

transcorp Hotels

TRANSCORP HOTELS PLC

RC 248514

(INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA)

OFFER FOR SUBSCRIPTION

OF

₦9,758,000,000

**SERIES 2: 5 YEAR 15.50% FIXED RATE UNSECURED BONDS DUE 2020
UNDER A ₦30 BILLION MEDIUM TERM BOND PROGRAMME**

**Issue Price: ₦1,000 per unit
Payable in full on Application**

This offering of 5-year 15.50% Fixed Rate Bonds (the "Issue") is made through Book building process wherein 100% of the Issue is offered to Qualified Institutional Investors ("QIIs") and High Net Worth Investors ("HNIs") as defined under Rule 321 of the Rules and Regulations of the Securities and Exchange Commission ("the SEC" or "the Commission").

The Series 2: 5-year 15.50% Fixed Rate Bonds (the "Bonds") have been assigned an "A-" rating by Global Credit Rating Company Limited. **The rating reflects an instrument that carries a high credit quality with good protection factors.** A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

This Supplementary Shelf Prospectus ("Prospectus"), under which the Bonds are being offered must be read in conjunction with the accompanying Shelf Prospectus dated 26th October, 2015 (the "Shelf Prospectus") issued in relation to the ₦30 Billion Medium Term Note Programme (the "Programme") established by the Issuer pursuant to Rule 279 (3) of the Rules and Regulations of the Securities and Exchange Commission. Terms defined in the Shelf Prospectus have the same meanings in this Prospectus unless the context otherwise requires.

THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS HAVE BEEN CLEARED AND REGISTERED BY THE SEC.

THE INVESTMENT AND SECURITIES ACT NO 29 OF 2007 ("ISA") PROVIDES FOR CIVIL AND CRIMINAL LIABILITIES FOR THE ISSUE OF A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. THE REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES WHICH IT OFFERS DOES NOT RELIEVE THE PARTIES OF ANY LIABILITY ARISING UNDER THE ACT FOR FALSE OR MISLEADING STATEMENTS OR FOR ANY OMISSION OF A MATERIAL FACT.

THE CLEARANCE OF THIS PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SEC RECOMMENDS THE SECURITIES OFFERED HEREIN OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS PROSPECTUS

LEAD ISSUING HOUSE/LEAD BOOK RUNNER



RC199528

JOINT ISSUING HOUSES/JOINT BOOK RUNNER



RC444999



RC1031358

THIS PRICING SUPPLEMENT IS DATED 4th DECEMBER, 2015

CONTENTS

CONTENTS	2
ABRIDGED TIMETABLE	3
PARTIES TO THE ISSUE.....	4
SUMMARY OF THE OFFER	6
SUMMARIZED INFORMATION ABOUT THE ISSUER	12
THE ISSUE	14
TERMS AND CONDITIONS OF THE BONDS	15
USE OF PROCEEDS	25
EXTRACT FROM THE ISSUE RATING REPORT	27
APPENDIX 1: PROCEDURE FOR APPLICATION AND ALLOTMENT	28
APPENDIX 2: APPLICATION FORM	31

ABRIDGED TIMETABLE

Date	Activity	Responsibility
25 th August, 2015	File Application for approval of prospectus with SEC	Issuing Houses
12 th October, 2015	Receive SEC approval of Red Herring Prospectus	Issuing Houses
9 th November, 2015	Commence Book Building	Issuing Houses
20 th November, 2015	Conclude Book Building	Issuing Houses
20 th November, 2015	Determine Coupon And Value Of Bonds	All Parties
24 th November, 2015	File Updated/ Revised Transaction Document with SEC	Issuing Houses
3 rd December, 2015	Receive SEC approval to hold signing ceremony	Issuing Houses
4 th December, 2015	Completion Meeting/Signing Ceremony	All Parties
4 th December , 2015	Application List opens	Issuing Houses
4 th December , 2015	Application List Closes	Issuing Houses
4 th December , 2015	Forward net issue proceeds to the issuer	Issuing Houses
8 th December ,2015	File Executed Transaction Documents with SEC	Issuing Houses
14 th December, 2015	File allotment proposal and draft newspaper announcement with SEC	Issuing Houses
17 th December, 2015	Receive SEC Clearance of Allotment	Issuing Houses
18 th December 2015	Announce Allotment	Issuing Houses
22 nd December 2015	Credit CSCS Accounts of Allottees	Registrars
23 rd December, 2015	Forward Declaration of compliance to the Exchange	Stockbrokers
29 th December, 2015	Listing Of Bonds On The NSE And FMDQ	Stockbrokers
30 th December 2015	Post Offer Compliance Report Filing	Issuing Houses

Important Notice: The dates given above are indicative only. Events in the timetable may be subject to adjustment

DIRECTORS AND COMPANY SECRETARY OF THE ISSUER

OLOROGUN O'TEGA EMERHOR, OON
(CHAIRMAN)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MR. VALENTINE OZIGBO
(MANAGING DIRECTOR/CEO)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MS. OKAIMA OHIZUA (EXECUTIVE)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MR. EMMANUEL NNOROM (NON-EXECUTIVE)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MR. PETER ELUMELU (NON-EXECUTIVE)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MR. GOGO KURUBO (NON-EXECUTIVE)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MR. OMONIYI FAGBEMI, MNI (NON-EXECUTIVE)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MR. BABA MOHAMMED (NON-EXECUTIVE)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MR. BENJAMIN DIKKI (NON-EXECUTIVE)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

MRS. HELEN IWUCHUKWU (COMPANY SECRETARY)
1, AGUIYI IRONSI STREET
MAITAMA
ABUJA

LEAD ISSUING HOUSE

FSDH MERCHANT BANK LIMITED
5TH - 8TH FLOOR
UAC HOUSE
1/5 ODUNLAMI STREET
LAGOS

JOINT-ISSUING HOUSES

UNITED CAPITAL PLC
12TH FLOOR, UBA HOUSE
57 MARINA
LAGOS

STANBIC IBTC CAPITAL LIMITED
I.B.T.C PLACE
WALTER CARRINGTON CRESCENT
VICTORIA ISLAND
LAGOS

TRUSTEES

UNITED CAPITAL TRUSTEES LIMITED
12TH FLOOR, UBA HOUSE
57, MARINA
LAGOS

SOLICITORS TO THE TRUSTEE

ALLIANCE LAW FIRM
71, ADEMOLA STREET
SOUTH-WEST, IKOYI
LAGOS

SOLICITORS TO THE ISSUE

G. ELIAS & Co.
6TH FLOOR, NCR BUILDING
6, BROAD STREET
LAGOS

STOCKBROKERS TO THE ISSUE

UNITED CAPITAL SECURITIES LTD.
12TH FLOOR, UBA HOUSE
57, MARINA
LAGOS

REGISTRARS TO THE ISSUE

AFRICA PRUDENTIAL REGISTRARS PLC
220B, IKORODU ROAD
PALMGROVE
LAGOS

RATING AGENCY

GLOBAL CREDIT RATING (GCR) Co.
17TH FLOOR, NEW AFRICA HOUSE
31, MARINA
LAGOS

RECEIVING BANK

UBA PLC
UBA HOUSE
57, MARINA
LAGOS

REPORTING ACCOUNTANTS

ERNST & YOUNG
10TH FLOOR, UBA HOUSE
57, MARINA
LAGOS

AUDITORS

PRICEWATERHOUSECOOPERS
252E, MURIOKUNOLA STREET
VICTORIA ISLAND
LAGOS

SUMMARY OF THE OFFER

The following Summary does not purport to be complete and is qualified in its entirety by, the remainder of this Prospectus as a whole, the Shelf Prospectus and other documents, if any, incorporated by reference into this Prospectus.

Issuer:	Transcorp Hotels Plc ("Transcorp Hotels" or "the Company")
Description of the Bonds:	5-year 15.50% Fixed Rate [Unsecured Bonds] due 2020
Issue Size/Principal Amount:	₦9,758,000,000
Series Number:	2
Par Value:	₦1,000.00
Allotment Date	4 th December, 2015
Issue Price:	100% at Par
Tenor:	5 years
Coupon:	15.50%
Lead Issuing House:	FSDH Merchant Bank Limited
Joint-Issuing Houses:	United Capital Plc and Stanbic IBTC Capital Limited
Maturity Date:	4 th December 2020, being the fifth anniversary of the Allotment Date
Coupon Frequency:	Semi-annual, and payable in arrears on 4 th June and 4 th December, of each year up to and including the Maturity Date
Coupon Commencement Date:	Coupon shall accrue from the Allotment Date
Redemption:	The repayment of the principal amount will be made in arrears in accordance with the following repayment schedule reflecting moratorium of one year on the principal:

Principal Repayment Milestones	% of Principal Amount	Actual Principal Amount Repaid (₦'000)
4 th June 2016	0%	0
4 th December 2016	0%	0
4 th June 2017	9%	925,716
4 th December 2017	10%	997,459
4 th June 2018	11%	1,074,762
4 th December 2018	12%	1,158,056
4 th June 2019	13%	1,247,805
4 th December 2019	14%	1,344,510
4 th June 2020	15%	1,448,709
4 th December 2020	16%	1,560,984
TOTAL	100%	9,758,000

Source of Repayment:	The Bonds shall be redeemed from the Company's operational cash-flows
Method of Distribution:	Offer for Subscription via Book Building

SUMMARY OF THE OFFER

Minimum Subscription Amount:	Minimum of ₦10,000,000 and multiples of ₦1,000,000 thereafter
Business Day Convention:	Where the day on which a payment is due to be made is not a Business Day, that payment shall be effected on or by the next succeeding Business Day unless that succeeding business day falls in a different month in which case payment shall be made on or by the immediately preceding Business Day.
Day Count Fraction:	Actual/Actual (actual number of days in a Month and actual number of days in a Year)
Use of Proceeds:	After the deduction of the costs and expenses of the Issue, which are estimated at ₦238.22 million, representing 2.44% of the gross issue proceed, the net proceeds will be utilized as follows:

Purpose	Amount (₦)	% of Net proceeds	Estimated completion period
Upgrade and refurbishment of Transcorp hotels Abuja	7,615,820,590	78.05%	April 2017
Construction of Multipurpose Banquet Hall in Transcoprp Hotels Abuja	1,903,955,147.50	19.51%	December 2017
Cost of Issue	238,224,262.50	2.44%	To be paid immediately after close of Offer
Total	9,758,000,000	100%	

Status:	The Bonds are direct, unconditional, senior, unsecured obligations of the Issuer and rank pari passu without any preference among themselves and at least pari passu with all other existing senior, unsecured obligations of the Issuer from time to time outstanding except for obligations mandatorily preferred by law applying to companies generally as provided for in the Series 2 Trust Deed.
Form of Bonds/Transferability:	The Bonds will be issued in registered form and be freely transferable in accordance with the provisions of the Series 2 Trust Deed.
Taxation:	Income earned from the Bonds is exempt from tax imposed under the PITA by virtue of the PIT Amendment Act. The income earned from the Bonds is exempt from tax imposed under the CITA by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, effective 2nd of January 2012. This exemption is for a period of ten (10) years from the date of the Order.

The proceeds from the disposal of the Bonds are exempt from tax

¹ See page 20 for detailed description of Use of Proceeds

imposed under the VAT Act by virtue of the Value Added Tax (Exemption of the Proceeds of the Disposal of Government and Corporate Securities) Order 2011, commencing from 2nd of January 2012. This exemption is for a period of ten (10) years from the date of the Order.

Transactions with respect to these bonds are exempt of Commissions on Stock Exchange Transactions by virtue of the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014, commencing from 25th July, 2014. This exemption is for a period of five (5) years from the date of commencement of this order.

Grossing Up:

All amounts payable under the Bonds will be paid in full without set-off or counterclaim or other restrictions and free and clear of and without any deductions or withholding for or on account of any taxes or any charges or otherwise.

PENCOM Compliance:

The Bond qualifies as securities in which Pension Fund Assets can be invested under the Pensions Reforms Act 2014 and also qualifies as securities in which Trustees may invest under the Trustees Investment Act, Cap T22, LFN, 2004.

Listing:

The Nigerian Stock Exchange and FMDQ OTC Platform.

Issuer Rating:

The Issuer has an **A-** long-term national rating and **A2** short-term national rating from Global Credit Rating Company (GCR).

Issue Rating:

The Bonds have been assigned a rating of **A-** by Global Credit Rating Company. Please refer to the section on "Bonds Rating" on page 27 of this Prospectus. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Financial Covenants:

For as long as the Bonds remain outstanding, the Issuer will be subject to the following financial covenants:

- (a) Maximum **Net Debt to EBITDA** ratio of 3.0 times from the Issue Date to the Final Maturity Date. Net Debt is the aggregate of all interest bearing liabilities ranking equally with, or senior to, the Bonds, net of cash and cash equivalents, and excluding any short-term trade finance and overdraft facilities utilised in the ordinary course of business operations, within the existing pre-approved facility limits.
- (b) Minimum Historical **Debt Service Coverage Ratio** ("DSCR") to be maintained at 1.2 times. The DSCR would be calculated as (Cash Flow Available for Debt Service/Total Debt Service net of available cash and cash equivalents).
- (c) Minimum **Interest Cover** to be maintained at 2.0 times. This will be calculated as the historical EBITDA/Net Interest Expenses.
- (d) **Secured Indebtedness** shall not exceed 50% of the Issuer's Net Asset determined on the basis of total assets less total liabilities, as stated in the Issuer's most recent consolidated financial statements.

The Trustee shall on a quarterly basis, ensure that the financial covenants stated above are strictly adhered to by the Issuer.

Events of Default:

Events of Default will include but will not be limited to the following:

- (a) Non-payment on the due date of any amount payable under the Series 2 Trust Deed, subject to five (5) Business Days grace period after receiving notice of the non-payment by the Trustee where such non-payment is due to a technical or administrative error. Provided that where non-payment is due to a Force Majeure Event, the Trustee may at its reasonable discretion, upon receipt of a legal opinion from the Issuer's counsel that such Force Majeure Event can be remedied within a reasonable period or such other period as the Trustee may determine, extend the grace period;
- (b) Breach of any one or more of the obligations of the Issuer under the Series 2 Trust Deed or in relation to the Bonds, which breach is incapable of remedy or is not in the opinion of the Trustee remedied within 15 days after notice of such default shall have been given to the Issuer by the Trustee; Provided that where the breach arises from a Force Majeure Event and the Issuer is unable to resolve the Force Majeure Event (and therefore perform its obligations) within the fifteen (15) day grace period provided herein, the Trustee may at its reasonable discretion, upon receipt of a legal opinion from the Issuer's counsel that such Force Majeure Event can be remedied within a reasonable period or such other period as the Trustee may determine, extend the grace period.
- (c) material default by the Issuer in its performance of any of the affirmative undertakings;
- (d) inaccuracy of any of the material representations made by the Issuer;
- (e) insolvency of the Issuer;
- (f) insolvency proceedings against the Issuer; and
- (g) an order is made or a resolution is passed for the Winding-Up of the Issuer

Please refer to the section on "Events of Default" on page 20 of this Prospectus for further details.

Force Majeure Event:

In the context of the Bonds, a Force Majeure Event shall include such acts but not limited to acts of God, acts of war, revolution, civil commotion, strikes, fires, floods, earthquake, destructive lightning, epidemic or other circumstances which are beyond the reasonable control of the Issuer and which it could not have reasonably foreseen and guarded against and which by exercise of reasonable care and diligence, it is unable to prevent.

Remedies:

If an Event of Default occurs, the Trustee may, subject as provided in the Series 2 Trust Deed, give notice to the Issuer that the Bonds are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount together with accrued interest.

Indebtedness:

As at 31 December 2014, Transcorp Hotels has no indebtedness other than in its ordinary course of its business.

Negative Pledge:

The Issuer will not directly or indirectly create or have outstanding any mortgage, charge, lien, pledge, encumbrance or other security interest (each a Security Interest), other than Permitted Security Interests, upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Indebtedness, unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Series 2 Trust Deed:

- a) are secured by the Security Interest equally and rateably with the Indebtedness to the satisfaction of the Trustee; or
- b) such other Security Interest or other arrangement on substantially identical terms as the Security Interest (whether or not it includes the giving of a Security Interest) is provided either
 - i. as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of Bondholders; or
 - ii. as is approved by a resolution duly passed by a majority of not less than 75% of the votes cast thereon of the Bondholders.

Claims and Litigation:

As at 4th August 2015:

“The total amount claimed in the cases instituted against Transcorp Hotels comes to ₦17,697,600 (Seventeen Million Six Hundred and Ninety Seven Thousand, Six Hundred Naira) and US\$23,000.00 (Twenty Three Thousand United States Dollars).

In the opinion of the Solicitor to the Issue therefore, the total contingent liability of Transcorp Hotels as it relates to all the fourteen suits is the aggregate sums of ₦17,697,600 (Seventeen Million Six Hundred and Ninety Seven Thousand, Six Hundred Naira) and US\$23,000.00 (Twenty Three Thousand United States Dollars).

The Solicitors to the Issue are of the opinion that Transcorp Hotels’ liability in the event of an unfavourable resolution of the disputes against Transcorp Hotels is unlikely to be more than the aggregate sums stated above plus any interests on judgment sums (which are exclusive of these aggregate sums), as awarded by the courts”.

The Directors of the Company are not aware of any pending and/or threatened claims or litigation other than those contained in the list of the Company’s claims and litigation and are of the opinion that none of these cases is likely to have a material adverse effect on the Company or the Offer.

Governing Law:

The laws of the Federal Republic of Nigeria.

History of the Company

Transcorp Hotels Plc is the hospitality subsidiary of Transnational Corporation of Nigeria Plc ("Transcorp"), a diversified conglomerate with interests in the Power, Hospitality, Agriculture and Oil & Gas sectors. Transcorp Hotels Plc aims to build Africa's choice hospitality assets, starting with Nigeria, creating a strong footprint in high population cities across the West Africa region. With an award-winning property in Abuja; the Transcorp Hilton Abuja, a destination hotel in Calabar; Transcorp Hotels Calabar, and planned properties in Lagos and Port Harcourt, Transcorp Hotels Plc continues to achieve excellence within the hospitality industry and develop strategies in the medium to long term that position the company as a key industry player on the continent.

Transcorp Hotel's Business

The Company currently owns two hotels -Transcorp Hilton Abuja and Transcorp Hotels Calabar and plans to develop two more hotels in Port Harcourt and Ikoyi.

Transcorp Hilton Abuja

Transcorp Hilton Abuja is situated in the heart of Nigeria's Federal Capital Territory, a 40-minute drive from the Nnamdi Azikiwe International Airport, Abuja. It is a 670-room, 5-star hotel that provides luxury accommodation, exotic cuisine, fully equipped meeting rooms and leisure facilities to business travellers and tourists from all over the world. The hotel offers the benefit of the international-standard guest reward programme, Hilton Honours, which awards points and miles to members who stay at any of the Hilton Group's 3,700 hotels world-wide, and airline miles in partnership with over 50 airlines. Under Transcorp's effective leadership, the Transcorp Hilton Abuja was named the best Hilton Hotel in Africa, Middle East and Asia for the year 2010. The hotel was also named the winner of Hilton Worldwide Prize for 2012 GC&E (Group Conference and Events) Sales Team of the year for the Middle East and Africa regions. In 2013, Transcorp Hotels won the prestigious World Travels Award as Nigeria's Leading Hotel. In 2014, the hotel repeated this feat by again winning the award of Nigeria's Leading Hotel and additionally, Nigeria's Leading Meetings, Incentives, Conventions and Exhibitions ("MICE") Hotel 2014, both awarded by the World Travel Awards (known as the "Oscars" of Travel Awards).

Transcorp Hotels Calabar

The 132-room Transcorp Hotels, Calabar is a premier hotel destination in Calabar, Cross Rivers State which is fast becoming a destination stop for vacations and conferences in Nigeria. The hotel is located in the heart of Calabar and is a well-known landmark for both locals and visitors. It is the perfect meeting ground for business and pleasure. Transcorp Hotels, Calabar, also provides outstanding conferencing facilities: fine dining, 24-hour room service, a fitness centre, complimentary airport pick up, complimentary Wi-Fi connection in all guest rooms and guest discounts with local merchants. Transcorp continues to develop strategies in the medium and long term that will consistently position the hotel as a key player in the hospitality industry.

Transcorp Hotels Ikoyi Limited

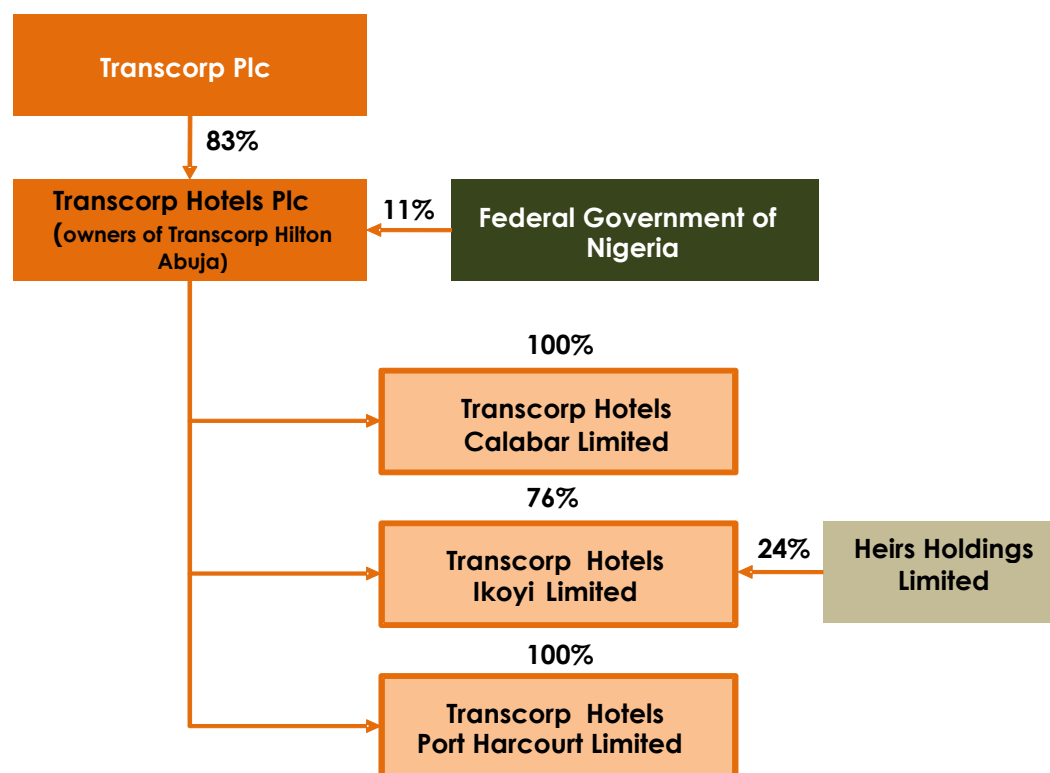
Building on its successful years of partnership, Transcorp has executed a Management Agreement with the Hilton Worldwide for the development of a 300-room five-star Transcorp Hilton in Ikoyi, Lagos. The proposed Transcorp Hilton Lagos will be the Hilton Group's second hotel in Nigeria by Transcorp, following the award-winning Transcorp Hilton Abuja, which is one of the leaders in Hilton's global network.

Transcorp Hotels Port Harcourt Limited

Transcorp Hotels Plc has signed an agreement with Hilton Worldwide, to develop a 250 guestroom Hilton Hotels & Resorts-branded property in Nigeria's garden city, Port Harcourt. The proposed Transcorp Hilton Port Harcourt will be situated at Evo Road in the city and will be a full-service, upscale hotel featuring almost 1,400sqm of state-of-the art conference facilities and meeting rooms, alongside stylish and creative leisure facilities including six restaurants and bars, a gym, spa, pools, and tennis and squash courts, all targeting Nigeria's burgeoning middle class.

Transcorp's Structure

Transcorp Plc holds an 83% ownership interest in the Company – based on the Company's current issued share capital of ₦7,600,403,900 as at the date of Prospectus – through a wholly owned entity named Capital Leisure and Hospitality Limited. The Federal Government of Nigeria owns 11% while the remaining 6% is owned by other investors. The vision of Transcorp Hotels is to be a leading hospitality company in Nigeria and across Africa creating maximum and sustainable value for its stakeholders.



This document is important and you are advised to carefully read and understand its contents. If you are in any doubt about its contents or the action to take, kindly consult your Stockbroker, Accountant, Banker, Solicitor or any other professional adviser for guidance immediately. For information concerning certain Risk Factors which should be considered by prospective investors please refer to section on "Risk Factors" commencing on Pages 31 to 34 of the Shelf Prospectus.

THE ISSUE

This Prospectus is a supplement to the Shelf Prospectus dated 26th October, 2015 issued by the Company in respect of its ₦30,000,000,000 Medium Term Bond Programme and it should be read in conjunction with the Shelf Prospectus.

A decision to invest in the Series 2 Bonds should be based on consideration by the prospective investor, of this Prospectus and the Shelf Prospectus in addition to any documents incorporated by reference therein as a whole.

Save as disclosed in this Prospectus, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Shelf Prospectus since the publication of the Shelf Prospectus.

LEAD ISSUING HOUSE



RC199528

JOINT ISSUING HOUSES



RC444999



Capital

RC1031358

on behalf of

transcorp Hotels

TRANSCORP HOTELS PLC

RC 248514

Offer for Subscription

and is authorised to receive applications for

₦9,758,000,000

5-YEAR 15.50%

FIXED RATE UNSECURED BONDS DUE

4th DECEMBER 2020

Issued At Par

BEING SERIES 2 ISSUED UNDER THE

₦30 BILLION NAIRA MEDIUM TERM BOND PROGRAMME

The Application List opened on 9th November, 2015 and closed on 20th November, 2015

TERMS AND CONDITIONS OF THE BONDS

The offering of up to ₦9,758,000,000 in Aggregate Amount of 15.50% Fixed Rate Unsecured Bonds due 2020 (the "Series 2 Bonds") of Transcorp Hotels Plc (the "Issuer") are constituted by a Series 2 Trust Deed dated the 4th day of December 2015 (such Deed as amended and/or supplemented and/or restated from time to time, the "Series 2 Trust Deed") made between the Issuer and United Capital Trustees Limited (the "Trustee" which expression shall include their successors-in-title and assigns) as Trustee for the holders of the Series 2 Bonds (the "Series 2 Bondholders" as more particularly defined in the Series 2 Trust Deed).

The statements in these Terms and Conditions include summaries of, and are also subject to, the detailed provisions of and definitions in the Series 2 Trust Deed and the Programme Trust Deed dated the 26th day of October 2015 (the "Programme Trust Deed"). The Series 2 Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the Series 2 Trust Deed.

1. Definitions

The definitions in Clause 1 (Definitions and Interpretation) of the Series 2 Trust Deed and any defined terms therein are incorporated hereto and references in these Conditions to "Note" are to the Series 2 Bonds represented by this Certificate.

2. Form, Currency and Denomination

2.1. The Series 2 Bonds are issued in registered form, serially numbered and denominated in a minimum amount of ₦1,000. The minimum initial subscription amount shall be ₦10,000,000 and multiples of ₦1,000,000 thereafter. The Issuer, the Trustee and the Registrar (except as otherwise required by law) shall deem and treat the registered Holder of the Bonds (or his legal representative) as the legal and beneficial owner thereof for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate (if any) is issued in respect of it) and no person will be liable for so treating such Holder. In these Conditions, **Bondholder** or **Holder** means the person in whose name the Bonds is registered in the register of Bondholders.

2.2. The Series 2 Bonds may at the option of the Trustee and the Issuer be issued in certificated form whereupon a Series 2 Bond certificate ("Certificate") will be issued to Holders in respect of their registered holding of Series 2 Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Holders of Series 2 Bonds (the "Register") which the Issuer will procure to be kept by the Registrar. The Series 2 Bonds may also at the option of the Trustee and the Issuer be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSCS.

3. Status of the Series 2 Bonds

The Series 2 Bonds are direct, unconditional, senior and unsecured obligations of the Issuer. The Series 2 Bonds will however rank pari passu without any preference among themselves and at least pari passu with the other senior unsecured obligations, save for such obligations as are mandatorily preferred by law applying to companies generally.

4. Payments

The manner of payment of redemption of the Series 2 Bonds shall be as is set out below.

Date of Repayment

- 4.1. There shall be a moratorium of Scheduled Principal for the first one (1) year. During the first one (1) year, the Series 2 Bonds shall only pay Coupon semi-annually in arrears. After this initial one (1) year period, the Bonds shall pay the Scheduled Principal and Coupon till maturity in 2020 in accordance with the provisions of Condition 4.3 or on the declaration and subsistence of an Event of Default, on such earlier date as the Trustee declare the Series 2 Bonds to have become immediately payable.
- 4.2. The principal amount due on the Series 2 Bonds shall be repaid in such instalments as specified in the Third Schedule to this Series 2 Trust Deed (Repayment Schedule) until the Series 2 Bonds are repaid in full on the Maturity Date.
- 4.3. Coupon on the Series 2 Bonds shall accrue from Issue Date on the principal amount of the Series 2 Bonds at the fixed rate of 15.50 % *per annum (to be established via bookbuilding)* payable semi - annually in arrears on 4th June and 4th December of each year (each a Coupon Payment Date) until the Bonds have been fully redeemed by the Issuer in accordance with the terms of the Series 2 Trust Deed. The First Payment will be made on 4th Decmeber, 2015
- 4.4. The Issuer shall ensure that the Coupon is payable to the Bondholders on each Coupon Payment Date. The Coupon shall be payable in the official currency of the Federal Republic of Nigeria.

Payments in respect of the Series 2 Bonds

- 4.5. Payment of Principal and Coupon will be made by transfer to the designated bank account of the Series 2 Bondholders or by a certified cheque mailed to the registered address of the Series 2 Bondholders if it does not provide a designated bank account. Provided that where the payment due to such Series 2 Bondholder who has not provided a designated bank account exceeds the sum of ₦10,000,000 (Ten Million Naira), such payment shall be made by separate cheques with the value of each cheque not exceeding the sum of ₦10,000,000 (Ten Million Naira).
- 4.6. Payments of principal and payments of interest due otherwise than on a Coupon Payment Date will, in the case of Series 2 Bonds in certificated form, be made against presentation and, in the case of redemption in whole but not in part of the Series 2 Bonds represented thereby, surrender of the relevant Certificate at the specified office of the Registrar. Payments of principal and payments of interest due otherwise than on an Coupon Payment Date will, in the case of Series 2 Bonds in book-entry form held through the CSCS, be made on presentation of letter of confirmation or certificate issued on behalf of CSCS or any form of record made by the Issuer, the Trustees or the Registrar evidencing the Bonds held by such Series 2 Bondholder. Interest on Series 2 Bonds due on a Coupon Payment Date will be paid to the Holder shown on the Register of Series 2 Bondholders at the close of business on the date (the Record Date) being the fifteenth (15th) day before the relevant Coupon Payment Date.

- 4.7. For the purposes of this Condition, a Series 2 Bondholder's Designated Bank Account means the bank account maintained by or on behalf of the said Holder with a bank duly licensed by the CBN.

Also in the case of transfer to a bank account held by a Series 2 Bondholder resident outside Nigeria who complies with applicable regulations on remitting money outside Nigeria; the applicable licensing authority where such bank account is maintained, advises in writing to the Registrar before the close of business of principal and interest due otherwise than on a Coupon Payment Date or on the second Business Day. A Series 2 Bondholder's registered address means its address appearing on the Register of Series 2 Bondholders on that date.

4.8. Payments subject to Applicable Laws

Payments in respect of principal and interest on Series 2 Bonds are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment. If a tax deduction is required by law to be made by the Issuer, the amount of the Coupon payment on the Series 2 Bonds due from the Issuer will be increased to an amount which (after making the tax deduction) leaves an amount equal to the Coupon payment which would have been due if no tax deduction had been required.

4.9. No commissions

No commissions or expenses shall be charged to the Bondholders in respect of any payments made in accordance with this Condition.

4.10. Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below) for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Coupon Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of the Registrar.

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day or if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this sub-clause arrives after the due date for payment.

In this Condition, **Business Day** means a day (other than a Saturday, Sunday or public holiday declared by the Federal Government of Nigeria ("FGN")) on which banks are open for business in Lagos, Nigeria and, in the case of presentation of a Certificate, in the place in which such Certificate is presented.

5. Redemption*5.1 Redemption*

The principal amount of Series 2 Bonds outstanding shall be redeemed at par together with interest accrued and unpaid thereon, its Final Redemption Amount (which, unless otherwise provided, is its Principal Amount Outstanding) in accordance with the Third Schedule (Schedule of Payment in the Series 2 Trust Deed) or on such earlier date as the Trustee in accordance with Condition 9.2 of the Terms and Conditions of the Programme Trust Deed declare the Series 2 Bonds to have become immediately redeemable.

5.2 Purchase

The Issuer may at any time and from time to time purchase (at the market price or at a premium to the par value of the Notes or as may be otherwise agreed in writing with the Trustees) Series 2 Bonds through the market or by tender, but not otherwise.

5.3 Cancellation

All the Series 2 Bonds which are redeemed in accordance with the provisions of this Conditions will be cancelled and may not be reissued or resold. For so long as the Series 2 Bond is admitted to listing and/or trading on the Exchange and the rules of such exchange so require, the Registrar shall promptly inform the Exchange of the cancellation of any Series 2 Bonds under this Condition.

6. Taxation

The tax consequences of investment in the Series 2 Bonds issued pursuant to the Series 2 Trust Deed are broadly summarised below. The summary is not intended to be, and should not be construed to be tax advice to any particular investor. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Series 2 Bonds in view of his/her own circumstances.

By virtue of the provisions of Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order, 2011 and the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 respectively, corporate bonds are exempted from the imposition of Value Added Tax and taxes imposed under the Companies Income Tax Act respectively, for a period of 10 years from the date the orders became effective (being January 2, 2012). Furthermore, by virtue of the Personal Income Tax (Amendment) Act 2011, corporate bonds are also exempt from personal income tax. Therefore all amounts payable under the Series 2 Bonds will be paid without deduction or withholding for or on account of any income tax. Thus, the Issuer will not be required by law to withhold tax on Coupon payments to the Series 2 Bondholders.

In addition, the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014 exempts the imposition of value added tax on commissions payable to the SEC, the NSE and the CSCS in connection with the Programme.

7. Designated Account

- 7.1. The Issuer shall no later than the Closing Date of this Series, open an account the "Designated Account", in favour of the Trustees titled "United Capital Trustees /Transcorp Hotels Plc Bond Account (Series 2)" with the Payment Bank into which the Issuer shall at least Three (3) Business Days before each Payment Date pay all monies due under the Series 2 Bonds at the relevant time to the relevant Series 2 Bondholders.
- 7.2. If at any time prior to the Redemption Date, the Issuer pays back the Series 2 Bonds under the provisions of Condition 4 hereof, the Trustee shall remit to the Issuer such sums remaining in the Designated Account.

8. Certificates

- 8.1. If applicable, the Issuer shall issue individual Certificates to Bondholders who request them in accordance with the provisions thereof. Bondholders who require that their bond certificates be dematerialized should provide their CSCS accounts numbers for such to take effect.
- 8.2. Each Bond shall have an identifying serial number which shall be entered in the Register.
- 8.3. Certificates shall be in registered form and shall be issued in the form or substantially in the form set out in the First Schedule to the Series 2 Trust Deed and transferable in units of ₦10,000 and integral multiples of ₦1000 in excess thereof.
- 8.4. The Series 2 Bonds are transferable by execution of the form of transfer in the form or substantially in the form of the form of transfer endorsed on the Certificate (Form of Transfer) under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing. If the Series 2 Bonds are held in book-entry form, they are transferable by means of written instruction in the form acceptable to the [CSCS or Broker].
- 8.5. Series 2 Bonds are exchangeable and transferable only in accordance with, and subject to, the provisions hereof and the rules and operating procedures laid down by the Registrar. Series 2 Bonds to be transferred must be delivered for registration to the specified office of the Registrar with the Form of Transfer endorsed thereon duly completed and executed and must be accompanied by such documents, evidence and information as may be required pursuant to these Conditions and such other evidence as the Issuer may reasonably require to prove the title of the transferor or his right to transfer the Series 2 Bonds and, if the form of transfer is executed by some other person on his behalf or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so.
- 8.6. A holder of a Series 2 Bonds shall be entitled to receive one Certificate for the nominal value of the Series 2 Bonds held by him but joint holders of Series 2 Bonds shall be entitled to one Certificate only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Register in respect of such joint holding.
- 8.7. Where a holder of Series 2 Bonds has transferred only part of his holding there shall be delivered to him without charge a Certificate in respect of the balance of such holding.

8.8. Each new Certificate to be issued upon a transfer of the Series 2 Bonds will, within five (5) Business Days of receipt by the Registrar of the duly completed form of transfer, be mailed by registered post or licensed courier to the Holder entitled to the Series 2 Bonds to the address specified in the Form of Transfer. For the purposes of this Condition, Business Day shall mean a day on which banks are open for business in the city in which the specified office of the Registrar is located.

9. Register of Series 2 Bonds

A Register of the Series 2 Bonds will be kept at the office of the Registrar(s) for the time being of the Series 2 Bonds and there shall be entered in such Register:-

- (i) the names and addresses of the holders for the time being of the Series 2 Bond(s);
- (ii) the amount of the Series 2 Bonds held by every registered Series 2 Bondholder;
- (iii) the date at which the names of every registered Series 2 Bondholder is entered in respect of the Series 2 Bonds standing in his name;
- (iv) the serial number of each Certificate and date of issue thereof, and
- (v) the date on which such Series 2 Bonds was transferred in accordance with these Conditions and the provisions of the Deed and the names of subsequent transferees and in the case of Series 2 Bonds held in book-entry form, such information above to be obtained by the Registrar from the CSCS at least one (1) Business Day prior to each Record Date while the Series 2 Bonds are outstanding.

10. Change in Name and Address of Bondholders

Any change of name or address on the part of any Bondholder shall forthwith be notified to the Registrars and thereupon the Register shall be altered accordingly. The Trustees and the Bondholders and any person duly authorised by such persons shall be entitled at all reasonable times during office hours to inspect the Register and to make copies of or take extracts from the same.

11. Events of Default in respect of the Series 2 Bonds

11.1. An Event of Default shall occur in respect of the Series 2 Bonds:

- 11.1.1. if, otherwise than for the purposes of a reconstruction, amalgamation, reorganization, merger or consolidation, an order is made or a resolution is passed for the Winding-Up of the Issuer. If such an Event of Default occurs, the Trustee may, subject as provided below, at its discretion, give notice to the Issuer that the Series 2 Bonds are immediately repayable at their Final Redemption Amount, plus accrued interest without further action or formality;
- 11.1.2. if default is made in the payment of Scheduled Principal due, or Coupon, and which is due in respect of the Series 2 Bonds and such default continues for a period of five (5) days, the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings in the Federal Republic of Nigeria (but not elsewhere) for the winding-up of the Issuer, Provided however that the Issuer shall not be in default if during the five (5) days' grace period, it satisfies the Trustee that withheld amounts were not paid

- (i) in order to comply with any relevant fiscal law or any other law, regulation or order of any court of competent jurisdiction impacting on the fulfillment of the payment obligations of the Issuer; or
 - (ii) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given with respect to validity or applicability of such law, regulation or order at any time during the five (5) days' grace period by independent legal advisers, or
 - (iii) due to a Disruption Event provided that the Issuer shall show to the Trustees that it has taken all reasonable steps necessary to mitigate the effect of the Disruption Event; and
- 11.1.3. Breach of Other Obligations: the Issuer does not perform or comply with any one or more of its other obligations under the Series 2 Trust Deed, which default has not been remedied for a period of fifteen (15) days after the date on which written notice of such default requiring the Issuer to remedy the same shall have been given to the Issuer by the Trustees (except where such default is not, in the reasonable opinion of the Trustees after consultation with the Issuer, capable of being remedied, in which case, no such notice as is mentioned above will be required).

12. Remedies

- 12.1. Subject to Condition 11, if the Issuer fails to perform, observe or comply with any obligation, condition or provision relating to the Bonds binding on it under these Conditions (other than any obligation of the Issuer for the payment of any principal or interest in respect of the Bonds), if so resolved by an Extraordinary Resolution duly passed at a meeting of the Series 2 Bondholders held in accordance with the provisions of this Series 2 Trust Deed, any Series 2 Bondholder may subject as provided below, institute such proceedings against the Issuer in a representative capacity on behalf of himself and, (where authorized), other Bondholders holding not less than ten percent (10%) of the Principal Amount of the Bonds of such Series to enforce such obligation, condition or provision only if the Trustee having become bound so to proceed or being able to submit such a claim, fail to do so and notifies the Bondholders in writing of its refusal to do so; provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of such Series 2 Bonds sooner than the same would otherwise have been payable by it.
- 12.2. Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) other than those provided for in Condition 11, or Condition 12.1 above or submitting a claim in the liquidation, winding-up or bankruptcy of the Issuer will be available to the Series 2 Bondholders.
- 12.3. Claims against the Issuer for payment in respect of the Series 2 Bonds shall be prescribed and become void unless made within 6 (six) years from the date the cause of action arose in respect of the payment.

13. Waiver of Right of Set-Off

Subject to applicable law, no Holder of a Series 2 Bond may exercise, claim or plead any right of set-off, counter-claim or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Series 2 Bonds and each Series 2 Bondholder shall, by virtue of being the holder of any Series 2 Bonds, be deemed to have waived all such rights of such set-off, counterclaim or retention. Notwithstanding, the preceding sentence, if any of the rights and claims of any Series 2 Bondholders are discharged by set-off, such Series 2 Bondholder will immediately pay an amount equal to the amount of such discharge to the Issuer, or if applicable, the liquidator or trustee or receiver in insolvency of the Issuer as the case may be, and until such time as payment is made, will hold a sum equal to such amount in trust for the Issuer or, if applicable, the liquidator or trustee or receiver.

14. Rights against Predecessors-in-Title

Except as required by law, the Issuer will recognise the registered holder of any Series 2 Bonds as the absolute owner thereof and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Series 2 Bonds may be subject, and the receipt of such registered Series 2 Bondholders, or in the case of joint registered Series 2 Bondholders the receipt of any of them, of the interest from time to time accruing due for any other monies available in respect thereof shall be a good discharge to the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, interest or claim of any other person to or in such Series 2 Bond interest or monies. No notice of any trust express or constructive shall be entered on the Register in respect of any Notice.

15. Exclusion of Equities

Every Series 2 Bondholder will be recognised by the Issuer as entitled to his Series 2 Bonds free from any equity, set-off or cross-claim on the part of the Issuer against the original or any intermediate holder of the Series 2 Bonds.

16. Formalities free of charge

Registration of transfer of Series 2 Bonds will be effected without charge by the Registrar on behalf of the Issuer but upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

17. Refusal to register transfers

17.1. Subject to the provisions of the Series 2 Trust Deed and rules and regulations of the SEC, the Registrar may refuse to register any transfer of Series 2 Bonds where applicable legislation permits or requires the Issuer to do so.

17.2. Where registration of a transfer of Series 2 Bonds is refused under Condition 17.1, the Registrar shall give written notice of the refusal and the precise reasons for the refusal to the party lodging the transfer, if any, within five (5) Business Days after the date on which the transfer was lodged. The failure to give such a notice will not invalidate the decision not to register.

18. Retention of Transfer Forms

All Forms of Transfer which shall be registered will be retained by the Registrars as agent of the Trustees, until all the units of each of the outstanding Series 2 Bonds shall have been redeemed and de-listed.

19. Powers of Attorney

Any power of attorney granted by a Series 2 Bondholder empowering the donee to deal with, or transfer the Series 2 Bonds, which is lodged, produced or exhibited to the Registrar will be deemed to continue and remain in full force and effect as between the Issuer, the Trustees, the Registrar and the grantor of that power, and may be acted on, until express notice in writing that it has been revoked or notice of the death of the grantor has been received by the Registrar.

20. Suspension of Registration

The registration of any transfer may be suspended at such times and for such period as the Issuer may determine, provided that such registration shall not be suspended for more than ten (10) Business Days in any one year.

21. Death of Series 2 Bondholder(s)

In case of the death of a registered Series 2 Bondholder, the survivors or survivor (where the deceased was a joint holder), and the executors or administrators, of the deceased (where he was a sole or only surviving holder), shall be the only persons recognised by the Issuer as having any title to such Series 2 Bonds.

22. Transmission

Any person becoming entitled to Series 2 Bonds in consequence of the death or bankruptcy of the holder of such Series 2 Bonds may upon producing such evidence that he holds the position in respect of which he proposes to act under this Condition or of his title as the Issuer shall require be registered himself as the holder of such Series 2 Bonds or, subject to the preceding Conditions as to transfer, may transfer such Series 2 Bonds. The Issuer shall be at liberty to retain any amount payable upon the Series 2 Bonds to which any person is so entitled until such person shall be registered as aforesaid or shall duly transfer the Series 2 Bonds.

23. Payment of Interest, etc.

23.1. Any principal, interest or other monies payable on or in respect of any Series 2 Bonds may be paid up by the Registrar by electronic transfer through a Bank, or by cheque or warrant sent through recorded delivery post to the registered address of the holder or person entitled thereto, or in the case of joint holders to the registered address of one of the joint holders who is first named on the Register in respect of such Series 2 Bonds, or to such person and to such address as the holder or holders may in writing direct.

23.2. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such other person or persons as the holder or in the case of joint holders all such joint holders may in writing direct and payment of the cheque or warrant shall be a satisfaction of the monies represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the monies represented thereby.

24. Receipt of Joint Holders

If several persons are entered in the Register as joint holders of any Series 2 Bonds then without prejudice to the last preceding condition the receipt by any one of such persons of any interest or other monies payable on or in respect of the Series 2 Bonds shall be as effective a discharge to the Issuer as if the person signing such receipt were the sole registered holder of those Series 2 Bonds.

25. Replacement of Certificate

If any Certificate issued pursuant to these Conditions be defaced, lost or destroyed, it may be replaced upon such terms as to evidence and indemnity as the Issuer and Trustee may deem adequate and, in the case of defacement, on delivery of the old Certificate to the Registrar. The old Certificate shall be cancelled together with the entry in the Register relating to such Certificate and an entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register.

26. Notices

26.1. Any notice may be given by the Issuer or by the Trustee to any Series 2 Bondholder by licensed courier or by sending same through the post in a prepaid letter addressed to such Series 2 Bondholder at the address appearing on the Register of Series 2 Bondholders, and when deemed expedient so to do any such notice may be communicated to any Series 2 Bondholder by advertisement in two widely circulated national newspapers.

26.2. Any notice, or other communication may be given to the Trustees hereunder by sending same by hand or through the post in a prepaid letter addressed to the Trustees at any of their offices in Nigeria.

26.3. Any notice, or other communication may be given to the Issuer by sending same by hand or through the post in a prepaid letter addressed to the Issuer at any of its registered office(s) in Nigeria.

27. Governing Law

The Series 2 Bonds are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria.

USE OF PROCEEDS

The net proceeds after the deduction of the costs and expenses of the Issue, which are estimated at ₦238.22 billion representing 2.44% of the gross Issue proceeds be utilized as follows:

Purpose	Amount (₦)	% of Net proceeds	Estimated completion period
Upgrade and refurbishment of Transcorp hotels Abuja	7,615,820,590	78.05%	April 2017
Construction of Multipurpose Banquet Hall in Transcorp Hotels Abuja	1,903,955,147	19.51%	December 2017
Cost of Issue	238,224,263	2.44%	To be paid immediately after close of Offer
Total	9,758,000,000	100%	

A brief description of the projects are shown below:

Upgrade and Renovation of Transcorp Hotels Abuja

- Key areas to be upgraded include;
 - Guestrooms & Corridors
 - Kitchen & Laundry
 - Elevators
 - Cooling tower
 - Refurbishment of Generators
 - Creation of VVIP parking lot
 - Enhanced second gate for improved traffic flow
 - External roads and Landscaping
- The upgrade will also include the creation of additional facilities to enhance revenues, such as;
 - Internationally branded night club (Mahiki, currently operating in London, Miami and Dubai)
 - Conversion of oriental restaurants into a business club
 - Asian restaurant
 - Gallery Strip
 - Spa
 - Paid parking

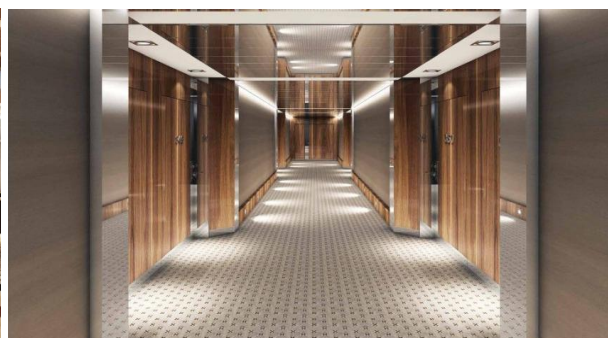
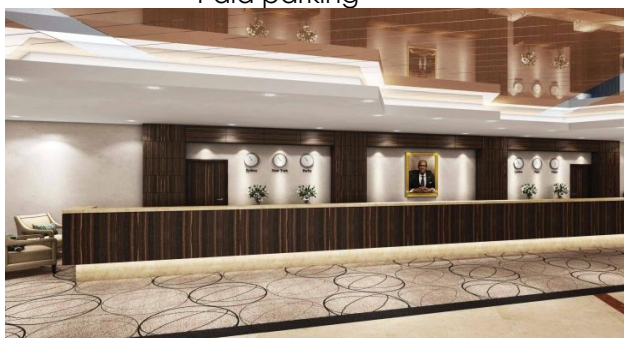


Figure: 3-D image of upgrade design of Transcorp Hotels Abuja



Construction of Multipurpose Banquet Centre

The Multipurpose Banquet Hall ("MBC") will have the below features:

- 5000 capacity Multipurpose Banquet Centre
- State-of-the-art audiovisual and public address systems
- Design is currently at the end of Concept stage, going into Schematic.



Figure: 3-D image of Multi purpose Banquet Centre

Transcorp Hotels Plc

Nigeria Corporate and Bond Analysis

August 2015

Rating class	Rating scale	Rating	Rating outlook	Expiry date
Long term	National	A _(NG)		
Short term	National	A2 _(NG)		
Series 1: N10bn Fixed Rate Bond	National	A _(NG)	Stable	August 2016
Series 2: N10bn Fixed Rate Bond	National	A _(NG)		

Financial data:

(USD'm comparative)

	31/12/13	31/12/14
NUSD (avg.)	159.3	165.1
NUSD (close)	161.1	162.6
Total assets	400.6	370.2
Total debt	0.0	0.0
Total capital	257.4	272.3
Cash and equiv.	53.6	14.7
Turnover	96.4	91.5
EBITDA	43.8	31.2
NPAT	27.7	19.5
Op. cash flow	51.2	(44.8)

Market cap* USD301.4m

* As at 21/08/2015 @ N198.07/USD

Key Transaction Counterparties

Issuer: Transcorp Hotels Plc ("Transcorp Hotels", "THP", or "the Company" or "the Group")
Auditors: PricewaterhouseCoopers

Lead Issuing House: FSDH Merchant Bank Limited

Joint Issuing Houses: Stanbic IBTC Capital Limited and United Capital

Reporting Accountants: Ernst & Young

Trustee: United Capital Trustees Limited

Solicitors to the Trustee: Alliance Law Firm

Solicitors to the Issue: G. Elias & Co

Receiving Bank: UBA Plc

Summary of Transaction:

Asset class	Senior unsecured
Programme size	N30bn
Series 1 Bond	N10bn
Tenor	7 years
Legal maturity Date	2022
Series 2 Bond	N10bn
Tenor	5 years
Legal maturity Date	2020
Principal moratorium	1 year on both Series 1 Bond and Series 2 Bond

Related methodologies/research:

[Criteria for rating Corporate entities, updated February 2015](#)

[Glossary of terms/ratios, February 2015](#)

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Summary rating rationale

- Transcorp Hotels is a leading player in the upscale segment of the Nigerian hospitality industry, underpinned by its partnership with Hilton, industry experience, a highly visible brand, and synergies that have supported operations. The planned hotel refurbishment, business diversification and expansion to other key markets (Lagos and Port Harcourt) should see earnings improve significantly over the long term.
- Security challenges in the Company's main market (Abuja) and other incidents have led to declining occupancies over the review period. Nevertheless, gross margins remained very robust, averaging 75% over the review period. However, increased administrative expenses have seen operating margins decline from a high of 41.3% in F10 to 28.1% at 1H F15 (F14: 27.3%). In view of the proposed hotel upgrade and renovation works, and resultant business interruption, budgets indicate sustained margin pressure over the medium term.
- THP reports robust operating cash flows and has maintained an ungeared balance sheet over the review period. Together with a short dated trade receivables book of sound quality and sizeable cash balances, these strong cash flows have underpinned strong liquidity.
- Supported by revaluation of assets to their fair value and the recent capital raising exercise, shareholders funds reached the N50bn level at FYE14. Total debt is budgeted to register at N20bn at FYE15, following the Series 1 Issue. Net gearing is anticipated to remain below 40% over the forecast period, peaking at 33% in both F17 and F18. Net debt to EBITDA is expected to peak at 189% in each of F16 and F17, and decline thereafter.
- Given the challenges/risks associated with expansion projects, earnings underperformance may ensue if the projects are not completed timeously. Cognisance is also taken of the Company's reliance on the Abuja hotel, which accounts for over 95% of earnings at present. Accordingly, delays in renovations/expansion or any other business interruption affecting this hotel could severely impact earnings.
- As the Bonds will be senior unsecured obligations of the issuer, and the bond programme features a negative pledge, the Series 1 and Series 2 bonds will bear the same rating as the Issuer, and any change in the rating assigned to the Issuer will directly affect the Bonds ratings.

Factors that could trigger a rating action may include

Positive change: Attainment of revenue forecasts, combined with effective cost management, would lead to improved earnings margins. Successful and timeous implementation of the hotel upgrade and the planned expansion into key business hubs should boost earnings over the longer term. Upward rating migration is only likely once the current capex programme is successfully bedded down.

Negative change: As evidenced in F12 and F14, the hotel business is susceptible to the vagaries of the operating environment. Coupled with infrastructural deficits and erratic power supply that have resulted in rising operating costs, increased competition or other exogenous factors may constrain demand or elevate pricing pressures. This could adversely affect earnings and thus credit risk metrics, placing downward pressure on the ratings.

Nigeria Corporate and Bond Analysis | Public Credit Rating

APPENDIX 1: PROCEDURE FOR APPLICATION AND ALLOTMENT

A. INVITATION FOR PARTICIPATION

1. Qualified Institutional Investors are hereby invited to apply for Units of the Bond through the Book Runners.

Lead Book Runner: FSDH Merchant Bank Limited

Co-Book Runners: United Capital Plc
Stanbic IBTC Capital Limited

2. Applications/Bids for the Bonds being offered must be made in accordance with the instructions set out in the Commitment Form. Care must be taken to follow these instructions, as applications that do not comply will be rejected.
3. The Book Building Period opened on 9th November, 2015 and closed on 20th November, 2015.
4. Applications/Orders must be for a minimum of 10,000 Units and in multiples of 1,000 thereafter. The Participation Amount(s) and the Bid Coupon Rate must be entered on the Commitment Form.
5. The completion of a Commitment Form is a confirmation that each Participant is in agreement that the Order is irrevocable and creates a binding obligation on the Participant which, to the fullest extent of the law, shall not be capable of recession or termination by any Participant. Applicants should make only one application, whether in his name or in the name of a nominee. Multiple or suspected multiple applications will be rejected.
6. Participants may order Bonds at any coupon rate within the Coupon Band subject to the Minimum Participation Amount and the terms and conditions stated on the Commitment Form.
7. A single applicant should sign the declaration and write his/her full name, address, daytime telephone number and occupation on the Commitment Form. Joint applicants must all sign the Commitment Form. A corporate applicant should affix its seal in the box and state its Incorporation (RC) Number or in the case of a corporate foreign subscriber its appropriate identification number in the jurisdiction in which it was constituted.
8. Upon the completion and submission of the Bid/Commitment Form, the Bidder/Participant is deemed to have authorised the Issuer and the Issuing Houses/Book Runners to effect the necessary changes in the Red Herring Prospectus as would be required for the purposes of filing the Final Prospectus with the SEC, without prior or subsequent notice of such changes to the Bidder. The Bid/Commitment Form shall be considered as the Application Form for the purposes of registration of the Final Prospectus with the SEC.
9. Bidders/Participants shall not be entitled to withdraw/modify Bids after the Bid/Issue Closing Date.
10. Bidders/Participants have the option to make a maximum of three (3) Orders on a Commitment Form. Such options shall not be considered multiple applications.
11. The Commitment Form presents the Bidder/Participant with the opportunity of indicating three (3) Bid Coupon Rates within the Coupon Band and Participation Amounts for each option. The Bid Coupon Rates and the Participation Amounts submitted by the Bidder/Participant in the Commitment Form will be regarded and treated as optional demands from the Bidder/Participant and will not be culminated.

12. Bidders/Participants must not submit another Commitment Form after the submission of a Commitment Form to a Book Runner or Stockbroker.
13. Commitment Form(s) to either the same Book Runner/Stockbroker will be treated as multiple Bids/Orders. Multiple or suspected multiple Bids/Applications will be rejected.
14. Following the determination of the Coupon Rate, the maximum Participation Amount specified by a Participant at or below the Clearing Price will be considered for allocations of Bonds and all other order(s), irrespective of the corresponding Bid Coupon Rate(s), will automatically become invalid.
15. The Issuer in consultation with the Book Runners reserves the right not to proceed with the Issue at any time including after the Bid/Issue Opening Date but before the Allotment Date without assigning any reason thereof.
16. Successful Participants must ensure that payment of the Participation Amount is received by 4th December, 2015 via electronic funds transfers, either through CBN Inter-Bank Funds Transfer System ("CIBFTS"), National Electronic Funds Transfer ("NEFT") or Real Time Gross Settlement ("RTGS") in the designated Issue Proceeds Account domiciled with the receiving banks.

B. PAYMENT INSTRUCTIONS

Successful participants should ensure that payment of the participation amounts is received within 24 hours of allotment, via the CBN Real Time Gross Settlement System ("RTGS") or the Nigerian Inter-bank System Electronic Funds Transfer ("NEFT") or into the following designated issue proceeds accounts domiciled with the Receiving Bank:

Bank	Account Name	Account No.	Sort Code
UBA Plc	Transcorp Hotels (Series 2) Issue Proceeds Account	1019282508	033082150

C. ALLOCATION/ALLOTMENT

1. On the Pricing Date, the Issuing Houses/Book Runners will analyse the demand of submitted bids and in consultation with the Issuer, the Coupon Rate will be determined and an allocation of Bonds made to each applicant whose bid is accepted. Allocation Confirmation Notices will be sent to successful participants.
2. The Directors of Transcorp Hotels and the Issuing Houses/Bookrunners reserve the right to accept or reject any application in whole or in part for having not complied with the terms and conditions of the Issue.
3. Allotment of the Bonds will be effected only upon clearance of the Final Prospectus by the Securities and Exchange Commission. Allotment will be effected in the following manner.

Allotment of Bonds in Electronic Form (e-Allotment)

Participants are mandatorily required to specify their CSCS investor account number and CSCS clearing house number ("CHN") in the spaces provided on the commitment form.

In addition to providing the above information:

- a) Participants who want their Bonds credited to a sub-account opened under a Primary Dealer should tick the applicable box and indicate the Primary Dealer's member code and name in the space provided on the Commitment Form.
- b) Participants who want their Bonds credited to a standalone account are only required to tick the applicable box in the commitment form.

Allotment of Bonds in Certificate Form

Bond certificates in respect of allotted Bonds will be dispatched by registered post to the specified addresses on the commitment form to the applicants who elect to receive the Bonds in physical form, not later than fifteen (15) Days from the allotment date.

Participants must ensure that the name specified in the commitment form is exactly the same as the name in which the CSCS account is held. In case the application is submitted in joint names, it should be ensured that the beneficiary CSCS account is also held in the same joint names and are in the same sequence in which they appear in the commitment form. Credit to the CSCS account of investors shall be done no later than 15 (fifteen) Days from the date of clearance of allotment by the SEC.

D. BANK ACCOUNT DETAILS

- i. Participants are required to indicate their bank account details in the space provided on the commitment form for the purposes of future payments of Coupon and the Principal Amount.
- ii. Participants are advised to ensure that bank account details stated on the commitment form are correct as these bank account details shall be used by the Registrar for all payments indicated in D(i) above in connection with the Bonds.
- iii. Failure to provide correct bank account details could result in delays in credit of such payments or the issuance of cheques/warrants which shall be sent by registered post to the specified addresses of the affected investors. The Issuer, the Issuing Houses, the Receiving Banks, the Trustees and the Registrar shall not have any responsibility nor will any of these specified parties undertake any liability for the same.

APPENDIX 2: APPLICATION FORM

Application List

Opening Date

9th November, 2015

Application List

Closing Date

20th November, 2015

transcorp Hotels

TRANSCORP HOTELS PLC

RC 248514

Offering By Way of Book Building of

**₦ 9,758,000,000 15.50% SERIES 2 FIXED RATE BONDS DUE 2020
UNDER A ₦30 BILLION DEBT ISSUANCE PROGRAMME**

LEAD ISSUING HOUSE



RC199528

JOINT ISSUING HOUSES



RC444999



RC1031358

Orders must be made in accordance with the instructions set out in this Prospectus. Care must be taken to follow these instructions as applications that do not comply may be rejected. If you are in any doubt, please consult your Stockbroker, Accountant, Banker, Solicitor or any professional adviser for guidance.

DECLARATION

- I/We confirm that I am/we are eligible to participate in this Issue in accordance with the applicable SEC Rules and Regulations.
- I/We confirm that I/we have read the Pricing Supplement dated 4th December, 2015 and that my/our order is made on the terms set out therein.
- I/We hereby irrevocably undertake and confirm that my/our order for Notes equivalent to participation amount set out below at the Interest Rate to be discovered through the book building process.
- I/We authorise you to enter my/our name on the register of holders as a holder(s) of the Notes that may be allotted to me/us and to register my/our address as given below.
- I/We authorise the Issuer to amend the Pricing Supplement as may be required for purposes of filing a final version with the SEC without recourse to me/us and I/we use this commitment form as the application for the purpose of the Note Issue.
- I/We note that the Issuer and the Issuing House/Bookrunner are entitled in their absolute discretion to accept or reject this order.
- I/We agree to accept the participation amount as may be allocated to me/us subject to the terms of the Pricing Supplement.

PLEASE COMPLETE ALL RELEVANT SECTIONS OF THIS FORM USING BLOCK LETTERS WHERE APPLICABLE

DATE (DD/MM/YYYY)										CONTROL NO. (FOR REGISTRARS' USE ONLY)									
		/								2	0	1	5						

PARTICIPANTS CAN INDICATE UP TO THREE (3) OPTIONAL BID MARGINS AND SPECIFY THE PARTICIPATION AMOUNT APPLICABLE TO EACH BID INTEREST RATE. THESE WILL BE TREATED AS OPTIONAL ORDERS AND **WILL NOT BE AGGREGATED**. PLEASE TICK () THE APPLICABLE BOX ON THE RIGHT.

<input type="checkbox"/>	PFA	<input type="checkbox"/>	Investment/Unit Trusts	<input type="checkbox"/>	Trustee/Custodian
<input type="checkbox"/>	Fund Managers	<input type="checkbox"/>	HNI	<input type="checkbox"/>	Stockbroker
<input type="checkbox"/>	Bank	<input type="checkbox"/>	Private Equity Fund	<input type="checkbox"/>	Others
<input type="checkbox"/>	Insurance Company	<input type="checkbox"/>	Staff Scheme	<input type="checkbox"/>	

PARTICIPANT DETAILS (INDIVIDUAL/CORPORATE/JOINT) (Please use one box for one alphabet leaving one box blank between first word and second)

ORDER 1

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

ORDER 2

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

ORDER 3

PARTICIPATION AMOUNT (MINIMUM AMOUNT OF ₦10 MILLION AND IN MULTIPLES OF ₦5 MILLION THEREAFTER)													BID COUPON RATE	
IN FIGURES	₦													
IN WORDS														

COMMITMENT FORM (REVERSE SIDE)

PARTICIPANT DETAILS (INDIVIDUAL/CORPORATE/JOINT) (PLEASE USE ONE BOX FOR ONE ALPHABET LEAVING ONE BOX BLANK BETWEEN FIRST WORD AND SECOND)

SURNAME/CORPORATE NAME																									
FIRST NAME (FOR INDIVIDUALS ONLY)													OTHER NAMES (FOR INDIVIDUALS ONLY)												
JOINT APPLICANT'S FIRST NAME (IF APPLICABLE)													OTHER NAMES (FOR JOINT APPLICANT ONLY)												
CONTACT PERSON (FOR CORPORATE APPLICANT)/ NEXT OF KIN (FOR INDIVIDUAL APPLICANT)																									
ADDRESS IN FULL (PLEASE DO NOT REPEAT APPLICANT(S)' NAME). POST BOX NO. ALONE IS NOT SUFFICIENT																									
TEL																									
CITY								STATE				EMAIL													

ALLOTMENT PREFERENCE:

Please tick in the box to indicate allotment preference-- CERTIFICATE / ELECTRONIC (BOOK ENTRY)

E-ALLOTMENT DETAILS (FOR BOOK-ENTRY ALLOTMENTS ONLY)

Please credit my/our CSCS Account as detailed below to the extent of the Bonds allotted:

PARTICIPANT'S CSCS ACCOUNT No:		CHN (CLEARING HOUSE NUMBER):	
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NAME OF STOCKBROKING FIRM:

BANK DETAILS (FOR E-PAYMENTS)

BANK NAME		BRANCH	
ACCOUNT No:		CITY/STATE	

SIGNATURES

SIGNATURES	2ND SIGNATURE (CORPORATE/JOINT)	OFFICIAL SEAL/RC. NO.
NAME OF AUTHORISED SIGNATORY <i>(Corporate only)</i>	NAME OF AUTHORISED SIGNATORY <i>(Corporate/Joint):</i>	
DESIGNATION <i>(Corporate only):</i>	DESIGNATION <i>(Corporate only):</i>	

STAMP OF RECEIVING AGENT

(ISSUER/ISSUING HOUSES/STOCKBROKERS TO THE ISSUE/ PLACEMENT AGENTS ONLY)