 The Defaulting Noteholder shall execute any such document as may be required by the Fund Manager in order to effect the disposal.

### **Rights of Noteholders**

- 6.1 Noteholders shall have the right to an undivided share in the assets of the Fund proportionate to the number of Notes held. For the purposes of this Trust Deed, no person shall be recognised as a Noteholder except in respect of Notes registered in his name in the register of Noteholders.

## STATUTORY AND GENERAL INFORMATION

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- 6.2 The Noteholders shall not have or acquire any rights against the Fund Manager or the Trustee in respect of Notes except such rights as are expressly conferred upon them by this Trust Deed or by any law.
- 6.3 Noteholders shall have the right to receive dividends and any distribution and exercise all rights duly specified herein which attach and/or accrue to the Notes, in the manner specified in this Trust Deed. The Noteholders shall be entitled upon request, at any time and subject to such requirements as may be imposed by the Fund Manager including requirement to pay a reasonable sum thereof, to receive from the Fund Manager, a written statement specifying the number of Notes held by a Noteholder as at the date of such statement.
- 6.4 Noteholder(s) holding not less than fifty per cent in value of the Registered Notes may in writing request the Trustee and the Fund Manager to convene a meeting of Noteholders. Any such notice shall disclose the purpose for which the meeting of the Noteholders is being requisitioned.
- 6.5 Subject to the prior written approval of the Trustee and the Fund Manager, a Noteholder may pledge, charge, mortgage or otherwise offer his Notes to secure a debt, a loan or other obligation. Provided that the Trustee and/or the Fund Manager may, without stating any reason, refuse to grant such written approval when same is deemed expedient.

### CLAIMS AND LITIGATION

As at 13 October 2022, there were six (6) litigation matters involving the following affiliated entities of the Fund; (i) Africa Plus Partners Nigeria Limited (the "Fund Manager"); (ii) Stanbic IBTC Trustees Limited ("Stanbic") and FBNQuest Trustees Limited ("FBNQuest") (collectively the "Trustees"); and (iii) Bastanchury Power Solutions Nigeria Limited ("BPSNL") and Asaba Distribution Limited ("ADL") (collectively "the Fund's Investee Companies")

Of the six (6) cases, one (1) case had been struck out by the court<sup>7</sup>. Therefore, the Fund's Investee Companies are involved in five (5) cases in the ordinary course of their businesses. Of the five (5) cases, (i) BPSNL is the Defendant in one case; (ii) ADL is the Defendant in one case; (iii) BPSNL, the Fund Manager and the Trustees are co-Defendants in one case; (iv) BPSNL, ADL and the Trustees are co-Defendants in one case and (v) BPSNL, ADL and the Trustees are co-Respondents in one case on appeal in which ruling had previously been delivered in their favour.

The total monetary claims in the cases in which the Fund's Investee Companies are Defendants is N1,039,000,000.00 (One Billion, Thirty-Nine Million Naira), excluding interests, legal fees, and costs, which can only be ascertained or determined after the final resolution of the cases.

The Solicitor to the Fund is of the opinion that the liability that could arise from the cases, where same are diligently defended, would not have a material adverse effect on the Fund or the proposed Transaction.

### MATERIAL CONTRACTS

The following agreements have been entered into by the Fund (through its trustees) and are considered material contracts:

1. Trust Deed dated August 4, 2016 and its supplementals dated September 15, 2017 executed between Capital Trust Investments & Asset Management Limited and FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited;
2. The 2nd Supplemental Trust Deed amongst Africa Plus Partners Nigeria Limited, FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited;
3. Share Sale and Purchase Agreement dated August 14, 2018 between Ajuyah Majemite and the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited);
4. Shareholders Agreement dated August 14, 2018 between Windsworth Infrastructure Development Company Limited, the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and Windsworth Realty and Resources Limited;

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<sup>7</sup> Suit No. LD/ADR/2773/2019 – Mrs. Adewunmi Obakoya v. Bastanchury Power Solutions Nigeria Limited

## STATUTORY AND GENERAL INFORMATION

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5. Deed of Share Charge dated August 14, 2018, between Windsworth Infrastructure Development Company Limited, Windsworth Realty and Resources Limited, FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited (acting on behalf of the Fund);
6. All Assets Debenture dated August 14, 2018, between Windsworth Realty and Resources Limited, FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited (acting on behalf of the Fund);
7. Term Loan dated August 14, 2018, executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and Windsworth Realty and Resources Limited;
8. The Share Subscription Agreement dated March 15, 2019 executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and Bastanchury Power Solutions Nigeria Limited;
9. Shareholders Agreement dated March 15, 2019 executed between Bastanchury Limited, Fenchurch Energy Limited, the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and Bastanchury Power Solutions Nigeria Limited;
10. Term Loan Agreement dated March 15, 2019 executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and Bastanchury Power Solutions Nigeria Limited;
11. The Custody Agreement dated April 15, 2019 executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) Bastanchury Limited and Fenchurch Energy Limited;
12. All Assets Debenture dated April 15, 2019 between Bastanchury Power Solutions Nigeria Limited and FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited (acting on behalf of the Fund);
13. Deed of Share Charge dated April 15, 2019 between Fenchurch Energy Limited, Bastanchury Limited FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited (acting on behalf of the Fund);
14. Term Loan Agreement dated July 6, 2021, executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and First Modular Gas Systems Limited;
15. Shareholders Agreement dated July 6, 2021, executed between Argentil Capital Management, Dharmattan Gas Facilities Limited, the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and First Modular Gas Systems Limited;
16. Share Subscription Agreement dated July 6, 2021, executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and First Modular Gas Systems Limited;
17. Security Deed dated July 6, 2021 executed between First Modular Gas Systems Limited and the Fund;
18. Shareholders Agreement dated November 19, 2020, executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited), Babajide Olufemi Abiola, Sanni Oladimeji Oladapo, Onasanya Oluwole Francis and Ecologique Transport Solutions Limited;
19. Investment & Share Subscription Agreement dated November 19, 2020, executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited), Babajide Olufemi Abiola, Sanni Oladimeji Oladapo, Onasanya Oluwole Francis and Ecologique Transport Solutions Limited; and
20. Escrow Agreement dated November 19, 2020, executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited), Babajide Olufemi Abiola, Sanni Oladimeji Oladapo, Onasanya Oluwole Francis and FCMB Trustees Limited;

## **STATUTORY AND GENERAL INFORMATION**

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21. Term Loan Agreement dated March 31, 2022, executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and Ecologique Transport Solutions Limited; and
22. Composite Security Deed dated March 31, 2022, executed between the Fund (acting through FBNQuest Trustees Limited and Stanbic IBTC Trustees Limited) and Ecologique Transport Solutions Limited.

The Solicitor to the Fund is of the opinion that there are no provisions contained in the above listed agreements, which are material to or which will adversely impact the proposed Transaction.

### **RELATIONSHIP BETWEEN THE FUND MANAGERS AND ITS ADVISERS**

Except as disclosed in this Shelf Prospectus, the Issuer is not related to any of its advisers (the Professional Parties) other than in the ordinary course of business.

## CONSENTS

The following parties have given and have not withdrawn their consents to act as parties to the Listing with their names included, in the form and context in which they appear:

<b>Chairman</b>	Anhad Narula
<b>Directors of the Fund Managers</b>	Adeniran Ajakaiye Andy Jibunoh Ayotunde Owoigbe John Olsen Bunmi Oni, MON Asiwaju Folawewo Osibo Engr. Ibikunle Ogunbayo Alh. Shuaibu Abubakar Idris Seyi A. Oke
<b>Lead Financial Adviser</b>	Vetiva Capital Management Limited
<b>Joint Financial Advisers</b>	Afrinvest (West Africa) Limited Integrated Trust and Investment Limited
<b>Stockbrokers</b>	Vetiva Securities Limited APT Securities and Fund Limited
<b>Trustees to the Fund</b>	Stanbic IBTC Trustees Limited FBNQuest Trustees Limited
<b>Solicitors to the Fund</b>	Banwo & Ighodalo
<b>Registrars</b>	DataMax Registrars Limited
<b>Custodian</b>	United Bank for Africa Plc
<b>Auditors</b>	PricewaterhouseCoopers Nigeria
<b>Fund Valuer</b>	Ernst & Young