



## EMZOR PHARMA FUNDING SPV PLC

RC NUMBER:1715106 INCORPORATED AS A PUBLIC LIMITED LIABILITY COMPANY IN THE FEDERAL  
REPUBLIC OF NIGERIA

### **₦50,000,000,000 BOND ISSUANCE PROGRAMME SHELF PROSPECTUS**

Under this Bond Issuance Programme ("the Programme"), Emzor Pharma Funding SPV PLC ("Emzor SPV" or the "Issuer"), a special purpose vehicle sponsored by Emzor Pharmaceutical Industries Limited (the "Company" or the "Sponsor"), may from time to time issue bonds or any other type of debt securities, in separate series, in amounts, at prices, and on terms to be set out in any accompanying Pricing Supplement.

The maximum aggregate nominal amount of all Bonds or any other type of securities issued from time to time and outstanding under this Programme shall not exceed ₦50,000,000,000 (fifty billion Naira) over the three years (or such extended period that the Securities and Exchange Commission (the "SEC" or the "Commission") may approve) that this Shelf Prospectus, including any amendments thereto, remains valid for. This Shelf Prospectus is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any series of the Programme, together with the relevant Pricing Supplement.

This Shelf Prospectus has been seen and approved by the respective Boards of Emzor Pharmaceutical Industries Limited and Emzor Pharma Funding SPV PLC and they jointly and individually accept full responsibility for the accuracy of all information provided in the document.

*Investors may confirm the clearance of the prospectus and registration of the securities with the Securities and Exchange Commission by contacting the Commission on [sec@sec.gov.ng](mailto:sec@sec.gov.ng) or +234(0)94621100; +234(0)94621168*

**INVESTMENT IN THE BONDS IS STRICTLY FOR ELIGIBLE INSTITUTIONAL INVESTORS AND HIGH NETWORTH INVESTORS AS DEFINED IN THE RULES AND REGULATIONS OF THE SECURITIES & EXCHANGE COMMISSION 2013 (AS AMENDED).**

This Shelf Prospectus and the Bonds that it offers have been approved and registered by the Commission. It is a civil wrong and criminal offence under the Investments and Securities Act No. 29 of 2007 (the "Act" or "ISA") to issue a prospectus which contains false or misleading information. The clearance and registration of this Shelf Prospectus and the Bonds which it offers does not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact. Investors are advised to note that liability for false or misleading statements or acts made in connection with this Shelf Prospectus is provided in sections 85 and 86 of the ISA.

This Shelf Prospectus has been issued in compliance with the ISA, the Rules and Regulations of the Commission, the listing requirements of FMDQ Securities Exchange ("FMDQ") and The Nigerian Stock Exchange (the "NSE") and contains particulars which are compliant with the requirements of the Commission for the purpose of giving information with regard to the ₦50,000,000,000 (fifty billion Naira) Emzor Pharma Funding SPV PLC Bond Issuance Programme ("the Programme").

This Shelf Prospectus is to be read and construed in conjunction with any supplement thereto and all documents which are incorporated herein, by reference and, in relation to any Tranches (as defined herein) of Bonds (as hereinafter defined), together with the Applicable Pricing Supplement. This Shelf Prospectus shall be read and construed on the basis that such documents are incorporated herein and form part of this Shelf Prospectus.

The registration of this Shelf Prospectus and any Pricing Supplement thereafter does not in any way whatsoever suggest that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statement made or opinions or reports expressed therein. No Bonds or any other security will be allotted or issued on the basis of this Shelf Prospectus read together with a Pricing Supplement later than three (3) years (or such extended period that the Commission may approve) from the date of its issue or such other time frame prescribed by the Commission following its issue.

#### **LEAD ISSUING HOUSE**

**RENAISSANCE SECURITIES (NIGERIA) LIMITED**

RC: 685973

#### **JOINT ISSUING HOUSE**

**AFRINVEST (WEST AFRICA)  
LIMITED**

RC No. 261272

**THIS SHELF PROSPECTUS IS DATED 20 January 2021**

This Shelf Prospectus will be available on the following websites through the 3- year Validity Period  
[www.emzorpharma.com](http://www.emzorpharma.com); [www.sec.gov.ng](http://www.sec.gov.ng)

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## IMPORTANT NOTICE

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This Shelf Prospectus is made in accordance with the provisions of the Act, the Rules and Regulations of the Commission 2013 (as amended from time to time), the listing and quotation requirements of FMDQ and the NSE, and for the purpose of giving information with regard to the Issuer, the Company and the Bonds which, according to the particular nature of the Issuer and the Company, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Company.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Shelf Prospectus or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by Emzor SPV, the Company, or any of the parties to the Programme.

Neither this Shelf Prospectus nor any other information supplied in connection with the Programme: (a) is intended to provide the basis of any credit or other evaluation, or (b) should be considered as a recommendation by either the Issuer or the Company or any of the parties to the Programme that any recipient of this Shelf Prospectus or any other information supplied in connection with the Programme should purchase any Bonds. Each investor that intends to purchase any Bonds should make its own independent investigation and assessment regarding the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the Company. Neither this Shelf Prospectus nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of the Issuer, the Company or any of the parties to the Programme to any person to subscribe for or to purchase any Bonds.

### 1. Presentation of Information

The information set forth herein has been obtained from official sources that are believed to be reliable, but is not guaranteed as to its accuracy, reliability or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Shelf Prospectus nor any issue made hereunder or any future use of this Shelf Prospectus shall, under any circumstances, create any implication that there has been no change in the affairs of the Company and the Issuer since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus have been provided by the Issuer and the Company from their records, except for information expressly attributed to other sources. The presentation of certain information, including tables of receipts and other revenues, is intended to show recent historic financial information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Company. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

A wide variety of other information concerning the Company, including financial information, are available from the Company's website – [www.emzorpharma.com](http://www.emzorpharma.com) - and other authorised publicly available company publications.

### 2. Financial Information

Unless otherwise indicated, the financial information regarding the Sponsor indicated in this Shelf Prospectus has been derived from the Reporting Accountants' Report on the Company's audited financial statements for the years ended 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019. The Company's audited financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the CAMA (as defined below) and the Financial Reporting Council of Nigeria Act No. 6 of 2011, and are presented in Naira, the reporting currency of the Company.

### 3. Rounding

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

### 4. Forward-Looking Statements

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

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

Factors that could cause actual results to differ materially from the Company’s expectations are contained in cautionary statements in this Shelf Prospectus and include, among other things, the following:

- overall political, economic and business conditions in Nigeria;
- changes in government regulations;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- economic and political conditions in international markets, including governmental changes;
- pandemics or epidemics;
- the demand for the Company’s products and services;
- competitive factors in the industries in which the Company and its customers operate;
- interest rate fluctuations and other capital market conditions;
- exchange rate fluctuations; and
- the timing, impact and other uncertainties of future actions and other national emergencies.

The sections of this Shelf Prospectus entitled “**Risk Factors**”, “**Description of Emzor Pharmaceutical Industries Limited**” and “**Statutory and General Information**” contain a more detailed discussion of the factors that could affect the Company’s future performance and the industry in which it operates. Considering these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

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

## **ISSUE OF PRICING SUPPLEMENTS**

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Following the publication of this Shelf Prospectus, a Pricing Supplement would be prepared by the Issuer, Sponsor and Issuing Houses for the approval of the SEC in accordance with the SEC Rules and Regulations for each series of Bonds issued under the Programme.

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

Each of the Company and the Issuer declare, to the best of its knowledge and honest belief, that no material facts have been omitted from nor is there any material misstatement in this Shelf Prospectus, which would make any statement contained herein misleading or untrue. They shall, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Shelf Prospectus which is capable of affecting the assessment of the Bonds, prepare a Pricing Supplement to this Shelf Prospectus or publish a new Shelf Prospectus for use in connection with any subsequent issue of Bonds.

## GLOSSARY OF DEFINED TERMS

Except where expressed otherwise, the following definitions apply throughout this document.

<b>"Applicable Pricing Supplement" or "Pricing Supplement"</b>	The document(s) to be issued pursuant to this Shelf Prospectus, which shall provide final terms and conditions of a specific Series or Tranche of Bonds under the Programme.
<b>"Allotment Date"</b>	The Date on which the Bonds are allotted to investors following the approval of the allotment proposal by SEC.
<b>"Board" or "Directors"</b>	The Board of Directors of the Company or the Issuer in the context specified.
<b>"Bonds"</b>	Any securities, which include Bonds, promissory notes, certificates, debentures and other obligations authorised to be issued under the Programme by the Issuer in accordance with the terms of this Shelf Prospectus and any subsequent Pricing Supplement with the aggregate Principal Amount of ₦50,000,000,000 (fifty billion Naira).
<b>"Bondholder" or "Holder"</b>	In relation to any Tranche of the Bonds, the several persons for the time being, whose names are shown in the records of the CSCS and/or entered in the Register of Bondholders as holders of the Bonds and shall include the legal and personal representatives or successors of the Bondholders.
<b>"Business Day"</b>	Any day except Saturdays, Sundays and public holidays declared by the Federal Government on which commercial banks are open for business in Nigeria.
<b>"CAMA"</b>	The Companies and Allied Matters Act 2020.
<b>"CBN"</b>	The Central Bank of Nigeria.
<b>"CITA"</b>	The Companies Income Tax Act (Chapter C21) LFN 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007) and the Finance Act).
<b>"CITA Order"</b>	The Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011 made pursuant to the CITA.
<b>"Coupon"</b>	The interest paid on the Bonds periodically, expressed as a percentage of the face value.
<b>"Coupon Commencement Date"</b>	The Issue Date for any particular Series of Bonds, or such other date as may be specified in the Applicable Pricing Supplement, from which interest on the Bonds begins to accrue to Bondholders as specified in the applicable Pricing Supplement.
<b>"Coupon Payment Date"</b>	The date on which a coupon falls due for payment to the Bondholders, as specified in the Applicable Pricing Supplement.
<b>"Coupon Period"</b>	The period from (and including) a Coupon Payment Date (or the Coupon Commencement Date) to (but excluding) the next Coupon Payment Date.
<b>"Coupon Rate"</b>	The interest rate stated on Bonds when it is issued, expressed as a percentage of the Face Value of the Bond, as specified in the Applicable Pricing Supplement.
<b>"CSCS" or the "Clearing System"</b>	The Central Securities Clearing System PLC, or the central securities clearing system operated by the Central Securities Clearing System PLC.
<b>"DMO"</b>	Debt Management Office.
<b>"Face Value"</b>	The par value of a Bond.

## GLOSSARY OF DEFINED TERMS

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"Federal Government" or "FGN"	The Federal Government of Nigeria.
"Finance Act"	The Finance Act, 2019
"FIRS"	The Federal Inland Revenue Service.
"Fixed Rate Bonds"	The Bonds in respect of which Coupon is to be calculated and paid on a fixed rate basis.
"Floating Rate Bonds"	The Bonds in respect of which Coupon is to be calculated and paid on a floating rate basis as specified in the applicable Pricing Supplement.
"FMDQ"	FMDQ Securities Exchange Limited being a SEC licensed OTC market for securities exchange.
"GDP"	Gross Domestic Product.
"High Net Worth Investor"	As defined in SEC Rules and Regulations.
"IFRS"	The International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time).
"ISA or "the Act""	The Investments and Securities Act, No 29, 2007.
"Issuer" or "Emzor SPV"	Emzor Pharma Funding SPV PLC.
"Issue Date"	The date on which the relevant Series of the Bonds are issued, as specified in the Applicable Pricing Supplement.
"Issue Price"	The price of issue of the Bonds under the relevant Series as specified in the Applicable Pricing Supplement.
"Issuing Houses"	The Lead Issuing House and the Joint Issuing House.
"Joint Issuing House"	Afrinvest West Africa Limited.
"Lead Issuing House"	Renaissance Securities (Nigeria) Limited.
"LFN 2004"	The Laws of the Federation of Nigeria as compiled upon the authority of the Attorney General of the Federation in 2004.
"Maturity Date"	The final redemption date as specified in each Applicable Pricing Supplement on which the Redemption Amount is due to be paid.
"MLA"	Money Laundering (Prohibition) Act 2011.
"NAFDAC"	National Agency For Food and Drug Administration and Control.
"Naira", "NGN" or "₦"	The Naira, the lawful currency of Nigeria.
"NBS"	National Bureau of Statistics.
"Nigeria"	The Federal Republic of Nigeria and "Nigeria" shall be construed accordingly.
"Notes"	The Notes and any other debt security issued by the Sponsor to the Issuer in connection with the programme.
"OTC"	Over-the-counter.
"PFAs"	Pension Fund Administrators.

## GLOSSARY OF DEFINED TERMS

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<b>"PITA"</b>	The Personal Income Tax Act (Chapter P8) LFN 2004 (as amended by the Personal Income Tax (Amendment Act) 2011 and the Finance Act).
<b>"Professional Parties"</b>	The Professionals engaged by the Issuer to facilitate the registration and issuance of the Bonds.
<b>"Programme"</b>	The Bond Issuance Programme described in this Shelf Prospectus pursuant to which the Issuer may issue several separate Series or Tranches of Bonds from time to time with varying maturities and variable rates of interest, provided however that the aggregate value does not exceed ₦50,000,000,000 (fifty billion Naira).
<b>"Programme Trust Deed"</b>	The deed entered into by the Sponsor, the Issuer and the Trustee dated on or about the date of this Shelf Prospectus which sets out the rights, duties and obligations of the Sponsor, Issuer, and the Trustee in respect of the Transaction.
<b>"Principal Amount"</b>	The nominal amount of each debt security, as specified in the Applicable Pricing Supplement.
<b>"Qualified Institutional Investor"</b>	A purchaser of securities that is financially sophisticated. These include Banks, Fund Managers, PFAs, 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, Stock Broking Firms and any other category as the Commission may determine as stipulated by Rule 321 of the SEC Rules and Regulations.
<b>"Rating Agency"</b>	Global Credit Ratings Co (GCR) Limited.
<b>"Redemption Amount"</b>	The aggregate principal amount outstanding in respect of the Bonds on the Maturity Date.
<b>"Register"</b>	The register kept at the specified office of the Registrar into which shall be entered the names and addresses of each Bondholder and the particulars, transfers and redemption of the Bonds held by each Bondholder.
<b>"Registrar"</b>	Africa Prudential Plc
<b>"Related Party"</b>	Any corporate entity, which is the Company's subsidiary or holding company or a subsidiary of the holding company.
<b>"SEC Rules and Regulations" or "SEC Rules"</b>	The Rules and Regulations of the SEC 2013 (or as amended from time to time), issued by the SEC pursuant to the ISA.
<b>"SEC" or the "Commission"</b>	The Nigerian Securities and Exchange Commission.
<b>"Series"</b>	A Tranche of Bonds together with any further Tranche or Tranches of Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects except for their respective Issue Dates and/or Issue Prices.
<b>"Settlement Date"</b>	The date by which the Bondholder must pay for the Bonds delivered by the Issuer and shall be the same date as the Allotment Date.
<b>"Shelf Prospectus"</b>	The document issued in accordance with the Rules and Regulations of the Commission, which details the aggregate size and broad terms and conditions of the Programme.
<b>"Sponsor"</b>	Emzor Pharmaceutical Industries Limited.



## GLOSSARY OF DEFINED TERMS

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<b>"Supplemental Trust Deed" or "Series Trust Deed"</b>	A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Sponsor, the Issuer and the Trustee in relation to a particular Series or Tranche of Bonds.
<b>"Terms and Conditions"</b>	The terms and conditions of the Bonds as set out in this Shelf Prospectus and the Programme and Series Trust Deeds.
<b>"The NSE" or "The Exchange or NSE"</b>	The Nigerian Stock Exchange.
<b>"Tranche"</b>	In relation to any particular Series, all Bonds which are identical in all respects (including as to listing) (save for Issue Price and Maturity Date).
<b>"Trustee"</b>	Stanbic IBTC Trustees Limited.
<b>"Trustees Act"</b>	Trustee Investments Act (Chapter T22) LFN 2004.
<b>"Trust Deeds"</b>	Programme Trust Deed and the Series Trust Deed(s)
<b>"Validity period"</b>	A period not exceeding three (3) years (or such extended period as approved by the Commission) from the date of issue of this Shelf Prospectus unless otherwise renewed by the Commission.
<b>"VAT"</b>	Value Added Tax as provided for under the VAT Act.
<b>"VAT Act"</b>	The Value Added Tax Act (Chapter V1) LFN Laws of the Federation of Nigeria 2004 (as amended by the Value Added Tax (Amendment) Act No 12 of 2007) and the Finance Act 2019.)
<b>"VAT Order"</b>	The Value Added Tax (Exemption of the proceeds of the disposal of Government and corporate securities) Order 2011.

## PARTIES TO THE PROGRAMME

Issuer	
<b>Emzor Pharma Funding SPV PLC</b> ED Building (2 <sup>nd</sup> Floor) 47 Marina Lagos	
Board of Directors & Company Secretary of the Issuer	
<b>Dr. Stella C. Okoli</b> ED Building (2 <sup>nd</sup> Floor) 47 Marina Lagos	<b>Mrs. Uzoma G. Ezeoke</b> ED Building (2 <sup>nd</sup> Floor) 47 Marina Lagos
<b>Templars</b> (Company Secretary) 5 <sup>th</sup> Floor, The Octagon 13A A.J Marinho Drive Victoria Island, Lagos	
Sponsor	
<b>EMZOR PHARMACEUTICAL INDUSTRIES LIMITED</b> Plot 3C, Block A, Aswani Market Road Oshodi/Osolo Express way, Lagos	
Board of Directors of the Sponsor	
<b>Mr. Emeka C. Okoli</b> Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos	<b>Dr. Stella C. Okoli</b> Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos
<b>Mrs. Uzoma G. Ezeoke</b> Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos	<b>Mr Ehimare Eric Idiahi</b> Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos
<b>Mr. Shivakumar Subramani</b> Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos	<b>Dr. Shamsuddeen Usman</b> Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos
<b>Mr. Gabriel Keita</b> Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos	
<b>Abdulai Taiwo &amp; Co</b> (Company Secretary) Goodwill House, 278 Ikorodu Road, Lagos	
PROFESSIONAL PARTIES	
Lead Issuing House	
<b>Renaissance Securities (Nigeria) Limited</b> The Wings Office Complex, 6 <sup>th</sup> Floor, East Tower, 17A Ozumba Mbadiwe Road Victoria Island, Lagos, Nigeria	
Joint Issuing House	
<b>Afrinvest (West Africa) Limited</b> 27 Gerrard Road, Ikoyi, Lagos	

<b>Trustee</b>
<b>Stanbic IBTC Trustees Limited</b> The Wealth House Plot 1678 Olakunle Bakare Close, Off Sanusi Fafunwa Street, Victoria Island, Lagos  <b>Advised by:</b> <b>Udo Udoma &amp; Belo-Osagie</b> <i>St Nicholas House (10<sup>th</sup>, 12<sup>th</sup> &amp; 13<sup>th</sup> Floors)</i> <i>Catholic Mission Street</i> <i>Lagos Island, Lagos</i>
<b>Solicitors to the Transaction</b>
<b>Banwo &amp; Ighodalo</b> 48 Awolowo Road Ikoyi, Lagos
<b>Solicitors to the Issuer</b>
<b>Templars</b> 5 <sup>th</sup> Floor, The Octagon 13A A.J Marinho Drive Victoria Island, Lagos
<b>Reporting Accountants</b>
<b>KPMG Professional Services</b> KPMG Tower Bishop Aboyade Cole Street, Victoria Island Lagos, Nigeria
<b>Rating Agency</b>
<b>Global Credit Rating Co. (GCR) Limited</b> New Africa House (17 <sup>th</sup> House) 31 Marina Lagos
<b>Registrars</b>
<b>Africa Prudential Plc</b> 220B, Ikorodu Road Palmgrove Lagos
<b>Receiving Bank</b>
<b>Nova Merchant Bank</b> 23 Kofo Abayomi Street, Victoria-Island, Lagos
<b>Auditor</b>
<b>Ernst &amp; Young</b> 10 <sup>th</sup> Floor, UBA House 57 Marina Lagos, Nigeria

<b>Sponsor's Audit Committee</b>	
<b>Dr Shamsuddeen Usman – Chairman (Non-Executive Member)</b>	Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos
<b>Mr Gabriel Keita – Non-Executive Member</b>	Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos
<b>Mr Ehimare Eric Idiahi – Non-Executive Member</b>	Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos
<b>Mr Shivakumar Subramani – Executive Member</b>	Plot 3C, Block A, Aswani Market Road, Oshodi/Osolo Express way, Lagos

## INCORPORATION OF DOCUMENTS BY REFERENCE

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This Shelf Prospectus should be read and construed in conjunction with:

- Each Applicable Pricing Supplement relating to any Series of the Bonds issued under this Shelf Prospectus;
- the Sponsor's Audited Annual Report for the financial years ended 31 December 2015, 31 December 2016, 31 December 2017, 31 December 2018 and 31 December 2019, comprising of the audited annual financial statements of the Sponsor (and the notes thereto) and any quarterly or interim financial statements of the Sponsor for the life of the Programme and prepared in compliance with the IFRS issued by the International Accounting Standards Board and prescribed by the Financial Reporting Council of Nigeria ("FRCoN") (which include standards and interpretations approved by the FRCoN), together with its pronouncements thereon from time to time, and applied on a consistent basis.

The Sponsor will, in the event of any material change in its financial position, which is not reflected in this Shelf Prospectus, prepare an amendment or supplement to this Shelf Prospectus. Also, the Sponsor's information given in this Shelf Prospectus and the terms and conditions of additional Bonds to be issued under the Programme may be updated in a Pricing Supplement pursuant to the SEC Rules. Any such amendment or supplement will be incorporated by reference into this Shelf Prospectus and form an integral part hereof. Any statement contained in a document that is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Shelf Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Shelf Prospectus.

The Issuer will provide at no cost to each prospective investor upon request, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded. Requests for such documents shall be directed to the Issuer at its registered office as set out in this Shelf Prospectus or the Issuing Houses at the address stated below:



**Renaissance Securities (Nigeria) Limited**  
The Wings Office Complex, 6<sup>th</sup> Floor, East Tower, 17A  
Ozumba Mbadiwe Road,  
Victoria Island, Lagos  
Nigeria



**Afrinvest (West Africa) Limited**  
27 Gerrard Road, Ikoyi,  
Lagos  
Nigeria

## DECLARATION BY THE ISSUER

### EMZOR PHARMA FUNDING SPV PLC

47, ED Building, 2<sup>nd</sup> Floor Marina, Lagos

1715106

4 December, 2020

The Director General  
Securities & Exchange Commission  
SEC Tower  
Plot 272 Samuel Adesoji Ademulegun Street  
Central Business District  
Abuja

Dear Sir,

#### DECLARATION BY THE ISSUER

This Prospectus has been prepared by the Issuing Houses on behalf of Emzor Pharma Funding SPV Plc (the "Issuer") for the purposes of providing information to prospective investors on relevant aspects of the Issuer's business in connection with the establishment of a ₦50,000,000,000 (Fifty Billion Naira) bond issuance programme (the "Programme") and the Issuance of a ₦15,000,000,000 (Fifteen Billion Naira) Series 1 Bond under the Programme (the "Transaction").

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

- We confirm that the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contain no omission likely to affect its import;
- There has been no significant change in the financial condition, or material adverse change in the financial prospects of the Issuer since the date of incorporation; and
- The Issuer is not in breach of any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of this Prospectus.

Signed for on behalf of  
Emzor Pharma Funding SPV Plc

*Stella Okoli*

Dr Stella Okoli  
Director

*Uzoma Ezeoke*

Uzoma Ezeoke  
Director

*TEMPLARS*

Templars  
Company Secretary



## DECLARATION BY THE SPONSOR



EMZOR Pharmaceutical Industries Ltd  
Plot 3C, Block A, Aswani Market Road, Isolo.  
P. O. Box 1575 Oshodi, Lagos, Nigeria.  
Tel: 234-1-8105555, 234 - 7080606000.  
email: customerservice@emzorpharma.com  
website: www.emzorpharma.com

RC. 61894

4 December, 2020

The Director General  
Securities & Exchange Commission  
SEC Tower  
Plot 272 Samuel Adesoji Ademulegun Street  
Central Business District  
Abuja

Dear Sir,

### DECLARATION BY THE SPONSOR

This Prospectus has been prepared by the Issuing Houses on behalf of Emzor Pharma Funding SPV Plc (the "Issuer") and Emzor Pharmaceutical Industries Limited (the "Company" or the "Sponsor") with a view to providing a description of the relevant aspects of the Issuer's business in connection with the establishment of a ₦50,000,000,000 (Fifty Billion Naira) bond issuance programme (the "Programme") and the Issuance of a ₦15,000,000,000 (Fifteen Billion Naira) Series 1 Bond under the Programme (the "Transaction").

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

- We confirm that the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contain no omission likely to affect its import;
- There has been no significant change in the financial condition, or material adverse change in the financial prospects of the Issuer since incorporation; and
- The Issuer is not in breach of any terms and conditions in respect of borrowed monies which resulted in the occurrence of an event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of this Prospectus.

Signed for on behalf of  
Emzor Pharmaceutical Industries Limited

*Stella Okoli*  
Dr Stella Okoli  
MD/CEO

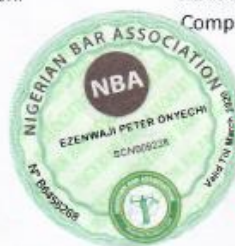
*Shivakumar Subramani*  
Shivakumar Subramani  
CEO

*Abdulai Taiwo & Co.*  
Company Secretaries  
Abdulai Taiwo & Co  
Company Secretaries

P.O. EZENWAJI  
Notary Public  
08038029771

Sign: *P.O. Ezenwaji* DATE: 4/12/20

Sworn to in the Office of the  
NOTARY PUBLIC FOR NIGERIA  
10, Awoniyi Elemo Street, Off M/M Inter.  
Airport Rd, Ajao Estate, Lagos, Nigeria  
BEFORE ME  
P. O. Ezenwaji  
NOTARY PUBLIC FOR NIGERIA



...Experience unlimited wellness



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## THE PROGRAMME

A copy of this Shelf Prospectus and the documents specified herein have been delivered to the SEC for clearance and registration of the securities referred to herein.

This Shelf Prospectus is being issued in compliance with the provisions of the ISA, the SEC Rules and Regulations and the listing and quotation requirements of FMDQ and the NSE, and contains particulars in compliance with the requirements of the SEC, the NSE and FMDQ for the purpose of giving information to the public with regards to the ~~N~~50,000,000,000 (fifty billion Naira) Bond Issuance Programme being undertaken by the Issuer. An application will be made to the Board Listings, Markets and Technology Committee of the FMDQ, and / or the Secondary Market Department of the NSE, for admission to their platform(s) of each Series of the Bonds to be issued under the Programme and the Bonds will upon admission to the platform(s) qualify as a securities in which Trustees may invest under the Trustee Investments Act (Chapter T22) Laws of the Federation of Nigeria, 2004.

Each of the Directors of the Company and the Issuer represent that they have taken all reasonable care to ensure that the information concerning the Company contained in this Shelf Prospectus is true and accurate in all material respects as at the date of this Shelf Prospectus and that as of the date hereof there are no other material facts, in relation to the Issuer, the omission of which would make misleading any statement herein, whether in fact or opinion.

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### **LEAD ISSUING HOUSE**

#### **RENAISSANCE SECURITIES (NIGERIA) LIMITED**

RC: 685973

### **JOINT ISSUING HOUSES**

#### **AFRINVEST (WEST AFRICA) LIMITED**

RC No. 261272

On behalf of

#### **EMZOR PHARMA FUNDING SPV PLC**

RC: 1715106

INCORPORATED AS A PUBLIC COMPANY WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF  
NIGERIA

are authorised to issue this Shelf Prospectus in respect of the ~~N~~50,000,000,000 Bond Issuance Programme

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This Shelf Prospectus has been registered with the SEC. The registration of this Shelf Prospectus and any subsequent Pricing Supplement shall not be taken to indicate that the SEC endorses or recommends the Bonds described herein or assumes responsibility for the correctness of any statements made or opinions or reports expressed herein.

This Shelf Prospectus must be read in conjunction with any Pricing Supplement to be issued by the Issuer from time to time within its Validity Period. No Bonds will be issued on the basis of this Shelf Prospectus read together with any Pricing Supplement later than the Validity Period.

This Shelf Prospectus contains:

- on pages 22 - 30, the Terms & Conditions of the Programme;
- on page 57, the confirmation of Going Concern Status of the Company prepared by Emzor Pharmaceutical Industries Limited;
- on pages 60 - 64, the Reporting Accountants' Report on the Company's historical financial information, prepared by KPMG Professional Services;
- on page 86, opinion on claims and litigation prepared by Banwo & Ighodalo

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**THIS SHELF PROSPECTUS IS DATED 20 January 2021**

**This Shelf Prospectus will be available on the following websites:**

[www.emzorpharma.com](http://www.emzorpharma.com) ; [www.sec.gov.ng](http://www.sec.gov.ng)



## EMZOR PHARMA FUNDING SPV PLC

47, ED Building, 2<sup>nd</sup> Floor Marina, Lagos

1715106

### THE FEDERAL REPUBLIC OF NIGERIA COMPANIES AND ALLIED MATTERS ACT, 2020 PUBLIC COMPANY LIMITED BY SHARES

#### RESOLUTION OF THE BOARD OF DIRECTORS

#### OF

#### EMZOR PHARMA FUNDING SPV PLC

At the meeting of the Board of Directors of EMZOR PHARMA FUNDING SPV PLC (the “Company”) held on the 30 day of September, 2020 at 47, ED Building, 2<sup>nd</sup> Floor Marina, Lagos, the following resolutions were proposed and duly passed by the directors of the Company (the “Directors”):

#### 1. BACKGROUND

1.1 The Company has been set up to raise funds through the debt capital market, by launching a ₦50,000,000,000 (fifty billion Naira) bond issuance programme (the “Programme”), proceeds of which will be used to purchase notes and debt securities (the “Notes”) issued by its sponsor, Emzor Pharmaceutical Industries Limited (“Emzor”), under a Master Notes Purchase Agreement (the “Agreement”). Emzor will utilize the proceeds of the Notes for general purposes or as specifically stated in the Final Terms of the Notes.

1.2 The first series of the Programme will comprise of an up to ₦15,000,000,000 (fifteen billion Naira) unsecured fixed rate bonds.

#### 2. RESOLUTIONS

Having considered the above, the Directors acting in good faith and in the best interest of the Company resolved that:

- 2.1 further to the resolution of the shareholders of the Company dated 30 day of September, 2020, the Company be and is hereby authorised to establish the Programme for the issuance of bonds (the “Bonds”) to the public by way of book building process, in such tranches, series or proportions, and on such terms and conditions as the Directors may deem fit, subject to obtaining the approval of relevant regulatory authorities;
- 2.2 the Company be and is hereby authorised to raise capital of up to ₦15,000,000,000 (fifteen billion Naira) under the Programme (the “Series 1 Bonds”), subject to obtaining the approval of relevant regulatory authorities;

- 2.3 the Company be and is authorised to purchase the Notes from Emzor with the proceeds of the Series 1 Bonds. In the event of an over-subscription of the Series 1 Bonds, the Company be and is authorised to purchase additional Notes from Emzor up to the additional amount raised by the Company and approved by the regulatory authorities.
- 2.4 Either of Dr Stella C. Okoli or Mrs Uzoma Ezeoke ("**Authorised Signatories**", and each an "**Authorised Signatory**"), be and is hereby authorised to negotiate, finalize, execute, sign and deliver on behalf of the Company, all agreements, notices or other documents (together with such amendments) that are required, necessary and advisable in order to facilitate the consummation and enforceability of the above resolutions and the transactions contemplated thereby;
- 2.5 the Directors hereby delegate to the Authorised Signatories the power to (a) appoint financial, legal and other professional and/or other advisers; in each case, as necessary to give effect to the above resolution; and (b) sign and/or dispatch all documents and notices, required to be signed and/or to be dispatched by the Company in furtherance of the above resolutions;
- 2.6 each Authorised Signatory be and is hereby authorised to take any other lawful actions, in connection with the issuance of the Series 1 Bonds and all transactions connected therewith as the Authorised Signatory considers to be necessary and advisable in order to consummate the issuance of the Series 1 Bonds and the purchase of the Notes; and
- 2.7 that the Company Secretary be and is hereby authorised to make any filings at the Corporate Affairs Commission as may be necessary for or incidental to giving effect to the above resolutions.

This resolution may be executed in one or more counterparts, each of which, when read together, shall comprise one and the same instrument.

**Dated the 30 day of September, 2020**



**Name: Dr. Stella Okoli**  
**(Director)**



**Name: Uzoma Ezeoke**  
**(Director)**

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## **TRANSACTION OVERVIEW**

### **Description of Transaction Structure**

The Issuer is a special purpose vehicle set up to finance the Sponsor's funding requirements, by issuing Bonds to the general public. Proceeds of such issuance will be used by the Issuer to finance the purchase of notes and other debt securities issued by the Sponsor to the Issuer ("the Notes") as may be agreed from time to time in accordance with the terms of the Master Notes Purchase Agreement (the "MNPA") between the Issuer, the Sponsor and the Trustee/Agent dated on or around the date of this Shelf Prospectus.

### **Utilisation of the Issue Proceeds**

Proceeds of the Bonds under the Programme will be used to purchase the Notes issued by the Sponsor pursuant to the MNPA, while the Sponsor will apply the net proceeds for general purposes or as specifically stated in the Final Terms of the Notes.

### **Servicing of the Bonds**

The semi-annual payment of Coupons and the repayment of principal, in accordance with the amortisation schedule in the Applicable Pricing Supplement, will be serviced with payments received from the Sponsor on the Notes issued in accordance with the terms of the MNPA.

### **Undertaking**

The Bonds are backed by an undertaking issued by the Sponsor, in favour of the Issuer and the Trustee on behalf of Holders, supporting the payment obligations of the Issuer under the Programme, and the Sponsor irrevocably undertakes to be responsible for the prompt settlement of the payment obligations of the Issuer to the Bondholders, with respect to the Bonds.

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## Principal Transaction Documents

The following is a summary of the key legal agreements required for the above-referenced structure and is qualified in its entirety by reference to the detailed provisions of this Shelf Prospectus, the Programme Trust Deed and supplemental documents to be issued in relation to a particular Series.

1. Master Notes Purchase Agreement

This is an agreement between the Issuer, the Sponsor and the Trustee/Agent by which the Issuer (in this context, called the “Subscriber”) agrees to subscribe to the Notes issued by the Sponsor using proceeds from the sale of the Bonds as contemplated under this Shelf Prospectus.

2. Deed of Covenant

This is an undertaking by the Sponsor in favour of the Issuer and the Trustee for the settlement of payment obligations of the Sponsor under the Master Notes Purchase Agreement and the prompt settlement of the payment obligations of the Issuer to the Bondholders, with respect to the Bonds.

3. Programme Trust Deed and Series Trust Deed

These are agreements between the Sponsor, the Issuer and the Trustee which sets out the terms, conditions and covenants governing the issuance of Bonds, the appointment of Trustee under the Programme and the performance of the obligations of the Sponsor, Issuer and the Trustee under the Programme.

## SUMMARY OF THE PROGRAMME

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

<b>Issuer</b>	Emzor Pharma Funding SPV PLC
<b>Sponsor</b>	Emzor Pharmaceutical Industries Limited
<b>Programme Size</b>	<del>₦</del> 50,000,000,000 (fifty billion Naira)
<b>Lead Issuing House</b>	Renaissance Securities (Nigeria) Limited
<b>Joint Issuing House</b>	Afrinvest (West Africa) Limited
<b>Methods of Issue</b>	The Bonds under this Programme may be issued by way of a public offer, private placement, book build process, or any other methods permitted by the SEC and as specified in the Applicable Pricing Supplement.
<b>Use of Proceeds</b>	The proceeds of the Bond Issuance Programme will be utilised as stated in the Applicable Pricing Supplement.
<b>Coupon Rates</b>	The Bonds may be interest-bearing or non-interest bearing. Coupon (if any) may be at a fixed rate or vary as indicated in the Applicable Pricing Supplement and may vary during the lifetime of the relevant Series.
<b>Currency</b>	The Bonds will be denominated in Nigerian Naira.
<b>Ratings</b>	The Bonds issued under this Programme will be rated by at least one rating agencies duly registered with the SEC and the rating shall be reviewed annually in accordance with the SEC Rules and Regulations.
<b>Status of the Bonds</b>	The status of the Bonds are as specified in the Programme Trust Deed and as modified in respect of any Series by the applicable Series Trust Deed.
<b>Events of Default</b>	The events of default under the Bonds are as specified within the Programme Trust Deed and as modified in respect of any Series by the applicable Series Trust Deed. The Trustee shall notify the Commission of such event(s) of default as required by the SEC Rules and Regulation.
<b>Form of the Bonds</b>	The Bonds will be issued in dematerialised and uncertificated form. The issue and ownership of the Bonds will be effected and evidenced by the particulars of the Bonds being entered in the Register by the Registrar and the Bonds being electronically credited in the CSCS accounts of the Bondholder.
<b>Issuance in Series and Tranches</b>	The Bonds will be issued in series (each a “Series”). The Bonds of each Series will all be subject to identical terms, whether as to maturity or otherwise, or terms which are identical except that the issue date, the amount of the first payment of interest and/or the denomination thereof may be different (“Tranches”). Each Series may comprise of one or more Tranches issued on different issue dates.

<b>Maturity of Bonds</b>	The Bonds may be issued with such maturity periods as may be agreed between the Issuer and the Issuing Houses and as indicated in the Applicable Pricing Supplement, subject to such minimum or maximum maturity period as may be allowed or required from time to time by the Issuer or any laws or regulations applicable to the Issuer.
<b>Early Redemption</b>	Early redemption will be permitted only to the extent specified in the Applicable Pricing Supplement and Supplemental Trust Deed and then only subject to any applicable legal or regulatory limitations.
<b>Redemption</b>	The Bonds may be redeemable at par or at such other redemption amount as may be specified in the Applicable Pricing Supplement.
<b>Business Day Convention</b>	Where the day on which a payment is due to be made is not a Business Day, that payment shall be effected on the next succeeding Business Day unless that succeeding business day falls in a different month in which case, payment shall be made on the immediately preceding Business Day.
<b>Listing</b>	Each Series of Bonds will be listed on the FMDQ and/or The NSE and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as may be agreed between the Issuer and the Issuing Houses and specified in the applicable Pricing Supplement.
<b>Bonds Trading &amp; Liquidity</b>	The Bonds may be traded on any OTC exchange or any other recognised trading platform between banks and qualified market counterparties. Dealers will be obliged to quote two-way prices for the Bonds.
<b>Taxation</b>	<p>The income and interest earned from the Bonds by Holders will be exempted from tax imposed under the CITA by virtue of the CITA Order, effective from 2 January, 2012. This exemption is for a period of 10 years from the commencement date of the CITA Order unless otherwise extended. Furthermore, by virtue of the Personal Income Tax (Amendment) Act 2011, corporate bonds are also exempt from personal income tax.</p> <p>The proceeds from the disposal of the Bonds will be exempt from VAT imposed under the VAT Act and the Finance Act in accordance with the provisions of the VAT Order, effective from 2 January, 2012. This exemption is for a period of ten (10) years from the commencement date of the VAT Order. Thus, VAT will not be payable upon a disposal of the Bonds during the subsistence of the Order. However, upon termination of the exemption period on 2 January 2022, the proceeds of the disposal of the Bonds still outstanding may be subject to VAT.</p> <p>In view of the above, the Issuer may be not required by law to withhold tax on Coupon payments to the Holders. Therefore, all amounts payable under the Bonds will be paid without deduction or withholding for or on account of any income tax. However, in relation to Bonds with a maturity date later than 2 January, 2022, the Issuer shall be required by law, to withhold tax on Coupon payments to such Holders (except the relevant exemption orders are extended). Withholding tax implications in respect of the Coupon payments on the Bonds to Holders for the period after January 2, 2022 will be stated in the Applicable Pricing Supplement.</p>

	Commissions payable to the CSCS, SEC, FMDQ or The NSE in connection with the Bonds shall be subject to VAT. Please refer to the section on Tax Considerations on page 34 for a detailed description of the tax considerations
<b>Negative Pledge</b>	The Issuer and Sponsor hereby covenants that, while any portion of the Bonds issued under this Programme remains outstanding; it shall not create any charge, mortgage, lien, pledge or other security interest upon any of its assets or any other party or any other indebtedness guaranteed by it without the prior written consent of the Trustee. Where the Trustee so consents, the Issuer shall at the same time as the creation of such indebtedness grant to the Trustee (for the benefit of the Bondholders) the same or equivalent security as is granted in relation to the indebtedness.
<b>Terms and Conditions</b>	The terms and conditions applicable to each Series (the “Terms and Conditions”) will be agreed between the Issuer and the Issuing Houses at or prior to the time of issuance of such Tranche or Series and will be specified in the applicable Supplementary Shelf Prospectus. The Terms and Conditions applicable to each Tranche or Series will therefore be those set out on pages 22 - 30 hereof as supplemented, modified or replaced by the applicable Supplementary Shelf Prospectus.
<b>Other Conditions</b>	Such other Terms and Conditions as may be incorporated by reference to, modified by, or supplemented by applicable Supplementary Shelf Prospectus for the Issue.
<b>Statement of Indebtedness</b>	Save as disclosed, the Issuer has no outstanding loans, charges or other similar indebtedness.
<b>Governing Law</b>	The Bonds and all related contractual documentation will be governed by, and construed in accordance with, Nigerian law.
<b>Transaction Documents</b>	<p>Include:</p> <ul style="list-style-type: none"> <li>(a) Shelf Prospectus;</li> <li>(b) Series Pricing Supplement;</li> <li>(c) Programme Trust Deed;</li> <li>(d) Series Trust Deed;</li> <li>(e) Master Notes Purchase Agreement;</li> <li>(f) Deed of Covenant;</li> <li>(g) Reporting Accountants’ Report;</li> <li>(h) Solicitors’ Opinion on Claims and Litigation &amp; Material Contracts;</li> <li>(i) Rating Reports; and</li> <li>(j) Vending Agreement.</li> </ul>

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## INFORMATION RELATING TO THIS SHELF PROSPECTUS

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This Shelf Prospectus has been prepared by the Issuer, the Sponsor and Issuing Houses in connection with the ₦50,000,000,000 (fifty billion Naira) Bond Issuance Programme of the Issuer (pursuant to which the Issuer will issue Bonds) for the purpose of giving information to the prospective investors in respect of the Bonds described herein. The SEC has cleared this Prospectus and registered the securities listed herein.

This Prospectus contains certain statements, estimates and projections with respect to the future performance of the Issuer. These statements, estimates and projections reflect various assumptions by the Issuer concerning its anticipated future performance, which have been included solely for illustrative purposes. These statements, estimates and projections should not however, be relied upon as a representation, warranty or undertaking, expressed or implied, as to the future financial condition of the Issuer and actual occurrences may vary materially from the projected developments contained herein and/or the assumptions on which such statements, estimates and projections were based.

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

The members of the Sponsor's and Issuer's Board individually and collectively accept full responsibility for the accuracy of the information contained herein and have taken reasonable care to ensure that the material facts contained herein are true and accurate in all material respects and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts, the omission of which, would make any material statement herein misleading or untrue. Additional information may be obtained through the offices of the Issuing Houses as listed on page 12 of this Shelf Prospectus on any Business Day during the period of the respective opening and closing dates of the issuance of Instruments under the Bond Issuance Programme, provided the Issuing Houses possess such information or can acquire it without unreasonable effort or expense.

Nothing in this Shelf Prospectus should be construed to mean that the Issuing Houses are bound to provide any information coming to their attention to any Bondholder or potential investors in the Bonds. Also, the Issuing Houses are not bound to advise any investor or potential investors on the financial condition or affairs of the Issuer during the life of the arrangement contemplated therein.



## TERMS AND CONDITIONS OF THE BONDS

*The following is the text of the general terms and conditions which, (subject to amendment and as completed, modified, supplemented, varied or replaced, in whole or in part, by the final terms which are set out in the relevant Series Trust Deed and/or Supplementary Shelf Prospectus (the “Final Terms”) and, save for the italicised text), will apply to the Bonds.*

*The provisions of these terms and conditions set out below (the “Conditions”) which are applicable to the Bonds issued under the Programme shall be deemed to be completed by the information contained in the relevant Final Terms. Bonds may be issued in individual tranches which together with other tranches may form a series of bonds. Any provisions of the Final Terms modifying, supplementing or replacing, in whole or in part, the provisions of these Conditions shall be deemed to so modify, supplement or replace, in whole or in part, the provisions of these Conditions; alternative or optional provisions of these Conditions as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Conditions; and all provisions of these Conditions which are inapplicable to the Bonds shall be deemed to be deleted from these Conditions, as required to give effect to the terms of the relevant Final Terms.*

## GENERAL NOTES

- (1) The Bonds are constituted by and under a Programme Trust Deed (the “**Trust Deed**”) dated 20 January 2020 between Emzor Pharmaceutical Industries Limited (the “**Sponsor**”), Emzor Pharma Funding SPV PLC (the “**Issuer**”), and Stanbic IBTC Trustees Limited (the “**Trustee**”) as supplemented by the relevant Series Trust Deed between the Sponsor, the Issuer and the Trustee. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the relevant Series Trust Deed applicable to them. Copies of the Trust Deed are available for inspection at the offices of the Trustee set out in Clause 36 of the Programme Trust Deed and at the offices of the Registrar as specified in the Pricing Supplement.
- (2) Any Series and/or Tranche of Bonds which is to be created and issued pursuant to the Programme Trust Deed shall be constituted by, be subject to and have the benefit of a Series Trust Deed (the “**Series Trust Deed**”) between the Sponsor, the Issuer and the Trustee. The Issuer shall execute and deliver such Series Trust Deed to the Trustee containing such provisions (whether or not corresponding to any of the provisions contained in the Programme Trust Deed) as the Trustee may require. Each Series Trust Deed shall set out the form of the Series of Bonds to be so constituted thereby.
- (3) These Conditions include summaries of and are subject to the detailed provisions of the Trust Deed and the relevant Series Trust Deed. The Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of, all the provisions of the Programme Trust Deed and the relevant Series Trust Deed applicable to them.
- (4) Words and expressions defined in the Trust Deed (as same may be amended, varied or supplemented from time to time with the consent of the Parties thereto) are expressly and specifically incorporated into and shall apply to these Conditions.
- (5) Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

### 1. FORM, DENOMINATION

#### Form and Denomination

Bonds issued under the Programme may be fixed rate bonds, floating rate bonds, discounted or a combination thereof in denominations as may be specified in the relevant Pricing Supplement.

The Bonds shall be issued in uncertificated (dematerialised or book-entry) form, which shall be registered with a separate securities identification code with the CSCS. The Bondholders may deal in the Bonds in accordance with the CSCS procedures and guidelines.

### 2. Repayment

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

## TERMS AND CONDITIONS OF THE PROGRAMME

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### 3. Redemption

#### 3.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Bonds at their Principal Amount on such dates as specified in the Series Trust Deed.

#### 3.2 Redemption prior to Maturity

- 3.2.1 Subject to the terms of the relevant Series Trust Deed, the Issuer shall be entitled at any time to redeem the whole or any part of the Bonds upon giving the holders of the Bonds to be redeemed not less than three months' notice of its intention to do so, and at the expiration of such notice, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given.
- 3.2.2 In the event of the Issuer at any time determines to redeem part only of the Bond for the time being outstanding, the particular Bond to be redeemed shall be selected by drawing to be made as provided in Condition 10 or at the option of the Issuer pro rata to holdings.
- 3.2.3 Early redemption shall take place on such terms as shall be agreed in the relevant Series Trust Deed or on such terms as shall be agreed with the Bondholders or the relevant Bondholder whose Bond is to be redeemed at 11a.m on the date set for redemption.
- 3.2.4 In the case of redemptions made under this Condition, not less than 3 (three) month's prior notice in writing of the date fixed for redemption, which shall be a Coupon Repayment Date, shall be given by the Issuer to each Bondholder any of whose Bond is to be redeemed. Such notice shall state the amount of the Bond due for redemption and the condition under which such redemption is to be effected and shall name the date and place for redemption of such Bond.

#### 3.3 Redemption for Taxation Reasons

If so specified in the Pricing Supplement, the Bonds may be redeemed at the option of the Issuer in whole, or in part, if on giving not less than 30 (thirty) and not more than 60 (sixty) days' notice to the Bondholders (which notice shall be irrevocable) at their early redemption amount together with the Coupon accrued to the date fixed for redemption, if:

- (i) the Issuer satisfies the Trustee and the Commission immediately prior to the giving of such notice that it has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of Nigeria or any political subdivision or any authority thereof or therein having the power to impose tax (other than the expiry of the exemption in respect of the Bonds set out in the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order, 2011 (made pursuant to the Companies Income Tax Act (Chapter C21) LFN 2004 and the Value Added Tax (Exemption of Proceeds of Disposal of Government and Corporate Securities) Order 2011 in relation to Bonds with a maturity date later than January 2, 2022), or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the Series or Tranche of the Bonds; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Commission a certificate signed by two Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

Provided, however, that no such notice of redemption shall be given earlier than:

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## TERMS AND CONDITIONS OF THE PROGRAMME

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- (i) where the Bonds may be redeemed at any time, 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts or would be entitled (as such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities; or
- (ii) where the Bonds may be redeemed only on a Coupon Payment Date, 60 (sixty) days prior to the Coupon Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts or would not be entitled (or such entitlement is materially reduced) to claim a deduction in respect of computing its taxation liabilities.

### 4. Purchase of Bond by the Issuer

The Issuer may at any time and from time to time purchase any part of the Bonds through the market or by tender (available to all Bondholders alike) but not otherwise. Any Bond so purchased will be cancelled and will not be available for re-issue.

### 5. Status of the Bonds

The Bonds are direct and unconditional obligations of the Issuer and the status of the Bonds shall be as set out under the relevant Pricing Supplement and Series Trust Deed.

### 6. Covenants by the Issuer

#### 6.1 Negative Pledge

6.1.1 For as long as any of the Bonds remain outstanding, the Issuer shall not, without the prior consent of the Trustee in writing, create or permit to subsist any Security Interest to secure any Financial Indebtedness, unless the Issuer's obligations under the Bonds are secured equally and rateably therewith or have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem not to be materially less beneficial to the Bondholders.

6.1.2 The Issuer shall forthwith give notice in writing to the Trustee of the coming into existence of any Security Interest which would require any security to be given to the Bonds pursuant to the applicable Series Trust Deed or of the occurrence of any Event of Default or any Potential Event of Default.

#### 6.2 Further Indebtedness

For as long as the Bonds remain outstanding and save as provided in this Trust Deed, the Issuer may incur any other indebtedness for borrowed moneys provided that such further indebtedness shall not be in breach of Condition 6.1 above.

#### 6.3 Restricted Payments

The Issuer shall not declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital if an Event of Default has occurred and is continuing.

### 7. Coupon

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

#### 7.1 Coupon on Fixed Rate Bonds

- (a) The Fixed Rate Bonds (being those Bonds that specify that the coupon is payable at a

## TERMS AND CONDITIONS OF THE PROGRAMME

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fixed rate) shall bear coupon on the Principal Amount Outstanding at the Coupon Rate specified in the applicable Pricing Supplement from (and including) the Coupon Commencement Date specified in the applicable Pricing Supplement to (but excluding) the Maturity Date. Coupon shall be payable in arrears on the Coupon Payment Date in each year. The first payment of coupon will be made on the Coupon Payment Date following the Coupon Commencement Date (specified in the applicable Pricing Supplement) and, if the first anniversary of that Coupon Commencement Date is not a Coupon Payment Date, the first payment of coupon shall be as specified in the applicable Pricing Supplement.

- (b) If the Maturity Date is not a Coupon Payment Date, coupon from (and including) the preceding Coupon Payment Date (or the Coupon Commencement Date, as the case may be) to (but excluding) the Maturity Date will amount to the Final Broken Amount. Where an applicable coupon is required to be calculated for a period other than a full year, such coupon shall be calculated on the basis of the actual number of days elapsed divided by 365 or such other method as described in the applicable Pricing Supplement.

### 7.2 Coupon on Floating Rate Bonds

- (a) General

The Floating Rate Bonds (being those Bonds that specify that the coupon is payable at a floating rate) shall bear interest on its Principal Amount by reference to a specified floating rate benchmark plus a margin as may be described in the applicable Pricing Supplement and/or Series Trust Deed.

- (b) Coupon Payment Dates

The Floating Rate Bonds shall bear coupon on its Principal Amount from (and including) the Coupon Commencement Date at the rate equal to the Coupon Rate payable in arrears on the Coupon Payment Date(s).

- (c) Coupon Rate

The Coupon payable from time to time in respect of each of the Floating Rate Bonds will be determined in the manner specified in the applicable Pricing Supplement.

- (d) Calculation of Coupon

The Coupon amount payable in respect of the Bonds shall be calculated by applying the Coupon Rate to the specified denomination and multiplying such sum by the applicable Day Count Fraction.

For the Purposes of Condition 7.2 (d):

*“Day Count Fraction”* means, in respect of the calculation of an amount of Coupon for any Coupon Period (specified in the applicable Pricing Supplement):

- (i) if “Actual/365” is specified, the actual number of days elapsed in the Coupon Period divided by 365; or
- (ii) such other specified calculation method.

### 7.3 Discounted Bonds

The Zero-Coupon Bonds (being those Bonds that are issued at a discount to their face value) will be issued at an issue price such that the yield to maturity is reflected in the difference between the discounted issue price and the final redemption amount of such Zero Coupon Bond as specified in the applicable Pricing Supplement and/or Series Trust Deed. Zero Coupon Bonds will not bear Coupon other than in the case of late payment, which will be calculated as specified in the applicable supplementary Shelf Prospectus and/or Series Trust Deed.

## 8. Sinking Fund/Debt Service Reserve Account

## TERMS AND CONDITIONS OF THE PROGRAMME

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8.1 The provisions of this Condition 8 will only apply where provision is made for a sinking fund or debt service reserve account in the relevant Series Trust Deed. Where no such provision is made, this Condition 8 shall not apply to the Bonds.

8.2 The Issuer shall, not later than the date specified in a Series Trust Deed for any Series, cause payments to be made into a bank account which shall be called a "Sinking Fund Account" or "Debt Service Reserve Account" ("DSRA") which shall be managed by the Trustee and shall form part of the trust property. The Sponsor shall irrevocably authorise the Chief Financial Officer or any officer for the time being in charge of the finance of the Sponsor to deduct, as a first charge on the Sponsor's cashflows and to place to the credit of the Sinking Fund Account or the DSRA (in accordance with the Series Trust Deed setting up a particular Series and referenced in the applicable Pricing Supplement), such sum or sums from the finance of the Sponsor, at the Sponsor's discretion not below the sum as stipulated in the Series Trust Deed on a monthly basis which sum shall be applied by the Trustee towards the payment of Coupon and the redemption, at par, of the Bond PROVIDED THAT the Trustee at its discretion may ask the Issuer and/or the Sponsor to increase the amount being credited to the account if in its opinion the amount being credited to the account may not be sufficient to meet Coupon and principal repayment due on the Bonds at any time.

### 8.3 Authorised Investment

Any monies standing to the credit of the Sinking Fund Account or the DSRA may, at the discretion of the Trustee in consultation with the Issuer, be invested by the Trustee in its name or under its legal control in any investments for the time being authorised by the Trustees Investment Act for the investment of trust monies or such other instruments as may be agreed by the Trustee and the Issuer, or in any other investments which may be approved by the Commission. **PROVIDED HOWEVER** that the Trustee shall, while any Bonds are outstanding, render accounts on a half-yearly basis to the Issuer.

8.4 If at any time prior to the date specified in the Series Trust Deed, the Issuer redeems any Bond under the provisions of Condition 3 hereof or purchases any Bond under the provisions of Condition 4 above, the Trustee shall remit to the Issuer such monies received from the Issuer for the credit of the DSRA which are over and above the amount necessary to meet all future coupon payments and principal redemptions, at par, PROVIDED THAT, subject to Clause 16 of the Deed, the Trustee in its absolute discretion may withhold such sums as deemed necessary to maintain a cushion against coupon fluctuations.

## 9. Cancellation of Bonds

Any part of the Bonds redeemed or purchased shall be cancelled and the Issuer shall not keep such Bond valid for the purpose of re-issue.

## 10. Drawing of Bonds for Redemption

Whenever under these Conditions a drawing of Bond for redemption is required to be made, the Issuer shall (subject as provided in these Conditions) cause such drawing to be made at the registered office of the Trustee for the time being or at some other place approved by the Trustee. Notice in writing of the day, time and place of every such drawing shall be given by the Issuer to the Trustee and any person appointed by the Trustee shall be entitled to be present at such drawing. Every such drawing shall be made in such manner and by such methods as the Trustee may approve as convenient for selecting the amount of Bonds required to be drawn.

## 11. Delivery of Document

If required by the Issuer every Bondholder whose Bond is due to be redeemed under these Conditions shall not later than the due date for such redemption deliver up any such document(s) as may be required by the Issuer.

## 12. Trusts

12.1 Except as required by law, or as ordered by a court of competent jurisdiction, the Issuer will

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**TERMS AND CONDITIONS OF THE PROGRAMME**

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recognise the Bondholder of any Bond as the absolute owner of such Bond and shall not be bound to take notice or see to the execution of any trust whether express, implied or constructive to which any Bond may be subject.

- 12.2 The receipt by a Bondholder for the time being of any Bond (or in the case of joint registered holders, the payment to the joint Bondholder whose name stands first in the Register) of the principal of such Bond or of any other money payable in respect of such Bond 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 principal, dividend or other money. No notice of any trust whether express, implied or constructive shall (except as provided by statute or as required by a court of competent jurisdiction) be entered in the Register in respect of any Bond.

**13. Freedom from Equities**

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

**14. Transfers**

- 14.1 The Bond is transferable in amounts or integral multiples of an amount specified in the Series Trust Deed.
- 14.2 Transfers of the Bond shall be by an instrument in writing and in accordance with provisions of Condition 18 below.
- 14.3 If the Bonds are listed, the Bonds shall be transferred on the Relevant Exchange in accordance with the rules and regulations of the Relevant Exchange.
- 14.4 Every instrument of transfer must be signed by or on behalf of the transferor or where the transferor is a corporation, properly executed according to its constitutional documents, and the transferor shall be deemed to remain the owner of the Bonds until the name of the transferee is entered in the Register.
- 14.5 Every instrument of transfer must be left for registration at the place where the Register shall for the time being be kept accompanied by such evidence as the Issuer may require to prove the title of the transferor or his right to transfer the Bond and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do.
- 14.6 Closed Periods: No Bondholder may require the transfer of a Bond to be registered during the period of 15 (fifteen) days ending on the due date for any payment of the Principal Amount or Coupon on that Bond.

**15. Transmission**

- 15.1 In the case of the death of a Bondholder the survivor or survivors where the deceased was a joint holder and the executor or administrator of the deceased where he was a sole or only surviving holder shall be the only person recognised by the Issuer as having any title to such Bond.
- 15.2 Any person becoming entitled to any Bond in consequence of the death or bankruptcy of any Bondholder or of any other event giving rise to the transmission of such Bond by operation of law may upon producing such evidence of his title as the Registrars shall think sufficient, be registered as the holder of such Bond himself or, subject to Condition 14, may transfer such Bond without himself being registered as the holder of such Bond.

**16. Method of Payment of Principal Money, Coupon and Premium**

Payment of the Principal, Coupon and premium (if any) for the time being owing or due on all or any part of the Bond will be credited to the bank account nominated for this purpose by the Bondholder or in the case of joint registered Bondholders by the joint Bondholders or any other method as the Trustee may determine.

### 17 Receipts for Money Paid

If several persons are entered in the register as joint holders of any Bond, then the receipt by any of such persons of any Coupon or principal or other money payable on or in respect of such Bond shall be as effective a discharge to the Issuer as if the person signing such receipt were the sole registered holder of such Bond.

### 18 Title

Transfer of title to Bonds issued in uncertificated form shall be effected in accordance with the rules governing transfer of title in securities held by CSCS. In these Conditions, Bondholders and (in relation to a Bond) holder means the person in whose name a Bond is registered in the Register of Bondholders.

### 19 Events of Default

If any of the following events stated in this Condition 19 ("Events of Default") have occurred and are continuing in accordance with the time frame set out below, the Trustee may at its discretion or shall,

- i. if so requested in writing by the Majority Bondholders; or
- ii. if so directed by an Extraordinary Resolution of the Bondholders,

give written notice to the Issuer at its specified office that the Bonds are immediately repayable whereupon the Principal Amount Outstanding on the Bonds together with accrued Coupon shall become immediately due and repayable:

**19.1 Non-Payment:** if the Issuer fails to pay any sums representing principal, coupon and premium (if any) on the Bond or any fees or other sums as they fall due in accordance with this Deed unless its failure to pay is caused by an administrative or technical error, and payment is made within 10 (ten) Business Days of its due date. Provided however that where such non-payment is due to a Force Majeure event the Trustee may in its discretion (after consultation with the Issuer) determine that such Force Majeure event can be remedied within a reasonable period after the grace period referred to above in this Condition and extend the grace period; or

**19.2 Cross Default:** if any Financial Indebtedness of the Issuer or the Sponsor of a value exceeding ₦5,000,000,000 (Five Billion Naira) in aggregate (for the avoidance of doubt, any amounts being contested in good faith shall not be counted towards such value) is not paid when due or within any applicable grace period, or the Financial Indebtedness of the Issuer or the Sponsor of a value exceeding ₦5,000,000,000 (Five Billion Naira) in aggregate is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default (however described) and such event shall be certified in writing by the Trustee to be in its opinion materially prejudicial to the interest of the Bondholders; or

#### **19.3 Insolvency: If**

19.3.1 the Issuer or the Sponsor is unable, for the purposes of CAMA, to pay its debts, or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

19.3.2 A Moratorium is declared in respect of any Financial Indebtedness of the Issuer or the Sponsor, and such Moratorium is not discharged within 45 (forty-five) Business Days after it was declared. Provided that the Issuer or the Sponsor is able to show to the satisfaction of the Trustee within 10 (ten) Business days after such Moratorium is declared that it is in good faith negotiating for the lifting of the Moratorium;

## TERMS AND CONDITIONS OF THE PROGRAMME

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- 19.3.3 Any corporate action or legal proceedings is concluded and judgment given against the Issuer or the Sponsor in relation to:
- 19.3.3.1 a Moratorium of any Financial Indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer or the Sponsor other than a solvent liquidation or any reorganisation of the Issuer or the Sponsor;
  - 19.3.3.2 the appointment of a liquidator (other than in respect of a solvent liquidation of the Issuer) receiver, administrator, administrative receiver or other similar officer in respect of the Issuer or the Sponsor or any of their assets; or
  - 19.3.3.3 any analogous procedure or step is taken in any jurisdiction, and such proceeding is not dismissed or terminated on or before the 30 (thirtieth) Business Day (which would exclude days on which Nigerian courts are on vacation) after the order is made or if any such dismissal or stay ceases to be in effect (or such longer period as the Trustee may permit) PROVIDED THAT the Issuer or Sponsor has within 10 (ten) Business Days filed good faith legal proceedings in the relevant court for the order to be set aside, dismissed or stayed; or
- 19.4 **Cessation of Business:** if the Issuer or Sponsor ceases to conduct all or substantially all of its business as is now conducted or changes all or substantially all of the nature of such business or merges or consolidates with any other entity without the prior written consent of the Trustee pursuant to Clause 7.7 of the Trust Deed; or
- 19.5 **Material Adverse Effect:** if a Material Adverse Effect has occurred; or
- 19.6 **Enforcement Proceedings:** if any distress, execution or other process shall be levied or enforced or sued upon or against any material asset(s) of the Issuer, and such action or process is not discharged, or stayed within 90 (ninety) days of service by the relevant officer of the court of such attachment, execution or other legal process or if an encumbrancer shall take possession or a Receiver shall be appointed over the assets of the Issuer or the Sponsor and such event shall be certified in writing by the Trustee to be in its opinion materially prejudicial to the interests of the Bondholders PROVIDED THAT if the Issuer has filed good faith legal proceedings in the relevant court for application for dismissal or stay within 10 (ten) Business Days of becoming aware of the order or action, then such shall not be regarded as an Event of Default; or
- 19.7 **Security Enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer and/or the Sponsor over a material part of the Issuer and/or the Sponsor's property, assets or revenues, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
- 19.8 **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer and/or the Sponsor, or the Issuer and/or the Sponsor shall apply or petition for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threaten to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or by a Special Resolution of the Bondholders;
- 19.9 **Nationalisation:** any step is taken by any person or authority with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer and/or the Sponsor;
- 19.10 **Analogous Events:** any event occurs that under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs;
- 19.11 **Breach of Other Obligations:** other than Non-Payment as in Condition 19.1, if default shall be



## **TERMS AND CONDITIONS OF THE PROGRAMME**

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made by the Issuer or the Sponsor in the performance or observance of any covenant, condition, provision or agreement including the representations and warranties which default will affect the capacity of the Issuer or Sponsor to perform its obligations under this Trust Deed, and the Issuer or Sponsor shall fail to perform fully or make good the breach of such covenant, condition, provision or agreement within 30 (thirty) days from receipt of notice in writing by the Trustee (or in its opinion such longer period as the Trustee may reasonably determine is not materially prejudicial to the interests of the Bondholders).

### **20. Notices**

- 20.1 Any notice or other document may be given to or served on any Bondholder either personally or by sending it by electronic mail, by post in a prepaid envelope or delivering it addressed to him at his registered address or its address on record in the Register or (if he desires that notices shall be sent to some other persons or address) to the person at the address supplied by him to the Issuer for the giving of notice to him.
- 20.2 In the case of joint registered holders of any Bond a notice given to the Bondholder whose name stands first in the Register shall be sufficient notice to all the joint holders.
- 20.3 Any notice or other document duly served on or delivered to any Bondholder under these Conditions shall (notwithstanding that such Bondholder is then dead or bankrupt or that any other event has occurred and whether or not the Issuer has notice of the death or the bankruptcy or other event) be deemed to have been duly served or delivered in respect of any Bond registered in the name of such Bondholder as sole or joint holder unless before the day of posting (or if it is not sent by post before the day of service or delivery) of the notice or document his name has been removed from the Register as the holder of the Bond and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Bond.
- 20.4 Any notice shall be deemed to have been served on the seventh (7<sup>th</sup>) day following that on which the letter containing the notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice or the notice itself was properly addressed, stamped and posted. Any notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

### **21. Meetings of Bondholders**

The rights and duties of the Bondholders in respect of attendance at meetings of Bondholders are set out in the Second Schedule of the Trust Deed (Provisions for Meetings of Bondholders). Decisions taken at Bondholders meetings may only be exercised by the Trustee in accordance with the Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Bond can only be amended in accordance with Clause 31 of the Trust Deed.

### **22. Governing Law**

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

### **23. Prescription**

Claims against the Issuer in respect of the Bonds shall be void unless presented for payment within six (6) years (in the case of principal) and five (5) years (in the case of interest), from the due date for payment of any amount due on such Bonds.

## TAX CONSIDERATIONS

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*The tax consequences of investments in the Bonds are broadly summarised below. The summary is not intended and should not be construed, to be tax advice to any particular subscriber. 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 Bonds in view of his/her own personal circumstances. Neither the Issuer nor its advisers shall be liable to any investor in any manner for placing reliance upon the contents of this section.*

The income and interest earned from the Bonds by Holders will be exempted from tax imposed under the CITA by virtue of the CITA Order, effective from 2 January, 2012. This exemption is for a period of 10 years from the commencement date of the CITA Order unless otherwise extended. Furthermore, by virtue of the Personal Income Tax (Amendment) Act 2011, corporate bonds are also exempt from personal income tax.

In view of the above, the Issuer may be not required by law to withhold tax on Coupon payments to the Holders. Therefore, all amounts payable under the Bonds will be paid without deduction or withholding for or on account of any income tax. However, in relation to Bonds with a maturity date later than January 2, 2022, the Issuer shall be required by law, to withhold tax on Coupon payments to such Holders. Withholding tax implications in respect of the Coupon payments on the Bonds to Holders for the period after 2 January, 2022 will be stated in the Applicable Pricing Supplement. Furthermore, in accordance with the provisions of the Finance Act, any expense incurred in deriving tax exempt income would not be deductible for the purpose of arriving at taxable profit.

The proceeds from the disposal of the Bonds will be exempt from VAT imposed under the VAT Act and the Finance Act in accordance with the VAT Order, effective from 2 January, 2012. This exemption is for a period of ten (10) years from the commencement date of the VAT Order. Thus, VAT will not be payable upon a disposal of the Bonds during the subsistence of the Order. However, upon termination of the exemption period on 2 January 2022, the proceeds of the disposal of the Bonds still outstanding may be subject to VAT.

Commissions payable to the Central Securities and Clearing System PLC, SEC, FMDQ or The NSE in connection with the Bonds shall be subject to VAT.

*[The foregoing summary is not a comprehensive summary, and does not constitute advice, on tax to any actual or potential purchaser of Bonds issued under the Programme. In addition, it does not constitute a representation by the Issuer or its advisers on the tax consequences of a subscription or purchase of Bonds issued under the Programme. Any tax consideration that may be relevant to a decision of a person to acquire, hold or dispose of Bonds issued under the Programme and to each actual or potential purchaser of the Bonds may vary. Therefore, any actual or potential purchaser of the Bonds who intends to ascertain its/his/her tax position should seek professional advice from its/his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Bonds. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Bonds in any manner for placing reliance upon the contents of the above summary.]*

## RISK FACTORS

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*The following section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Bonds. The risks in the following section are provided as general information only. Before making any investment decision, prospective investors should carefully read this Shelf Prospectus in its entirety, including the risk factors set out below. **Investors should also seek professional advice before making investment decisions in respect of the bonds.***

*Further to the above, the Issuer and Sponsor disclaim any responsibility for advising prospective investors of such risks as they exist at the date of this Shelf Prospectus or as such risks may change from time to time. Prospective Investors should consult their own financial and legal advisers about the risks associated with an investment in the Bonds.*

*An investment in the Bonds involves certain risks, most of which may or may not occur and neither the Issuer, the Sponsor nor any of the Issuing Houses are in a position to express a view on the likelihood of any such contingency occurring. Accordingly, prospective investors should carefully consider, amongst other things, the following risk factors together with all of the other information included in this Shelf Prospectus and any Applicable Pricing Supplement before purchasing the Bonds.*

### 1. Risks Relating to Nigeria

The Company operates in Nigeria and therefore faces general macroeconomic risks as the performance of the pharmaceutical sector is highly correlated with the performance of the Nigerian economy.

#### Political risks

These are risks associated with the nation's political climate. Nigeria's diverse political, religious and ethnic landscape has led to struggles for power between rival groups, which have consistently hindered the smooth governance of the country. The continued criminal activity, unrest, political and religious conflicts in the country may lead to lower oil production, deter investments in the country and lead to increased political instability that could have a material adverse effect on Nigeria's economy. Also, potential changes in government policies as affects the healthcare sector could impact on the Company's business. If the Federal Government is unable to address all these issues, these risks may persist and may adversely affect Nigeria's political and economic stability which may, in turn, further affect the Sponsor's business, results of operation, and/or financial condition.

#### Overreliance on Crude Oil

Between 2014 and 2017, the Nigerian economy was significantly affected by the global slide in crude oil prices evidenced by the weakening of the currency, substantial drop in foreign currency earnings and reserves, withdrawal of foreign portfolio capital and a corresponding decline in stock market performance and government revenues. While the federal government advances in its efforts to diversify the economy from its dependence on oil revenue, a further decline in global oil prices may have an adverse effect on the Nigerian economy which in turn might impact the Company's operations and profitability.

#### Large infrastructure deficit poses a hindrance to the development of the economy

The value of Nigeria's total infrastructure stock (road, rail, power, airports, water, telecoms, and seaports) represents only 35% of GDP. This is far below the level of peer emerging market countries, where the average is 70%.<sup>1</sup> Nigeria lacks stable power supply and adequate infrastructure such as roads, rail, ports, broadband networks etc., which has led to challenges in the development of many sectors of the economy. The power sector still faces challenges which relate to governance, funding, legal, regulatory and pricing issues across the value chain. Given the huge capital investment required to address this deficit, there have been calls for the private sector to play a key role in providing critical infrastructure, either directly or in collaboration with the FGN. However, challenges with pricing and funding continue to call to question the viability of private sector investment.

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<sup>1</sup> The Nigerian Economic Recovery & Growth Plan 2017-2020.

## **RISK FACTORS**

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### **Issues with governance and processes continue to weigh on doing business in Nigeria**

Bureaucracy, bribery and corruption, are of serious concern and constitute major barriers to doing business in Nigeria and hinder economic growth and social development. According to the World Bank's 2020 Doing Business Report, Nigeria ranks 131 out of 190 countries in the World Bank's Doing Business index,, moving up 15 places from 146<sup>th</sup> position in 2019. While this is an improvement, the country still performs poorly in the areas of paying taxes, enforcing contracts and trading across borders. This continues to impact negatively on tax revenue, investor confidence and mobility of goods.

Failure to address these issues, continued corruption in the public sector and any future allegations of or perceived risk of corruption in Nigeria could have an adverse effect on the Nigerian economy and may have a negative effect on Nigeria's ability to attract foreign investment and, as a result, may have a material adverse effect on the Company's business, results of operations and/or financial condition.

### **Insecurity**

The country is plagued by insurgency attacks in its northern states while battling militant attacks on oil pipelines and kidnapping episodes in the southern states. Amidst the setback caused by the global shock in oil prices which saw a considerable reduction in oil revenues to the economy, pipeline vandalism had further worsened the country's predicament by not only a decline in production but also a reduction in operations by major international companies in the region. The combined effect of these security challenges is the increased political instability and reduced confidence of foreign investors in the local economy. Although, over the past year, there has been moderation in the frequency of kidnapping cases across the country, the sectarian conflicts in the Middle Belt; resurgence of Boko Haram activity in Northern Nigeria; and the Fulani herdsman crisis still contribute to the regions' security challenges. The negative effects of such incidences on the nation's economy portend a negative impact on the Company and the industry in which it operates.

### **Pandemics**

December 2019, a respiratory disease, Corona Virus Disease (COVID-19), was discovered in Wuhan, China. According to World Health Organisation (WHO), the disease has since then spread through to 197 countries (including Nigeria), claiming over 1,007,769 lives. Currently, Nigeria has recorded over 58,647 confirmed cases, where 49,937 have been discharged and 1,111 confirmed deaths, according to Nigerian Centre for Disease Control (NCDC).

The COVID-19 pandemic is having significant adverse effects on the global and Nigerian economies. The Nigerian economy, given its heavy reliance on crude oil, has seen a sharp reduction in government reserves, rising inflation, disruption in supply chain and turbulence in the stock and financial markets as yields on government securities are rising as investors sell off amid market uncertainty. As a result of the pandemic, the Economists Intelligence Unit (EIU) predicted global growth would stand at c. 1% in 2020, down from its outlook of 2.3% before the outbreak.

## **2. Risks Relating to the Sponsor**

The ultimate obligor for the indebtedness arising from the issuance of these bonds is Emzor Pharmaceutical Industries Limited. The Company is exposed to commercial and market risks in its course of doing business, the most significant of which are credit risk, foreign exchange risk, competition risk, liquidity risk and regulatory changes.

### **Credit Risk**

Credit risk refers to the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and

## **RISK FACTORS**

financial institutions. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit quality of each customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment.

### **Foreign Exchange Risk**

This is the risk of losing earning and capital which may arise from the change in price of one currency against another. The company undertakes transactions for the purchase of equipment and raw materials which are dominated in foreign currencies. Unfavourable movement in exchange rates may affect the company's foreign currency transactions, the cost of the company's foreign currency liabilities and consequently have a negative impact on its financial condition.

### **Competition/Operational Risk**

The Company faces competition from the importation of generic low-cost drug producers in Asian markets, with imports of consumed medicine accounting for up to 60% of medicine consumed in Nigeria. The signing of the Africa Continental Free Trade Area (AfCFTA) also presents risk of flooding the market with imports from neighbouring West-African countries which have witnessed a rise in the increase of generic Asian low-cost drug manufacturers.

### **Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

### **Regulatory Changes Risk**

The Nigerian pharmaceutical industry and the regulatory environment is subject to the policies and changes as directed by the National Agency for Food and Drug Administration. The industry is further regulated by the National Agency for Food and Drug Administration Act Cap N1 LFN 2004. The changes in law and regulation may not be favourable to investors and participants in the industry.

## **3. Risks Relating to the Issuer**

### **The Issuer is a special purpose entity with no business operations or significant assets**

The Issuer is a special purpose vehicle incorporated as a public limited liability company and domiciled in Nigeria. The Issuer has no operations, staff and no significant assets other than the Notes. The Issuer is a funding special purpose vehicle of Emzor Pharmaceutical Industries Limited with no business operations (or subsidiaries) of its own, other than borrowing, advancing funds to, and receiving funds from Emzor Pharmaceutical Industries Limited. The Issuer has an obligation under the "Terms and Conditions" of the Bonds and the Trust Deeds to pay such amounts of principal and interest and additional amounts (if any) as are due in respect of the Bonds. However, the Issuer's obligation to pay is equal to the amount of principal, interest and additional amounts (if any) actually received and retained by or for the account of the Issuer from the Sponsor pursuant to the corresponding Notes. The right of Bondholders to receive payments in respect of the Bonds is therefore limited to payments received by the Issuer in respect of Notes issued by the Sponsor.

Investors are thus relying on the creditworthiness of the Sponsor for each issuance of the Bonds. Consequently, if the Sponsor fails to meet its payment obligations to the Issuer on the relevant Notes purchased in full, this will result in the Bondholders receiving less than the scheduled amount of principal and/or interest and/or other amounts (if any) payable on the corresponding Bonds. Hence, an investment in such Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Sponsor may adversely affect the market value of such Bonds.

## **RISK FACTORS**

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### **Change in Law**

The SPV is subject to Nigerian law in effect as at the date of this Shelf Prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Nigerian law or the official application or interpretation of Nigerian law after the date of this Shelf Prospectus.

### **Repayment Risk**

There is likelihood that the Issuer may not be able to repay outstanding obligations on the Bonds on a given payment date arising from any challenges attributable to the Sponsor.

## **4. Risks relating to the Bonds**

### **Secondary Market Trading**

A key risk to the Bonds is the lack of an active trading market for Corporate Bonds. If the Bonds are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon the market for similar securities, general economic conditions and the financial condition and prospect of the Company. Although applications will be made for Bonds issued under the Programme to be admitted and traded on the FMDQ platform and/or the NSE, there is no assurance as to the development or liquidity of any trading market for any particular issue of the Bonds.

### **Credit rating may not reflect the full impact of the Bonds' risks**

The Bonds will be assigned a rating by at least one SEC-registered rating agency and any independent rating agency that may decide to rate the Bonds. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agencies at any time.

## OVERVIEW OF NIGERIA AND ITS ECONOMY

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*The information in this section has been extracted from publicly available data obtained from organizations such as the CBN, the NBS, the DMO and other sources believed to be reliable. The Issuer and the Issuing Houses have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.*

### OVERVIEW

Nigeria is a federation made up of three tiers of government – federal, state and local governments. The Constitution of the Federal Republic of Nigeria 1999 (as amended) (the “Constitution”) was adopted in May 1999. It has been amended several times since it came into force in May 1999. The Constitution provides for a tripartite structure of government in which power is divided among the executive, legislative and judicial branches. It establishes and sets out the powers and functions of the President (executive), the National Assembly (legislative) and an independent judicial system (judicial), as well as persons and bodies which may validly exercise such powers.

Nigeria is located in the West African sub-region of Africa, bordered by the Republic of Niger to the North, Republic of Chad to the North East, Republic of Cameroon to the East, Republic of Benin to the West and the Atlantic Ocean to the South, and occupies a land area of approximately 923,773 sq. km. Nigeria comprises 36 States, a Federal Capital Territory – Abuja which is located in north central Nigeria and 774 Local Government Areas and Area Councils.

Nigeria has a presidential system of government with the executive powers of the Federal Government vested in the President. The FGN is headed by an elected President and Commander in Chief of the Armed Forces and the legislature consist of a bicameral National Assembly comprising the Senate and the House of Representatives. The legislative powers of the Federal Government are vested in the National Assembly. The President is supported by a Vice President elected along with him and by Ministers appointed by him. The executive powers of the President, subject to the provisions of the Constitution and of any law made by the National Assembly, may be exercised by the President directly or through the Vice-President, the ministers and/or any officer(s) in the public service of the Federal Government.

The executive government of each state is headed by an elected state Governor and the legislature consist of a unicameral House of Assembly. The Governor is supported by a Deputy Governor elected along with him and by Commissioners appointed by him. The Federal Capital Territory is however administered by a designated Minister appointed by the President while legislative powers for the territory are vested on the National Assembly. The states and the Federal Capital Territory are grouped into six geopolitical zones: North West, North Central, North East, South East, South-South and South West. Lagos, which is situated in the South West of Nigeria, is the principal commercial centre and has the main sea and airports in the country.

There are currently 774 constitutionally recognised Local Government Areas and Area Councils (LGA) in Nigeria. Each Local Government Area is administered by a Local Government Council consisting of a Chairman who is the Chief Executive of the LGA, and other elected members who are referred to as Councillors. Each of the LGAs is further subdivided into wards with a minimum of ten and a maximum of fifteen for each LGA.

In accordance with the Constitution, judicial authority is vested mainly in the following courts: the Supreme Court of Nigeria; the Court of Appeal; the Federal High Court; the High Court of the FCT; the National Industrial Court; the High Court of each state; the Sharia Court of Appeal and Customary Court of Appeal of the FCT; Sharia Court of Appeal and Customary Court of Appeal of each state; and such other courts as may be authorised by law to exercise jurisdiction over matters with respect to which the National Assembly or a state House of Assembly (as the case may be) may make laws at first instance or on appeal. Nigerian courts are empowered to hear and determine disputes between private parties; disputes between a private party and any of the three tiers of government or their agencies; or disputes between the three tiers of government or their agencies. Thus, the courts have the power to review statutes and executive actions to ensure that they conform to the Constitution and other laws in force in Nigeria.

## OVERVIEW OF NIGERIA AND ITS ECONOMY

The Constitution also establishes election tribunals and authorizes the National Assembly to constitute other tribunals as may be required. The more prominent of these special "courts" is the Investments and Securities Tribunal, which handles disputes in relation to capital market activities.

According to the United Nations Population Division's (UNPD) World Population Prospects, Nigeria's population was approximately 206.1 million in 2020, an average annual growth of 2.6% from 2015. Undoubtedly, Nigeria is the most populous nation in Africa, accounting for approximately 51.31% of the West African populace.

Nigeria is endowed with several minerals across the country including gold, iron ore, coal and limestone, and has 36.9 billion barrels of proven oil reserves and 5.7 trillion cubic feet of proven natural gas according to 2018 data by the Organization of the Petroleum Exporting Countries (OPEC). According to the OPEC, in 2018, the country was the 13th largest producer of petroleum in the world and has the 8th largest proven reserves. The structure of the Nigerian economy is predominantly services (48.59%), agriculture (29.25%) and industries (22.17%). Agriculture is a major source of livelihood, employing roughly 70% of the labour force as at Q3 2019.



## POLITICAL CONTEXT

Nigeria became an internationally recognised independent nation in 1960, after a period of colonialism under the British government which spanned about a century beginning with the formal annexation of Lagos in 1861. In October 1963, it became a Federal Republic and in May 1999 returned to democratic rule after thirty-three years of primarily military rule. For four years, between 1979 and 1983, democracy surfaced briefly under the civilian government led by Alhaji Shehu Shagari, until it was ended by a military coup. Chief Olusegun Obasanjo became the first democratically elected President on the platform of the People's Democratic Party ("PDP"). After serving the constitutionally permitted two terms in office, Chief Olusegun Obasanjo handed over power to Alhaji Umaru Musa Yar'Adua on 29<sup>th</sup> May, 2007. However, President Yar'Adua's tenure was short lived due to his demise on 5<sup>th</sup> May, 2010; following which Dr Goodluck Ebele Jonathan ("GEJ") was sworn in as President on 6<sup>th</sup> May, 2010. GEJ contested and won the 2011 presidential election.

The most recent presidential election was held on 23<sup>rd</sup> February, 2019 and saw the re-election of the incumbent, President Muhammadu Buhari, under the platform of the All Progressives Congress ("APC") thereby ensuring continuity in governance for the country and enabling the administration of President Buhari build on policies enacted in his first term. The election was marred by sporadic reports of violence with election observer describing the polls as overcome with logistical shortcomings as the election was postponed by one-week despite being the most expensive elections held in Nigeria with the budget presented to the national assembly putting the cost at ₦242 billion. The main challenger Atiku Abubakar of the People's Democratic Party ("PDP") contested the results of the election which the Supreme Court upheld.

Beginning in 1963, Nigeria has had four different republics and each republic came with its own constitution. Nigeria is currently running its fourth republic which was inaugurated in May 1999. The present constitution provides for a tripartite structure in which power is divided among the executive, legislative and judicial arms of government to entrench the concept of the separation of powers. It establishes the (a) office of the President, who is Commander-in-Chief of the Armed Forces and it sets out the powers and functions of the President (executive); (b) National Assembly (legislative) with its powers and functions; and (c) judicial system (judiciary) with its powers and functions. The Constitution also prescribes the qualifications and requirements which individuals must possess to hold any of the offices created by the Constitution.

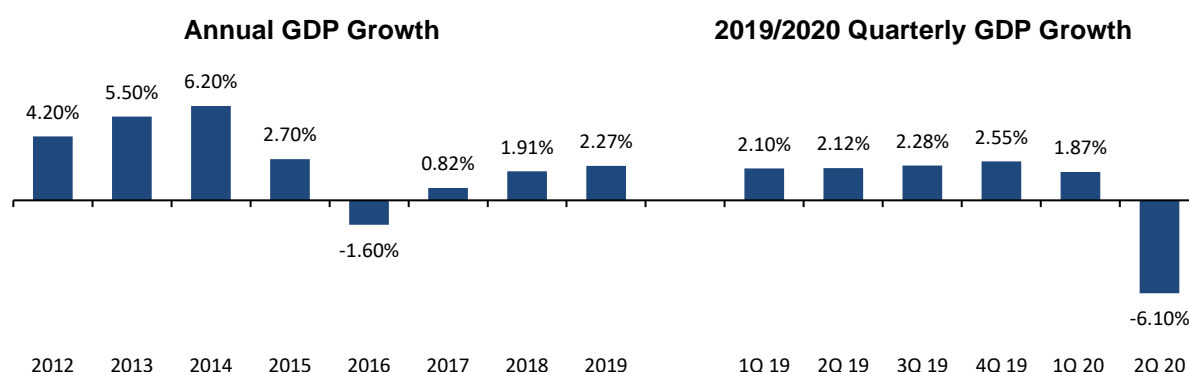


### ECONOMIC OVERVIEW

#### Gross Domestic Product (GDP)

In 2019, Nigeria's economy struggled to attain its expected growth, this was due to the lack of support from monetary and fiscal policies. In 2018, Nigeria's economy grew faster at 2.1%, higher than 0.8% recorded in 2017 compared to a negative growth of 1.6% in 2016. Over the last 10 years, from 2007 to 2017, the Nigerian economy recorded an average growth rate of c.4.6%. During this timeframe, Nigeria recorded a negative growth in only 1 of those 10 years, where a GDP growth rate of -1.6% was recorded in 2016 this 2016 marked the first full year of negative growth in more than two decades. In 2019, Nigeria experienced a boost in government earnings due to increased oil production (currently at c.2.01 million barrels per day) and the increase in global oil prices which reached a high of \$66 per barrel and averaged \$56 through 2019.

*Figure 1: Annual & Quarterly GDP Growth Rate*



Source: NBS

The economy is highly dependent on the oil and gas sector for revenues and export earnings. Prior to 2016 when the oil and gas sector contribution to the federally collectible revenue fell to about 51%, it had accounted for over 70% of government revenue in previous years. Dependence on oil and gas revenue makes the economy vulnerable to oil price fluctuations. Hence, in the wake of the oil shock, growth slowed sharply in 2015 and the economy experienced an outright contraction in 2016 (officially resulting in a recession after two consecutive quarters of negative growth). After contracting for five consecutive quarters, the economy returned to growth in the second quarter of 2017. GDP performance in recent years generally has been supported by growth in non-oil and gas GDP, with the biggest growth drivers being agriculture, telecommunications, manufacturing and trade. Data from the NBS show that Nigeria recorded real GDP growth rates of 2.79% in 2015, (1.51%) in 2016, 0.83% in 2017, 1.91% in 2018 and 2.29% in 2019. In Q2 2020, GDP contracted by 6.10% (year-on-year) depicting a drop of 8.22% when compared with Q2 2019. The significant drop reflects the negative impacts of the disruption caused by the COVID-19 pandemic and the crash in oil price on the Nigerian economy. The CBN in its bid to preserve scarce foreign exchange has seen a consistent increase in the inflation rate in the real sector of the economy in 2020. Similarly, recovery in domestic oil production and price movement in the international oil market saw the oil sector decline by (6.63%), year-on-year, from Q2 2019 and account for 8.93% of the Q2 2020 GDP, while the non-oil segment declined by (6.05%) with a contribution of 91.07%. The non-oil sector was driven mainly by Agriculture (crop production); Financial Institutions and Insurance; Manufacturing; Transportation and Storage; and Information and Communication.

The chart below sets forth the contribution to real GDP and growth rate for the periods indicated (based on 2010 constant basic prices) of the five largest sectors of the Nigerian economy, which combined to represent 74.4% of real GDP as at Q2 2020:

*Table 1: Sectoral Contribution to GDP*

## OVERVIEW OF NIGERIA AND ITS ECONOMY

Economic Sector	Year ended 31 December,					Period ended
	2015	2016	2017	2018	2019	June 2020
	% of GDP					
Agriculture	23.11	24.45	25.08	21.77	22.12	24.65
Mining and Quarrying	9.76	8.48	8.81	10.69	8.86	8.84
Trade	16.95	17.18	16.86	17.16	15.61	14.25
Information and Communication	11.18	11.57	11.35	10.17	10.69	17.83
Manufacturing	9.55	9.28	9.18	10.74	11.36	8.84
Education	2.17	2.24	2.20	2.14	2.06	1.43
Financial Service	3.07	2.98	3.00	3.13	3.12	4.01

Source: NBS

### Inflation

The Consumer Price Index (CPI), which tracks inflation in the country, increased by 14.23% (YoY) in October 2020, 0.52% higher than the rate recorded in September 2020 (13.22%) and the highest rate recorded in 30 months since March 28 when headline inflation was 13.71%. On a month on month basis, the headline index increased by 1.54%, which is up by 0.06% from 1.48% recorded in September 2020.

The non-food index stood at 11.14% in October 2020, 0.56% higher than the rate recorded in September 2020. The highest increases were recorded in prices of passenger transport by air, hospital services, medical services, pharmaceutical products, maintenance and repair of personal transport equipment, vehicle spare parts, motor cars, passenger transport by road, miscellaneous services relating to the dwelling, repair of furniture and paramedical services. Furthermore, it is worthy of note that as the imported food inflation increased on a Year to date basis, overall food inflation increased thus suggesting that food price pressures stem from merchants sourcing FX. The uptick in imported food inflation may also reflect the impact of a weaker naira on the parallel market.

Overall, inflationary pressures are expected to increase in 2020 as the IMF expects inflation to rise to 13.4% off the plunge in oil prices and the economic impact of COVID-19 on Nigeria's economy.

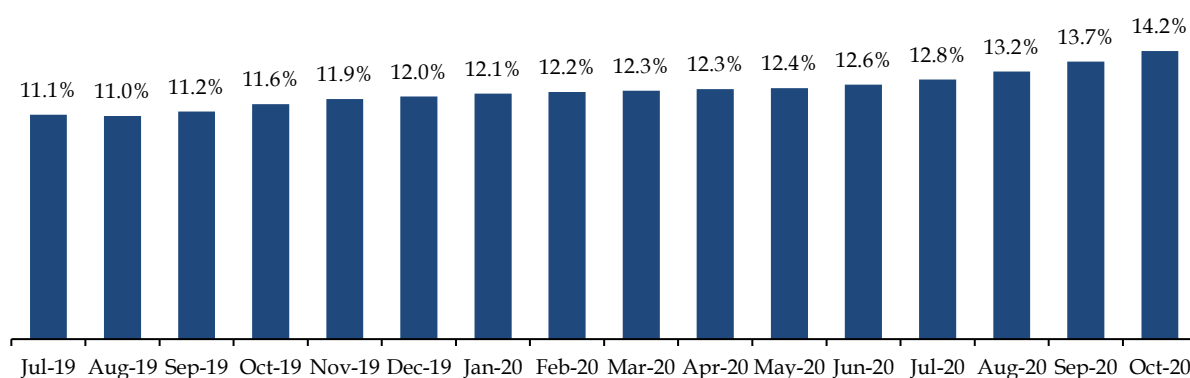


Figure 2: Inflation Development

Source: NBS

### Interest Rate

Nigeria's monetary policy is carried out by the Central Bank of Nigeria through its Monetary Policy Committee (MPC). The committee is responsible for managing the country's inflation rate by controlling money supply. The MPC achieves its objectives by modifying benchmark interest rates (such as the Monetary Policy Rate (MPR)), conducting money market operations and changing banks' reserve requirements.

Monetary policy has been somewhat consistent over the last few years with MPR kept constant at 14% for the period of 2017-2018 until it was reduced to 13.5% at the start of 2019. As part of its effort to control money supply, ease liquidity in the financial sector especially following the implementation of the loan to deposit ratio (LDR) for commercial banks and generally spur lending activities to the real sector, the MPC at its January 2020 meeting decided to maintain the monetary policy rate (MPR) of 13.5% adjust the corridor around the MPR to +200 basis points (bps) / -500bps from  $\pm 200$ bps, and increase the cash reserve requirement (CRR) to 22.5% from 27.5%.

However, against the backdrop of rising inflation and declining foreign currency reserves, at its second Monetary Policy Committee (MPC) meeting of 2019 held on the 22nd of March, the CBN opted to tighten money supply by reducing the MPR from 13.5% to 12.5%. In addition, the Asymmetric Corridor for Standing Lending and Deposit Facilities were retained at -500 basis points to +200 and -500 basis points. The Cash Reserve Ratio was also kept at 27.5%.

At the MPC meeting held in September 2020, the CBN held the MPR from 12.5% to 11.5% with the Cash Reserve Ratio and Liquidity Ratio kept constant at 27.5% and 30% respectively in addition to the Asymmetric Corridor which was adjusted from +200/-500 to +100/-700 basis points around the MPR.

### Exchange Rate

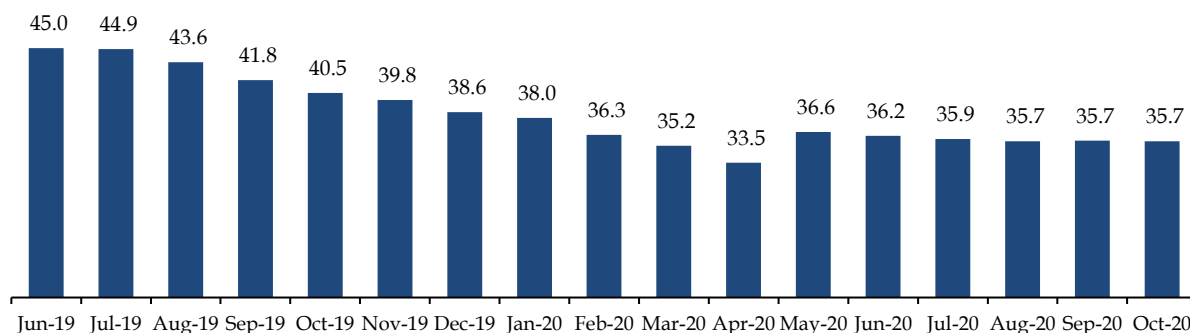
Up until the month of March 2020, Nigeria operated a fixed exchange rate regime with the naira fixed at NGN305/US\$. Following increased pressure on the naira resulting from reduced Federal Government FX earnings and declining FX reserves, the CBN began a series of unification of exchange rates which resulted in the adjustment in the value of the Naira currency from 305/US\$ to NGN360/US\$ by March 2020. However, the currency still trades at 470 on the parallel market.

To shore up its foreign exchange reserves, which sat at US\$36 billion as at June 2020, the CBN limited its supply of foreign exchange into the interbank market and imposed several foreign exchange allocation/utilization rules. Furthermore, the CBN retained the restriction on foreign exchange access to 41 import products, with the CBN recently adding maize to the list of items not qualified for FX in July 2020. In July 2020, the NGN/US\$ rate was adjusted from c.360 Naira to c.385 Naira at the Secondary Market Intervention Sales (SMIS), this was following the approval of a US\$3.4 billion financial instrument intervention by the IMF to help cope with the economic impacts of the COVID-19 pandemic, the lowered demand in oil and the corresponding decline in global oil prices.

According to the most recent data available, the CBN's foreign exchange reserve currently stood at c.US\$35.7 billion. This figure represents a decline of US\$9.4 billion from the 2019 year high of US\$45.1 billion recorded in May 2019, owing to the interventions and aggressive measures taken to improve liquidity at the interbank market and narrow the gap between the various market segments. In March 2020, the CBN moved the official rate from 305 to 360 in an initial adjustment to unify Nigeria's multiple exchange rates. Subsequently in July 2020, the CBN adjusted the value of the Naira from 360 to 380 at the Secondary Market Intervention Sales (SMIS), this was following the approval of a US\$3.4bn rapid financial instrument intervention by the IMF to help cope with the economic impacts of the COVID-19 pandemic.

### Figure 3: Gross External Reserves (US\$'Bn)

## OVERVIEW OF NIGERIA AND ITS ECONOMY



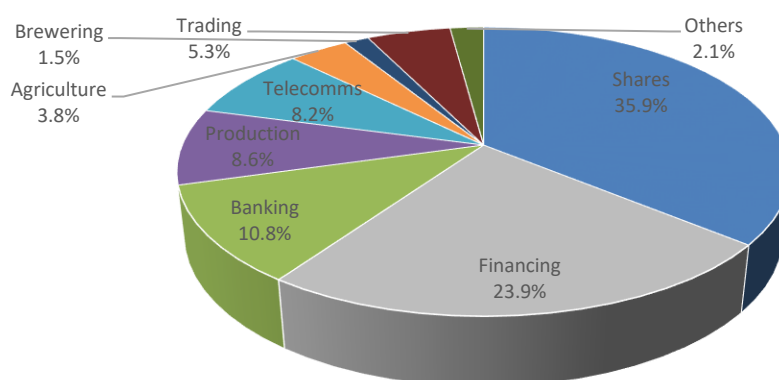
Source: CBN

### Capital Importation

The total value of capital importation into Nigeria stood at US\$1.3bn in 2Q2020, this represents a decrease of 77.9% compared to 1Q2020 and a decrease of 78.6% compared to 2Q2019. Other investment accounted for over 58% of capital imported in the last quarter followed by portfolio investment which accounted for over 29% of capital imported while foreign direct investments accounted for 11%. Of the three groups, only loans from other investments recorded growth on a quarterly basis while the remaining groups showed significant declines.

The main drivers of capital flows to and from Nigeria can be broken down into push and pull factors. Push factors, - typically external, - include factors that determine the rate of return on advanced economy assets, such as interest rates, economic growth and degree of risk aversion by foreign investors. Pull factors include factors that determine the rate of return on domestic assets such as, domestic interest rates, exchange rate expectations, economic growth and other risk factors. Given Nigeria's dependence on oil exports for foreign exchange earnings and government revenue, oil prices are likely to be the key driver of the rate of return on domestic assets, domestic credit risk and foreign exchange risk. Other important pull factors include clarity around the government's foreign exchange rate policies and availability of a stable exchange rate.

**Figure 4: Capital Importation by Sector**



Source: NBS

### Economic Reform Policies

The Government aims to diversify the economy away from oil by pursuing a range of economic reforms, including power and banking sector reforms, privatization programs to address poor infrastructure, including power and transportation, oil and gas reforms to reduce dependence on oil and gas as a major source of income and policies to improve economic coordination.

The Government's reform plans are based on Vision 20:2020, a long-term strategic economic transformation plan developed by the federal government in 2009 for stimulating Nigeria's economic growth. Vision 20:2020 articulates the nation's broad economic growth strategies and is designed to be implemented using a series of more detailed medium-term national development plans. Vision 20:2020 has been further developed through the First National Implementation Plan (NIP), the Transformation Agenda, the Medium-Term Expenditure Framework ("MTEF") and the National Economic Recovery and Growth Plan (NERGP). Key levers and initiatives driving growth of non-oil revenue include tailored revenue strategies for Ministries, Departments and Agencies ("MDAs"), improved efficiency for tax collection, enabling customs collections and strengthening of controls.

### **Vision 20:2020**

In May 2009, the Government launched Vision 20:2020, a long-term strategic plan which aims for Nigeria to become one of the 20 largest economies in the world by 2020. The three key pillars of Vision 20:2020 are:

- optimizing the key sources of economic growth;
- guaranteeing the productivity and wellbeing of the Nigerian people; and
- fostering sustainable economic development.

### **The First National Implementation Plan ("NIP")**

In May 2010, the Government adopted the First NIP for the years 2010-2013. The First NIP was a medium-term plan for implementing the first stage of Vision 20:2020 and the first of three expected national implementation plans. In early 2011, the Government announced the Transformation Agenda, which prioritized the key projects and programs in Vision 20:2020 and the First NIP for the four following years.

### **Transformation Agenda**

Following his election in 2011, former President Goodluck Jonathan introduced the Transformation Agenda, which was based on the goals of the Vision 20:2020 and the First NIP. The Transformation Agenda included pillars addressing (1) the macroeconomic framework, (2) governance, (3) human capital development, (4) real sector policies and (5) infrastructure. In 2015, the incumbent President Muhammadu Buhari communicated three key priorities of his administration – anti-corruption, security and the economy. More specifically – (i) Transparency in the oil and gas sector and particularly the public sectors involvement in the Nigerian National Petroleum Corporation (NNPC) (ii) To restore security to areas plagued by heightened insecurity; and (iii) To deliver employment and heavy economic growth.

Restoring strength to Nigeria's agriculture sector is a core component of the government's strategy for the economy. There is critical focus on restoring competitiveness in palm oil, cocoa, rice, cassava, sesame, kola nuts etc. which would drive rural incomes, GDP growth and employment. The expectation is an improvement in the balance of payments and reduced reliance on imported food products.

### **Medium Term Expenditure Framework (MTEF)**

Under the Fiscal Responsibility Act 2007, the Federal Government is required to prepare an MTEF for the subsequent three financial years, not later than four months before the commencement of the next financial year. The MTEF must be approved by the National Assembly and it forms the basis for Federal Government's budgeting in each year. The current MTEF (2018-2020), which was adopted by the Senate in December 2017, is a planning tool that details specific strategies to achieve defined objectives and highlights the key assumptions behind revenue projections and fiscal targets for the period from 2018 to 2020.

### **National Economic Recovery and Growth Plan ("NERGP")**

The current administration intends to continue implementing the Vision 20:2020 master plan for Nigeria's economic development and has developed a Strategic Implementation Plan upon which the Medium-Term Expenditure Framework was anchored. In this regard, the Government prepared a more comprehensive economic plan—the NERGP—which is also based on achieving the goals for Vision 20:2020. The NERGP,

## OVERVIEW OF NIGERIA AND ITS ECONOMY

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which was published in March 2017, is a more specific economic policy document, with an emphasis on implementation, monitoring and evaluation of the Government's economic goals. The NERGP addresses the implementation of medium-term growth plans, as well as short-term initiatives aimed at strengthening the economy, and is intended to promote national prosperity and an efficient, dynamic and self-reliant economy to secure the maximum welfare, freedom and happiness of every citizen on the basis of social justice and equality of status and opportunity.

The NERGP set forth policy objectives in five thematic areas: (1) macroeconomic policy, (2) economic diversification and growth drivers, (3) competitiveness, (4) social inclusion and jobs, and (5) governance and other enablers. Key targets of the NERGP during the 2017–2020 period include single-digit inflation (9.9%) by 2020; average annual real GDP growth of 4.6%; average annual growth in the agricultural sector of 6.9%; reducing the unemployment rate to 11.2% by 2020; attaining 10 GW of operational energy capacity by 2020; restoring and increasing crude oil output to 2.2 million barrels per day (“mbpd”) in 2017 and 2.5 mbpd by 2020; increasing domestic refining capacity; improving road, rail, and port infrastructure; driving industrialization with targeted annual growth of 8.5% in manufacturing and the creation of 1.5 million jobs; and stable exchange rates and greater availability of foreign exchange.

The NERGP identifies six priority growth sectors: agriculture, manufacturing, solid minerals, services, construction and real estate, and oil and gas. Three of these sectors—services, agriculture, and manufacturing—are projected by the NERGP to account for three-quarters of growth from 2017 through 2020. Key policies intended to promote growth of the non-oil sector under the NERGP include industrial and trade policy, a digital-led strategy for growth, which aims to expand the information and communication technology ecosystem in Nigeria, and cross-sector strategies, which aim to support micro, small and medium enterprises. As the government begins to implement the structural reforms outlined in its Economic Recovery and Growth Plan 2017–2020, it is widely expected that growth will strengthen further in the medium term, reaching about 2.8 percent by 2019.

### **Treasury Single Account**

As part of the Federal Government's efforts to improve efficiency and transparency in the management of public funds and the Federal Government's expenditures, the Ministry of Finance, in collaboration with the Office of the Accountant-General of the Federation and the CBN, launched in early 2012 the Treasury Single Account. The Treasury Single Account became mandatory in September 2015.

The scheme has been designed to consolidate the accounts of the Federal Government with the CBN and the various MDAs into a single or connected system of accounts. The Treasury Single Account is maintained at the CBN with each MDA responsible for the management of its allocations but effecting payment through the Treasury Single Account. Any unspent balances of cash allocated to MDAs after commitments entered into the Treasury Single Account for both recurrent and capital expenditure will automatically lapse and the balances will be returned to the Consolidated Revenue Fund for appropriation by the National Assembly. Investment of any Federal Government funds is centrally coordinated by the Office of the Accountant-General of the Federation and the CBN.

### **Presidential Enabling Business Environment Council**

This is focused on avenues to create an enabling environment for doing business in Nigeria. In this regard, the federal government, in July 2016 created the Presidential Enabling Business Environment Council (“PEBEC”) and charged it with the responsibility to spearhead the establishment of such necessary reforms while the Enabling Business Environment Secretariat (“EBES”), which was set up in October of the same year, is to implement the reform agenda of PEBEC. This agenda centres on the removal of bottlenecks to doing business in Nigeria and move the country not only by 20 (twenty) steps upwards on the World Bank Ease of Doing Business Index, but also become a globally competitive economy and the business hub of Africa. In February 2017, PEBEC approved a 60-Day National Action Plan on Ease of Doing Business in Nigeria (the “National Action Plan”) which is an inter-ministerial, inter-governmental plan driven by EBES for implementation by various Ministries, Departments and Agencies of government (“MDAs”). Some of the major reforms driven by the various stakeholders relate to:

## OVERVIEW OF NIGERIA AND ITS ECONOMY

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- Expediting the process for registering new business in Nigeria (which has successfully been reduced from ten to two days)
- Introducing electronic application for construction permits in Lagos State
- Consolidating the fees for registration of title to property in Lagos State
- Reform initiatives for ease of movement of persons in and out of Nigeria
- Initiatives and reforms geared towards promoting international trade
- Reforms for enhancing credit transactions secured by moveable property in Nigeria.

Furthermore, on February 21, 2018, the Federal Government of Nigeria through the Presidential Enabling Business Environment Council (“PEBEC”), unveiled the reform initiatives aimed at driving the third phase of its 60-Day National Action Plan on the Ease of Doing Business in Nigeria. The National Action Plan, an initiative of the current administration of President Muhammadu Buhari, is an initiative by the PEBEC.

### Establishment of the Economic Advisory Council (EAC)

In September 2019, President Muhammadu Buhari constituted a new team of economic advisers comprising of Nigeria’s most independent minded economists. The new eight-man team is chaired by Doyin Salami, a renowned professor of economics at the Lagos Business School, who also sits on the Central Bank of Nigeria’s monetary policy team. He was also critical in the transition committee from the Goodluck Jonathan administration back in 2015, as its vice chair.

Other board members include:

- Prof Charles Chukwuma Soludo – former central bank governor
- Mr Bismarck Rewane – Lagos-based economist
- Prof Ode Ojowu – former Presidential chief economic adviser
- Dr Iyabo Masha – a former IMF country representative for Sierra Leone
- Dr Muhammad Sagagi – former Managing Director of Century Merchant Bank
- Dr Shehu Yahaya – Chairman Development Bank of Nigeria
- Dr Mohammed Adaya Salisu – Secretary and Senior Special Assistant to the president on development policy

The new body replaces the former economic management team (EMT), which was chaired by vice-president Yemi Osinbajo. The advisory council is also expected to report directly to the President.

The council will advise the President on economic policy matters, including fiscal analysis, economic growth and a range of internal and global economic issues, working with the relevant cabinet member and heads of monetary and fiscal agencies.

### Presidential Advisory Committee against Corruption

The very first committee set up by the President after inauguration was the Presidential Advisory Committee against Corruption (“PACAC”) with a mandate to promote the reform agenda of the government on anti-corruption. A 7-member Technical Committee which includes private sector persons supports the PACAC. The Committee is also supported financially by three international development partners, namely the Ford Foundation, MacArthur Foundation and Open Society Foundation.

Some of the actions taken by the government include the establishment of a Presidential Committee on Asset Recovery (“PCAR”) to coordinate the collation and categorization of recovered assets from 2015-2016; verify the records and status of physical assets recovered under previous administrations and set up the framework for the management of recovered stolen asset to avoid re-looting and mismanagement of the assets. The FGN also created an assets recovery account to warehouse all the recovered assets and remove the opacity of reconciliation that had dogged the country in the past and the report of re-looting returned assets.

### Whistle-Blowing Policy

The Whistle Blowing Policy is a strategic action taken by the Government to ensure that every citizen is involved in the fight against corruption. The primary goal of the policy is to support the fight against financial crimes and corruption, by increasing exposure of financial crimes, rewarding whistle-blowers and assuring

## OVERVIEW OF NIGERIA AND ITS ECONOMY

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their protection. The whistle blowing policy of the Government has yielded positive results with the discoveries of stolen public funds hidden in banks, homes, farms and obscure places and the forfeiture of such monies to the Federal Government. The recovered funds and assets from public officials are centralized, managed and recognized in the budget to ensure proper spending. The Whistle Blowers' Protection bill was passed by the Nigerian Senate on July 19, 2017 alongside two other anti-corruption bills. The bill would ensure adequate protection of whistle blowers from reprisals, victimization, isolation and humiliation, which are some of the consequences of whistle-blowing.

### Establishment of the Efficiency Unit

The Federal Ministry of Finance's Efficiency Unit is mandated to review the expenditure profile and pattern of the Federal Government and work with MDAs to introduce more efficient processes and procedures that will ensure that the Government's revenues are deployed in an efficient manner that translates to value for money and savings for the Government. The initiative became imperative in view of Nigeria's dependence on crude oil for foreign exchange and revenue which made the local economy vulnerable to shocks in the international oil markets.

### Tax Reforms

In developed and emerging economies of the world, taxation remains a veritable source of revenue for government to put in place necessary infrastructure and economic development initiatives. However, taxes collected in Nigeria amount to about 6% of the GDP, based on a report by PricewaterhouseCoopers. The International Monetary Fund recommended an increase of VAT to 7.5% and an expansion of tax base as economic tools to diversify the economy away from oil. On this note, some of the government's efforts at reforming taxation include reviewing the VAT rate from 5% to 7.5%, and also reviewing the existing National Tax Policy to streamline multiple taxation, tackle tax evasion and provide tax incentives. The recently concluded Voluntary Assets and Income Declaration Scheme (VAIDS) was aimed at encouraging the voluntary disclosure of assets and payment of tax arrears with, among other benefits, amnesty from prosecution for tax evasion. It was reported by the FIRS that, between 1<sup>st</sup> July 2017, when VAIDS was launched, and 31<sup>st</sup> December 2017, the government earned about ₦23 billion from the scheme. When the VAIDS initially ended on 31<sup>st</sup> March 2018, the FIRS reported that it had realised about ₦30 billion from the scheme.

On January 14, 2020, President Muhammadu Buhari signed into law the new Finance Bill which aims to raise additional revenues for the Federal Government of Nigeria to meet its 2020 budget targets. The passage of the Finance Act into law, introduces one of the most significant changes in Nigerian tax law over the last two decades, which is the increase in the value added tax rate (VAT) from 5% to 7.5%, in addition to the changes which the Act introduces to other laws such as:

- The introduction of ₦25million VAT compliance threshold;
- The exemption of companies with less than ₦25million annual turnover from the payment of CIT;
- Expansion of the scope of companies taxable in Nigeria to include companies that operate within the Nigeria digital space, among others;
- Requirement of a tax identification number for the opening of bank accounts or continue operation of existing bank accounts(s);
- Provision of exemptions for the application of excess dividend tax under Section 19 of CIT Act; and
- Imposition of excise on certain imported products.

### Oil and Gas

The Federal Government is intent on revamping the oil and gas sector through the implementation of key regulatory and fiscal policies and reforms that will, among other objectives, encourage investment in the sector and also improve participation by domestic players. The enactment of the Nigerian Oil and Gas Industry Content Development Act 2010, which was targeted at promoting local participation in the oil and gas industry, has recorded significant gains and enabled indigenous companies to play a larger role in the industry. For instance, these efforts have led to the emergence of local firms leading drilling and development activity in the upstream segment and also influenced continuous local participating and innovation in the midstream and services segments. Separately, in November 2019, the president signed



## OVERVIEW OF NIGERIA AND ITS ECONOMY

the Deep Offshore and Inland Basin Production Sharing Contract (PSC) Amendment Bill into law. This legislation will significantly increase Nigeria's share of earnings particularly from oil wells located in deep offshore terrain. Further, the Government also intends to implement the far reaching regulatory and institutional reforms through the proposed enactment of the long awaited Petroleum Industry Bill ("PIB"), which the Ministry of Petroleum Resources is imminently poised to present to the Federal Executive Council for approval and, thereafter, onward transmission to the National Assembly for legislative actions.

### Agriculture

Agriculture is a major employer of Nigeria's labour force and comes top of the government's agenda at shifting the mainstay of the economy from crude oil. Nigeria faces two key gaps in agriculture: an inability to meet domestic food requirements and an inability to export at quality levels required for market success. Major reforms in the sector began in 2011 with the implementation of the Agriculture Transformation Agenda (ATA). At the heart of this strategy was transformation of the agricultural sector to create jobs, wealth and ensure food security and it was in place from 2011 – 2015. Building on the progress of the ATA and learning from its lapses, the current administration introduced the Agricultural Promotion Policy ("APP") with a thrust covering food security, import substitution, job creation and economic diversification. The Federal Ministry of Agriculture and Rural Development has developed a Medium-Term Sector Strategy (the "MTSS") covering the period from 2017 to 2019. The MTSS comprises three pillars: economic reforms, social investment and infrastructure development. The objectives of the APP for the period 2016 - 2020 include:

- Growing the integrated agriculture sector at 1x to 2x the average Nigerian GDP for 2016 – 2020;
- Integrating agricultural commodity value chains into the broader supply chain of Nigerian and global industry;
- Promoting the responsible use of land, water and other natural resources to create a vibrant agricultural sector offering employment and livelihood for a growing population;
- Facilitating the government's capacity to meet its obligations to Nigerians on food security, food safety and quality nutrition;
- Creating a mechanism for improved governance of agriculture by the supervising institutions and improving quality of engagement between the Federal and State Governments.

### Power

Power sector reforms started with the publication of the National Electric Power Policy in 2001 which was a precursor to the Electric Power Sector Reform Act of 2005 ("EPSR" Act). The EPSR gave rise to the unbundling of the National Electric Power Authority ("NEPA") and heralded the privatization of the Distribution Companies ("DISCOs") and Generating Companies ("GENCOs"), while the Transmission Company of Nigeria ("TCN") remained under the government's ownership. The sector is in transition from government to fully private-sector owned and operated. Therefore, it faces liquidity challenges arising from inefficient pricing model, non-enforceability of contracts, legacy debts and other bureaucratic bottlenecks. The biggest hurdle limiting the financial viability of the Nigerian electricity value chain is the insufficiency of cashflows that recover all costs and generate appropriate return on investment. To address this, the Multi-Year Tariff Order ("MYTO") was developed to set electricity tariffs for consumers over a 15-year period, subject to periodic review. Subsequent improvements on the MYTO-1 led to the approval of MYTO-2 in 2012. Following the privatization in 2013, the Nigerian Electricity Regulatory Commission ("NERC") conducted a review and revalidation exercise giving rise to the MYTO-2.1 in 2015. In July 2020, the Nigerian Electricity Regulatory Commission (NERC) approved service reflected tariffs for the electricity sector. However, this was suspended after reports indicated Electricity Distribution Companies, DisCos, had and the National Assembly had pushed for a postponement until key areas of the disagreement were sorted out. On September 1<sup>st</sup>, 2020, President Muhammadu Buhari approved the increase in electricity tariff from ₦ 30.23 per kilowatt to ₦ 62.33 per kilowatt. The increase was as a result of a number of factors influencing the cost of generating electricity such as:

- Increase in inflation rate
- Global gas prices

## OVERVIEW OF NIGERIA AND ITS ECONOMY

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- Nigerian Naira exchange rate
- Total aggregate technical collection and commercial losses

The Power Sector Recovery and Implementation Plan (“PSRIP”) approved by the Nigerian Federal Executive Council estimates that the sector will require approximately US\$1.5 billion annually for the next five (5) years to achieve viability. Nigeria’s National Integrated Infrastructure Master Plan (2014 – 2043) sets out a 30 year, US\$3.1trillion, action plan to address the nation’s infrastructure challenges including power, and transport, amongst others. The aim of the plan is to raise the country’s stock on infrastructure from its current level of 20-25% of GDP to 70% by 2043.

On-grid electricity generation has been the dominant source of power supply since the pre-privatization era. There are currently 27 grid-connected generating plants in operation. As of August 2015, 20 of the grid-connected generating plants were operating at approximately 30% of the installed capacity, and two plants operating at less than 10% of installed capacity. According to the 2015 Nigeria Power Baseline Report, approximately 55% of Nigeria’s population lacks access to grid-connected electricity supply. The Federal Government’s strategy, through the TCN, is to raise transmission capacity to 11,500MW by 2019 and 20,000MW by 2020.

### Public Debt

Nigeria’s public debt profile since 2005 has been marked by a shift from predominantly external debt to majorly domestic debt. This shift resulted from the discharge of London Club and Paris Club debts and also reflects a significant increase in the issuance of Federal Government treasuries in the domestic bond market. On the average, the proportion of domestic debt to total debt was 85% between 2012 and 2015; but reduced to 78% between 2016 and 2017. The increase in external borrowing and the impact of exchange rate depreciation were the main reasons for the reduction in the proportion of the domestic debt stock. According to data from the DMO, outstanding public debt of the federal government was ₦18.37 trillion as of end- December 2017, a growth of 26.3% from the 2016. It is the government’s strategy to refinance domestic debt with external borrowing to reduce debt service cost, limit the crowding out of other (non-sovereign) borrowers and achieve a more sustainable debt portfolio mix of 60: 40 in favour of domestic borrowing. Accordingly, the federal government in 2017 issued US\$4.5 billion in Eurobonds, an additional US\$2.5 billion for refinancing domestic debt in February 2018 and US\$2.8 billion in Eurobonds in November 2018.

In 2019, debt servicing cost about ₦2.14 trillion, however, the ₦10.59 trillion 2020 budget shows that the Federal Government will spend ₦2.43 trillion to service debts, with ₦1.73 trillion to be spent on domestic debts and ₦720.00 billion on foreign debt service, while ₦272.90 billion is appropriated as sinking fund for retiring maturing debts. The budget was passed by the National Assembly on December 6, 2019 and assumes a crude oil price of US\$60/barrel; foreign exchange rate of ₦305/US\$1 and crude oil production of 2.3 mbpd. The National Assembly increased the budget expenditure by ₦260 billion over and above the initial ₦10.33 trillion which was presented by the President in October 2019. The President signed the Appropriation Bill into law on 17<sup>th</sup> December 2019. Some key parameters of the budget include; benchmark for crude oil price of US\$57 per barrel, average daily crude oil production of 2.18 mbpd and foreign exchange rate of NGN305/US\$1.

### Credit Rating

Nigeria is rated ‘B’ by Fitch Ratings (“Fitch”) with a negative outlook attributed to the ongoing pressures on Nigeria’s external finances following the recent slump in oil prices and the pandemic shock. Intensifying external pressures raised risks of disruptive macroeconomic adjustment given Nigeria’s precarious monetary and exchange rate policy setting and lack of fiscal buffers. The rating of ‘B’ is five notches below investment grade. Similarly, Standard & Poor’s Rating Services (“S&P”) assigned a ‘B’ long term sovereign credit rating. Moody’s Investor Service (Moody’s) assessment affirmed a B2 rating for Nigeria (following a downgrade from ‘B1’ to ‘B2’ last year)

## DESCRIPTION OF EMZOR PHARMA FUNDING SPV PLC

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### 1. HEAD OFFICE AND REGISTERED ADDRESS

**Emzor Pharma Funding SPV PLC**

2<sup>nd</sup> Floor, ED Building

47 Marina

Lagos

+234 708 060 6000

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

### 2. INTRODUCTION

The principal objects of the Issuer are set out in its Memorandum and Articles of Association and, amongst other things, is to engage in the raising of debt capital through the issuance of bonds, debenture, debenture stock and other securities or perpetual securities and to invest in promissory notes, commercial papers and other securities.

### 3. PRINCIPAL ACTIVITIES

The principal activities of the Issuer will be to purchase Notes from Emzor Pharmaceutical Industries Limited under the Master Notes Purchase Agreement and in accordance with the terms of the transaction documents.

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

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company, the authorization and issue of the Bonds and of the other documents and matters referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

The Issuer's activities are restricted by its Memorandum and Articles of Association and the terms of the Trust Deed, and other related documents.

### 4. DIRECTORS AND SECRETARY

The directors and Company Secretary of the Issuer and their respective business addresses are set forth below:

	Name	Address	Role
1.	Dr Stella C. Okoli	2 <sup>nd</sup> Floor, ED Building, 47 Marina, Lagos	Director
2.	Uzoma Ezeoke	2 <sup>nd</sup> Floor, ED Building, 47 Marina, Lagos	Director
3.	Templars	5 <sup>th</sup> Floor, The Octagon, 13 A A.J Marinho Drive, Victoria Island, Lagos	Company Secretary

#### 3.1. DIRECTOR'S INTERESTS

No director has any interest in the promotion of the Issuer and/or the Notes to be purchased, or proposed to be purchased by, the Issuer.

**3.2. PROFILE OF THE DIRECTORS AND COMPANY SECRETARY****Dr Stella C. Okoli****Director**

Dr Stella started her career at Middlesex Hospital London, Boots Chemist London, and Park Davis Nigeria. Driven by passion to bring world-class pharmaceutical products and services to the Nigerian consumers, she established Emzor Chemists Limited in 1977 and subsequently incorporated Emzor Pharmaceutical Industries Limited in 1988.

She holds a bachelor's degree in pharmacy from the University of Bradford and a masters degree in biopharmaceutics from University of London, Chelsea College. She has attended various management and leadership programs / trainings at Harvard and Lagos Business Schools respectively, INSEAD, France and the Singapore Institute of Management.

In recognition of her enormous contributions to business and economic development, she was honored as a Member of the Order of Niger (MON).

**Uzoma Ezeoke****Director**

Uzoma has over 20 years' experience in the pharmacy profession working with various organisations such as Boots the Chemist United Kingdom, Rite Aid Corporation and Merck Merdo in the United States of America. She co-founded Emerald Lake Incorporated, a community pharmacy and medical equipment services company in Las Vegas, Nevada.

Although her current role focuses more on the commercial and management aspects of the healthcare industry, her passion remains community practice where she has experienced the life-changing impact of good healthcare interventions delivered by committed and competent professionals.

Mrs Uzoma Ezeoke is the Executive Director Finance, Human Resources & General Duties. She holds a bachelor's degree in pharmacy from Nottingham University, England. She is also an alumna of the Lagos Business School.

**3.3. SHARE CAPITAL.**

Emzor Pharma Funding SPV Plc has an authorised share capital of ₦2,000,000. The shareholders of the SPV are as follows:

- Emzor Pharmaceutical Industries Limited – 1,999,999 ordinary shares
- Emeka C.Okoli – 1 ordinary share

**5. EMPLOYEES**

The Issuer has no employees.

**6. INDEBTEDNESS**

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

**7. MATERIAL CONTRACTS**

Apart from the Transaction Documents to which it is a party, the Issuer has not entered into any material contracts other than in the ordinary course of its business.

**8. NO MATERIAL ADVERSE CHANGE**

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

### **9. FINANCIAL INFORMATION**

Since the date of incorporation, the Issuer has not commenced operations and no financial statements have been compiled or published as at the date of this Shelf Prospectus.

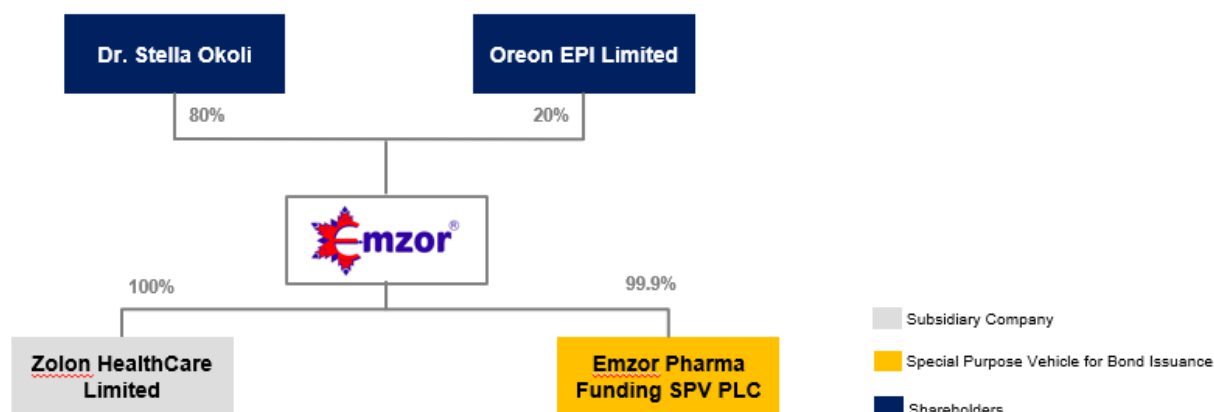
### **10. LITIGATION**

The Issuer is not and has not been since its incorporation engaged in any litigation or arbitration proceedings.

## DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

### GROUP STRUCTURE

Emzor Pharmaceutical Industries Limited's business comprises of Zolon Healthcare Limited (an operating subsidiary company) and Emzor Pharma Funding SPV Plc (a Special purpose vehicle).



### BACKGROUND

Emzor Pharmaceutical Industries Limited is a private indigenous pharmaceutical manufacturing group founded in 1984 by Dr. Stella C. Okoli, OON. The company manufactures high-quality pharmaceutical products and medical consumables. Its holding company, Emzor Chemists Limited opened for retail business in January 1977 in Yaba, Lagos.

The rapid growth of the retail business encouraged Emzor Chemists Limited to venture into the importation and wholesale of assorted pharmaceuticals. The idea to manufacture locally came later and this was predicated on the need to develop local capability, create jobs and provide high quality pharmaceutical products and services to the Nigerian people at prices that are not only affordable but represent value.

Emzor Pharmaceutical Industries Limited started pilot production in 1985. By 1988, it had become an established pharmaceutical manufacturing company especially with the introduction of Emzor Paracetamol which is today a leading brand of analgesic not only in Nigeria but across Sub-Saharan Africa.

The company's factory is located in the Isolo industrial area of Lagos with facilities to make a wide variety of high-quality pharmaceutical products that meet international standards at affordable and competitive prices. All Emzor products meet the highest international standards and are duly registered with the NAFDAC.

The then secretary of Health to the Interim National Government Dr. Christopher Okojie officially commissioned the company's factory in July 1993. The company has since attracted foreign missions, scholars, and students of pharmacy, microbiology and chemistry. In April 1999, Prof. Debo Adeyemi, the Honorable Minister of Health, commissioned the factory extension.

From the modest beginning with four (4) products in 1987, the company now manufactures in its own factory a wide range of products in the analgesic, anti-malaria, vitamin/haematinics/multivitamin supplement, anti-helminthic, antibiotics and therapeutic categories. The company has in its stable more than 120 different products.

Today, Emzor has become a household name in Nigeria and a leader in the pharmaceutical market that is known for quality products at prices that offer real value across West Africa. Emzor's commitment is to produce and deliver flawless products on time and every time.

## DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

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### OUR VISION

To be the leading healthcare company in Africa through the provision of world-class products and services.

### OUR MISSION

We have an unwavering commitment to provide our customers with healthcare products and services of consistently high quality, made readily available at prices which create value for all stakeholders. We continuously develop and reward people of integrity who subscribe to hard work and creativity as a means of achieving individual and corporate excellence

### WELLOCRAZY

We envision a world where Unlimited Wellness is made available to all and affordable by all.

### RECOGNITION

Emzor has been recognized by numerous professional organizations' certifications and by industry publications. Others have applauded its commitment to quality and its stellar business performance. The company is proud of the contributions made toward breathing health into the lives of people in Africa and around the world.

### NAFDAC CERTIFICATION

All Emzor's products are registered by the appropriate regulatory authority in Nigeria (National Agency For Food and Drug Administration and Control)

#### 1. Board Composition

As at 31 December 2019, the Board comprised 7 (seven) Directors: 3 (three) non-executives and 4 (four) executive directors.

All the Directors have varied experience and backgrounds and are well equipped to handle the responsibilities of the Board.

### PROFILE OF DIRECTORS

#### Mr. Emeka C. Okoli

##### Chairman of the Board

Born in London and raised in Nigeria during his early years, he attended St Saviours School and Kings College Lagos, Emeka returned to England to continue his secondary school education at Kings College School Rochester where he attained his GCSE's and A Levels before proceeding to university.

Emeka earned a B.Eng in Aeronautical Engineering from Loughborough University and an MSc in Information Technology from University College London and an MSc in Mathematical trading and finance from Cass Business School, City University London while working at Merrill Lynch.

Emeka ran his own Financial Risk consultancy firm, working with asset managers and investment banks like HSBC and Deutsche Bank in London. Prior to that, he was Head of Investment Risk for BMO Global Asset Management (EMEA) in London, (formerly F&C Asset Management); Vice President market risk at Merrill Lynch in London and a Senior Analyst at Sema Group Telecoms in London & Paris.

## **DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED**

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His main areas of focus at Emzor is in the long term strategic financial planning and in other long-term projects that focus in the growth and diversification of the Emzor Group.

### **Dr. Stella C. Okoli**

#### **Managing Director**

Dr Stella started her career at Middlesex Hospital London, Boots Chemist London, and Park Davis Nigeria. Driven by passion to bring world-class pharmaceutical products and services to the Nigerian consumers, she established Emzor Chemists Limited in 1977 and subsequently incorporated Emzor Pharmaceutical Industries Limited in 1988.

She holds a bachelor's degree in pharmacy from the University of Bradford and a masters degree in biopharmaceutics from University of London, Chelsea College. She has attended various management and leadership programs / trainings at Harvard and Lagos Business Schools respectively, INSEAD, France and the Singapore Institute of Management.

In recognition of her enormous contributions to business and economic development, she was honored as a Member of the Order of Niger (MON).

### **Mrs. Uzoma Ezeoke**

#### **Executive Director**

Uzoma has over 20 years' experience in the pharmacy profession working with various organisations such as Boots the Chemist United Kingdom, Rite Aid Corporation and Merck Merdo in the United States of America. She co-founded Emerald Lake Incorporated, a community pharmacy and medical equipment services company in Las Vegas, Nevada.

Although her current role focuses more on the commercial and management aspects of the healthcare industry, her passion remains community practice where she has experienced the life-changing impact of good healthcare interventions delivered by committed and competent professionals.

Mrs Uzome Ezeoke is the Executive Director Finance, Human Resources & General Duties. She holds a bachelor's degree in pharmacy from Nottingham University, England. She is also an alumna of the Lagos Business School.

### **Mr. Shivakumar Subramani**

#### **Executive Director**

A seasoned finance professional with more than 20 years of experience in Asian, Middle East and African markets. He holds a bachelor's degree in chemistry from Bangalore University. He has attended various management courses on strategy and finance from the prestigious Indian School of Business. He has undergone training in healthcare management in Austria and Leadership training from the South African Institute.

He has worked in different business verticals from IT sector to manufacturing and service industry and with proven business acumen in managing finance operations and contributing higher rate of organic growth for the organization.

His main focus is on the financial management and controls of the Sponsor, along with delivering value to the stakeholders.

### **Mr. Ehimare Eric Idiahi**

#### **Non-Executive Director**



## **DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED**

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Mr. Eric Idiahi graduated from University of Houston, Houston, Texas, USA in 2003 with B.Sc in Economics. He also obtained his MBA from the University of Oxford, Said Business School, Oxford, UK in 2017.

He began his career with Chevron Texaco Global Trading Houston, Texas in 2002 as a summer intern supporting the West Africa crude oil trading team. He later joined the Financial Derivatives Company Limited as the Head of Financial Advisory in 2005 where he led financial advisory transactions and the development of business plan and strategy for a major foreign pension fund company to enter the Nigerian market. In 2006, he joined Fountainhead Media Group as a co-founder and Managing Partner providing financial and business advisory services to media and technology companies.

He is currently a co-founder and partner at Verod Capital Management where he partners with West African Private Equity firms with over US\$200mn AUM investing primarily in consumer driven sectors and responsible for identifying investment opportunities, conducting due diligence and raising capital.

### **Mr. Gabriel Kieta**

#### **Non-Executive Director**

Mr. Gabriel Kieta graduated from Montpellier University France in 1991 with B. Pharm (Hons). He obtained his European MBA from Esden Madrid in 1992 and thereafter served in the French army in Germany for one year. He began his career in 1994 with Ubipharm group SA (Rouen-France) a leading group in the pharmaceutical distribution sector in French speaking Africa and French Indies with over seven companies in the group in 14 countries and 3 departments where he rose to be in charge of the Group sourcing and external growth operations upstream in the supply chain and also in charge of Ubipharm business partnership with international pharmaceutical companies and groups all over the world until 2012. He is currently the Director & Chairman of Odypharm LDT & Odypharm India Lifescience Ltd and Odypharm Lifescience Hong Kong Ltd, He is also on the Board of BDA Pharma Ltd (India), Abacus Pharma (Uganda), Ilapharm Group, YGIE Investment & Services Ltd amongst others.

### **Dr. Shamsuddeen Usman**

#### **Non-Executive Director**

Dr Shamsuddeen Usman (CON) possesses over 35 years' experience in management consulting, economic advisory, strategic planning and business strategy, corporate finance advisory and financial modeling, managerial finance and due diligence, strategy and leadership development, banking, risk and project management.

He graduated from Ahmadu Bello University, Zaria in 1973 with Bsc. Economics. He also has a masters degree and Ph.D in Economics from the University of London. He was Nigeria's Hon. Minister of Finance from 2007 to 2009 and Hon. Minister of National Planning from 2009 to 2013.

He is a fellow of the Nigerian Economic Society and the Chartered Institute of Bankers. He began his career as a planning officer with Kano State Ministry of Economic Planning in 1974, a position he vacated in 1976. He has also occupied positions such as: Managing Director, Nal Merchant Bank; 1995 – 1999 and Deputy Governor, Central Bank of Nigeria; 1999 – 2007.

He is the Chairman/Chief Executive Officer of Susman & Associates Limited and is currently involved in designing a short – medium term strategic plan for the states in North Eastern Nigeria, designing and implementing a comprehensive performance monitoring and evaluation system for Lagos State Government. He sits on the Board of a number of companies.

## **Corporate Governance**

## DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

Emzor Pharmaceutical Industries Limited is firmly committed to effective corporate governance principles and best practices. Though not a public company, Emzor Pharmaceutical Industries Limited generally operates in line with the principles set out in SEC's Code of Corporate Governance for Public Companies and the Financial Reporting Council of Nigeria (FRCN) Code of Corporate Governance, to the extent appropriate for the size and nature of its business

### Description of Shareholding

As at 31 December 2019, the Company's authorised share capital was ₦1,250,000,000, comprised of 2,500,000,000 ordinary shares of 50 kobo each. As at 31 December 2019, the Company's issued and fully paid up share capital was ₦1,139,375,000 comprised of 2,278,750,000 ordinary shares of 50 kobo each.

### Major Shareholders

The following table lists the shareholders of the Company as indicated in its share register as at 31 December 2019. All the shareholders of the Company have the same voting rights and right to receive notice of, and to attend, meetings.

*Table 2: Shareholding Structure*

	31 December 2019 Number of Shares held	%
Mrs Stella C. Okoli	1,823,000,000	80.0
Oreon EPI Limited	455,750,000	20.0
	2,278,750,000	100

### Key Products

Emzor Pharmaceutical is active in the production of pharmaceutical products across various market segments. These include Analgesics, Anti-Malaria's, Antibiotics, Anti-histamines, Antitussives (cough suppressants), Cardiovasculars, Gastrointestinals, Haematinics, Vitamins, Supplements and Nutritional Oils.

The Company has a wide range of products in each of these segments, with some of the products enjoying a market leading position in their respective segment. Below is a brief description of the Company's most notable products:

**Emcap:** Emcap is an acetaminophen used for fast relief from headaches, backaches, joint and muscular pain. Emcap is produced in 100 tablets, 1000 tablets and 60ml suspension bottles for children

**Emprofen;** Emprofen is an analgesic and antipyretic used to treat fever, pain and inflammation caused by many conditions such as headache, rheumatoid arthritis, and osteoarthritis. Emprofen is produced in 200mb soft gel, 400mg soft gel and a 100mg suspension.

**Emzor Paracetamol:** Emzor paracetamol is one of the country's most known pain relievers and one of the company's most known brand product. Paracetamol is used for fast relief from pains, feverish conditions, teething pains, cold symptoms, headache, muscular and general body aches. Emzor paracetamol is produced in 1000 tablets, 96 tablets and 15ml drops.

**Maldox;** Maldox is an anti-malaria used to prevent p.falciparum malaria infection for patients in which chloroquine resistance is suspected. The combination is indicated for travellers to endemic areas where

## DESCRIPTION OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

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chloroquine-resistant *p.falciparum* malaria is prevalent. Maladox is produced in 3 tablets and a 15ml suspension.

**Lokmal:** Lokmal is an anti-malaria used for treatment of malaria caused by all forms of plasmodium including multi-drug resistant strains of *f.falciparum*. The drug combines the use of artmethers and lumefantrine. Lokmal is produced in 6 tablets, 24 tablets, 60 ml suspension and 6 dispersible tablets.

**Emzifix:** Emzifix is an antibiotic in the cephalosporin class of drugs. Emzifix is used to treat a number of bacteria infections such as strep throat, pneumonia, urinary tract infections, gonorrhoea and Lyme disease. Emzifix is produced in 200mg tablets, 400mg tablets and 5ml suspension ]

**Chlorpheniramine:** Chlorpheniramine is an antihistamine that reduces the effects of natural chemical histamine in the body. Histamine can produce symptoms of sneezing, itching, watery eyes caused by allergies, cold and flu. Chlorpheniramine is produced in 100 tablets, 1000 tablets and 60ml syrup.

**Emzoklyn:** Emzoklyn is a palatable syrup used for the relief of dry cough and other symptoms that accompany coughs and cold such as runny nose, catarrh, nasal congestion and blocked up sinuses. Emzoklyn is manufactured in 100ml syrup bottles.

**Zoretic:** Zoretic is used in the treatment of high blood pressure, heart failure or extra fluid in the body (edema). The drug combines the use of amiloride hydrochloride and hydrochlorothiazide.

**Zolat:** Zolat (albendazole) is a broad spectrum anthelmintic used for the treatment of single or mixed infections of pinworm, threadworm, hookworms and tapeworms. Zolat is produced in 400 mg tablet, 1000mg tablet, chewable tablets and 20ml suspension.

**Emzoron:** Emzoron is used for the treatment of iron deficiency anaemia, megaloblastic anaemia, anaemia due to pregnancy and repeated haemorrhage B-complex vitamin deficiency. Emzoron is produced 30 capsules, 120 capsules, 250 capsules and 200ml tonic.

**Omega 3 Fish Oil:** Omega-3 fatty acids assist in the maintenance of cell membranes and the maintenance of healthy cholesterol levels in healthy people as well as the regulation of blood pressure.

**Emvite:** Emvite multivitamin tablets contain numerous vitamins and minerals in balanced rational proportions, which help in replenishing nutrients and prevent the occurrence of vitamin deficiencies. Emvite is produced in 100 tablets, 1,000 tablets, 15ml drops and 100ml syrup.



GLOBAL CREDIT RATING CO.  
Local Expertise • Global Presence

## Emzor Pharmaceutical Industries Limited

Nigeria Corporate Analysis

November 2020

Rating class	Rating scale	Rating	Rating Outlook	Expiry date
Long term	National	A-(NG)	Stable	November 2021
Short term	National	A2(NG)		

### Financial data:

(USDm comparative)\*

	31/12/18	31/12/19
N/USD (avg.)	305.5	305.4
N/USD (close)	306.5	306.5
Total assets	111	118
Total debt	28	29
Total capital	40	45
Cash & equiv.	26	12
Turnover	78	85
EBITDA	14	15
NPAT	6	5
Op. cash flow	(11)	(1)

Market share<sup>#</sup> 32% and 25% of the analgesic and multivitamins market respectively

Market cap Not Applicable

\*Central Bank of Nigeria ("CBN") exchange rate.

<sup>#</sup>Management's estimate. Not available for other therapeutic classes due to lack of reliable data.

### Rating history:

Initial/new rating (November 2020)

Issuer Long term: A-(NG)

Issuer Short term: A2(NG)

Rating outlook: Stable

### Related methodologies/research:

Criteria for rating Corporate entities, updated February 2018

Glossary of terms/ratios, February 2018

### GCR contacts:

Primary Analyst:

Femi Atere

Credit Analyst

femi@gcratings.com

Committee Chairperson:

Dave King

Analyst location: Lagos, Nigeria

Tel: +234 1 9049 462

Website: www.gcratings.com

### Summary rating rationale

- The ratings of Emzor Pharmaceutical Industries Limited ("Emzor" or "the Group") reflect its position as a leading manufacturer in the Nigerian pharmaceutical sector, and its relatively strong credit risk profile. Group operations are underpinned by extensive marketing and distribution network, as well as strong relationships with international suppliers and technical partners, which have supported solid competitive positioning.
- Emzor has recorded strong earnings progression over the review period, supported by ongoing product innovation and an expanding retail footprints. However, the supply chain disruptions occasioned by the COVID-19 crisis have affected production and targets, as evidenced by the constrained year-on-year growth in 1H FY20. While the short term revenue forecast may not be met, earnings have since recovered and prospects remain strong, underpinned by Nigeria's fast growing population and generally low penetration for medicines.
- Despite the adverse impact of the Naira devaluation and inflationary pressures, Emzor reports competitive margins, with the EBITDA margin rising consistently to 19.8% in 1H FY20, underpinned by cost containment initiatives. Input costs are expected to remain high, but successful backward integration into the production of active inputs and higher economies of scale should see the margin register above historical levels. This has helped sustain adequate interest coverage, amidst the higher charge.
- Negative operating cash flows have been driven by working capital pressures arising from growing trade receivables, inventory, and related party transactions. While GCR expects such working capital pressures to persist in view of the expanding business, management has indicated that related parties now have access credit facilities for their own operations.
- GCR considers Emzor's moderate gearing to be a rating strength, given the strong support from shareholders. In this regard, an equity injection and a convertible shareholder loan have enabled Emzor to contain net debt to EBITDA below 1.3x in recent periods, despite the working capital and expansionary spend. If the convertible shareholder loan is treated as equity, the metric would register below 0.7x. Even as Emzor gears up for additional funding through a debt issue to support its expansion drive, GCR expects this to have limited impact on credit metrics, provided strong earnings are maintained. However, a renewed working capital support for related parties may weaken Emzor's financial profile in times of material cash flow stress.
- Emzor evidences strong relationships with financial institutions, which has allowed for steady access to funding and favourable terms, amidst the challenging operating environment. Its debt maturity profile is enhanced by a sizeable long term debt and N1.7bn in unutilised committed facilities.

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

**Positive change:** Bringing the capex projects to fruition on time and within budget will have a strong impact on earnings. If the robust forecasts are attained, this would lead to a substantial increase in scale and improve financial strength.

**Negative change:** An underperformance of earnings against a rise in debt profile, could burden Emzor with high debt service costs. Continued disruptions to the operating environment, could also negatively impact group performance.

Nigeria Corporate Analysis | Public Credit Rating

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## CONFIRMATION OF GOING CONCERN STATUS

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EMZOR Pharmaceutical Industries Ltd  
Plot 3C, Block A, Aswani Market Road, Isolo.  
P. O. Box 1575 Oshodi, Lagos, Nigeria.  
Tel: 234-1-8105555, 234 - 7080606000.  
email: customerservice@emzorpharma.com  
website: www.emzorpharma.com

RC, 61894

25 September, 2020

**The Director General**  
Securities and Exchange Commission  
Plot 272 Samuel Adesujo Ademulegun Avenue  
Central Business District  
Abuja.

### CONFIRMATION OF THE GOING CONCERN STATUS OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED

We the undersigned, being directors of Emzor Pharmaceutical Industries Limited (the “Company”) of Plot 3c, Block A, Aswani Market Road, Oshodi/Osolo Expressway, Lagos with RC Number: 61894, hereby affirm that the Company has been duly incorporated under the Laws of the Federal Republic of Nigeria and that the Company has no pending insolvency proceedings instituted against it.

We confirm that we have made an assessment of the Company’s ability to continue business as a going concern and there are no material uncertainties related to events or conditions that may affect the Company’s ability to continue as a going concern.

Yours faithfully,

**Name: Dr Stella Okoli**  
**Director**

**Name: Uzoma Ezeoke**  
**Director**



Ernst & Young  
10th Floor  
UBA House  
57, Marina  
P. O. Box 2442, Marina  
Lagos.

Tel: +234 (01) 631 4500  
Fax: +234 (01) 463 0481  
Email: Services@ng.ey.com  
www.ey.com

27 November 2020

The Directors

**Emzor Pharmaceutical Industries Limited**  
Plot 3C, Aswani Market Road  
Oshodi-Apapa Expressway  
Isolo  
Lagos

To

The Directors

Renaissance Securities (Nigeria) Limited  
6<sup>th</sup> Floor, Wings Office Complex  
Ozumba Mbadiwe Road  
Victoria Island  
Lagos.

Dear Sir,

**Confirmation of Going Concern- Emzor Pharmaceutical Industries Limited ("The Sponsor") in respect to the ₦15 Billion Series 1 Bond Issue by Emzor Pharma Funding SPV PLC ("The Issuer") under the Issuer's Registered ₦50 Billion Issuance Programme ("Transaction")**

We have audited the financial statements of Emzor Pharmaceutical Industries Limited for the year ended 31 December 2019 and issued our report dated 7 September 2020. The financial statements were prepared in accordance with the International Financial Reporting Standard (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and The Financial reporting Council of Nigeria Act No. 6, 2011.

We conducted our audit in accordance with the International Standards on Auditing (ISA). One of our responsibilities under these standards is to obtain sufficient appropriate audit evidence regarding and conclude, on the appropriateness of management's use of the going concern basis of accounting in preparation of the financial statements, and to conclude based in the audit evidences obtained. Our Audit Report on 31 December 2019 financial statement does not contain a modification paragraph in relation to going concern uncertainty.

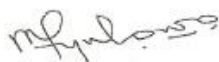
A member firm of Ernst & Young Global Limited.



We note that as described in ISA 200 "Overall" Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standard on Auditing "the potential effects of inherent limitations on the auditor's ability to detect material misstatements are greater for future events or conditions that may cause an entity to cease to continue as a going concern. We cannot predict such future events and conditions. Accordingly, the absence of any referral to material uncertainty about the Company's ability to continue as a going concern in our auditor's report cannot be viewed as a guarantee as to the Company's ability to continue as a going concern.

The letter is issued solely in relation to the above -mentioned proposed transaction for regulatory filing purposes.

Yours faithfully,



Funmi Ogunlowo, FCA

FRCN/2013/ICAN/00000000681

For: Ernst & Young

Lagos, Nigeria.



**OLAYINKA, A. DOHERTY ESQ.**  
**OLAYINKA, A. DOHERTY & CO.**  
BARRISTERS, SOLICITORS AND  
NOTARIES PUBLIC  
*6, Tokunboh Str, Lagos Island*  
*Lagos State*



## EXTRACT FROM THE REPORTING ACCOUNTANTS' REPORT

### REPORTING ACCOUNTANTS' REPORT



#### KPMG Professional Services

KPMG Tower  
Bishop Abiodun Cole Street  
Victoria Island  
PMB 40014, Falmoro  
Lagos

Telephone 234 (1) 271 8955

234 (1) 271 8599

Internet home.kpmg/ng

The Directors  
Emzor Pharmaceutical Industries Limited  
Plot 3C, Block A, Aswani Market  
Isolo, Lagos  
Nigeria

Dear Sir,

#### ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF EMZOR PHARMACEUTICAL INDUSTRIES LIMITED FOR THE YEARS ENDED 31 DECEMBER 2015, 2016, 2017, 2018 AND 2019

##### Report on the Financial Statements

We have reviewed the accompanying financial statements of Emzor Pharmaceutical Industries Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2018 and 2019, and the consolidated and separate statements of profit and loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information. We have also reviewed the statement of financial position of Emzor Pharmaceutical Industries Limited as at 31 December, 2015, 2016 and 2017 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

##### Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

##### Accountants' Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400 (Revised), *Engagements to Review Historical Financial Statements*. ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with the International Financial Reporting Standards (IFRS). This Standard also requires us to comply with relevant ethical requirements.

KPMG Professional Services, a Partnership established under Nigerian law, is a member of KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

Registered in Nigeria No BN 989325

#### Partners:

Adebo O. Lamiyanti	Adegoke A. Oyewumi	Adekunle A. Ebebe	Adenola P. Adeyemi
Adeleke K. Ajayi	Aigbota O. Olanrewaju	Ajibola L. Salami	Ajibola A. Soyinka
Adeleke H. Oshinwa	Chikuzor N. Anjorin	Chineme B. Nwagbo	Erilo A. Abangere
Elijah O. Ogunmoye	Goodluck C. Obo	Isomimi M. Adejumo	Isomimi T. Emeka-Ergbo
Joseph O. Tobi	Kater O. Olanrewaju	Lawrence C. Akintola	Mohammed M. Adama
Maria C. Esuma	Ogundimu I. Ogunbemis	Olufemi S. Mobolaji	Oladunsi I. Salauye
Olanke I. James	Olanrewaju O. Olanrewaju	Olanrewaju A. Sowande	Olanrewaju I. Olanrewaju
Olanrewaju O. Awotunde	Olanrewaju A. Olanrewaju	Olanrewaju A. Olanrewaju	Olanrewaju A. Olanrewaju
Victor U. Olanrewaju			





A review of financial statements in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The Accountants perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these financial statements.

#### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the consolidated and separate statements of financial position as at 31 December, 2018 and 2019 of Emzor Pharmaceutical Industries Limited, and its financial performance and cash flows for the years then ended, the statement of financial position of Emzor Pharmaceutical Industries Limited as at December 31, 2015, 2016 and 2017, and its financial performance and cashflows for the years then ended in accordance with the International Financial Reporting Standards.

#### Restriction on Distribution and Use

Without modifying our conclusion, our report was prepared for inclusion in the prospectus for the proposed issuance of ₦15 billion Series 1 Notes under a ₦50 billion bond issuance programme through the Emzor Pharma Funding SPV Plc ("SPV") and as a result, the financial information may not be suitable for another purpose. Our report is intended solely for Emzor Pharmaceutical Industries Limited and other relevant parties to the offer and should not be distributed to or used by other parties other than Emzor Pharmaceutical Industries Limited and other relevant parties to the offer.

**Adetola P. Adeyemi**  
FRC/2012/ICAN/00000000620  
For: KPMG Professional Services  
Chartered Accountants  
30 September 2020  
Lagos, Nigeria



# EXTRACT FROM THE REPORTING ACCOUNTANTS' REPORT

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

(All amounts in thousands of Naira unless otherwise stated)

	2019* N'000	2018* N'000	2017** N'000	2016** N'000	2015** N'000
<b>Revenue</b>	<b>25,964,531</b>	<b>23,747,127</b>	<b>19,269,332</b>	<b>14,594,809</b>	<b>12,953,031</b>
Cost of sales	(16,141,056)	(14,112,807)	(11,446,767)	(8,871,215)	(8,083,098)
<b>Gross profit</b>	<b>9,823,475</b>	<b>9,634,320</b>	<b>7,822,565</b>	<b>5,723,594</b>	<b>4,869,933</b>
Administrative Expenses	(3,964,244)	(2,853,700)	(2,028,606)	(2,181,255)	(1,942,617)
Selling and Distribution Expenses	(2,343,013)	(2,895,400)	(2,905,277)	(2,762,297)	(2,465,895)
Other income	240,022	92,375	36,062	32,713	147,267
<b>Operating profit</b>	<b>3,756,240</b>	<b>3,977,595</b>	<b>2,924,744</b>	<b>812,755</b>	<b>608,688</b>
Finance income	539,116	388,293	45,681	60,905	44,037
Finance costs	(1,673,477)	(1,275,639)	(625,027)	(520,513)	(438,146)
<b>Profit before taxation</b>	<b>2,621,879</b>	<b>3,090,249</b>	<b>2,345,398</b>	<b>353,147</b>	<b>214,579</b>
Income tax expense	(1,149,884)	(1,156,807)	(805,836)	(252,044)	9,243
<b>Profit for the year</b>	<b>1,471,995</b>	<b>1,933,442</b>	<b>1,539,562</b>	<b>101,103</b>	<b>223,822</b>
<b>Other Comprehensive income:</b>					
Other Comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)	105	-	-	-	-
Re-measurement gains on defined benefit plans	-	-	-	412,542	(289,450)
Income tax effect	-	-	-	(123,763)	86,835
<b>Total Comprehensive Profit for the Year, net of tax</b>	<b>1,472,100</b>	<b>1,933,442</b>	<b>1,539,562</b>	<b>389,882</b>	<b>21,207</b>
<b>Total comprehensive income attributable to:</b>					
Equity Holders of the parent	1,472,100	1,933,442	1,539,562	389,882	21,207
Non-controlling interest	-	-	-	-	-
	<b>1,472,100</b>	<b>1,933,442</b>	<b>1,539,562</b>	<b>389,882</b>	<b>21,207</b>
<b>Earnings per share</b>					
Basic and diluted (Naira)	<b>0.65</b>	<b>0.85</b>	<b>0.84</b>	<b>0.06</b>	<b>0.12</b>

\* 2018 and 2019 contain consolidated financial information as a result of the entity acquiring a subsidiary in 2018.

\*\* 2015, 2016 and 2017 contain separate financial information of the entity before it acquired a subsidiary.

# EXTRACT FROM THE REPORTING ACCOUNTANTS' REPORT

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

<i>(All amounts in thousands of Naira unless otherwise stated)</i>	2019*	2018*	2017**	2016**	2015**
	N'000	N'000	N'000	N'000	N'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12,064,289	9,341,014	6,452,859	5,953,458	5,825,075
Right-of-use assets	51,731	-	-	-	-
Intangible assets	11,500	11,500	11,500	11,500	11,500
Prepayments	14,908	5,425	7,525	-	11,029
<b>Total non-current assets</b>	<b>12,142,428</b>	<b>9,357,939</b>	<b>6,471,884</b>	<b>5,964,958</b>	<b>5,847,604</b>
<b>Current assets</b>					
Inventories	9,292,569	8,762,701	4,710,666	3,964,430	2,430,738
Right of return assets	54,976	10,598	-	-	-
Prepayments	599,219	396,560	59,819	60,986	80,086
Trade and other receivables	10,275,517	7,533,509	9,757,988	7,747,868	6,119,909
Cash and cash equivalents	3,763,225	8,103,629	1,073,738	276,749	366,470
<b>Total current assets</b>	<b>23,985,506</b>	<b>24,806,997</b>	<b>15,602,211</b>	<b>12,050,033</b>	<b>8,997,203</b>
<b>Total assets</b>	<b>36,127,934</b>	<b>34,164,936</b>	<b>22,074,095</b>	<b>18,014,991</b>	<b>14,844,807</b>
<b>EQUITY</b>					
Share capital	1,139,375	1,139,375	911,500	911,500	911,500
Share premium	5,321,138	5,321,138	-	-	-
Equity contribution	488,909	488,909	-	-	-
Retained earnings	6,521,620	5,049,520	3,216,004	1,676,442	1,286,560
Asset revaluation reserves	237,559	237,559	237,559	237,559	237,559
Shareholders' funds	13,708,601	12,236,501	4,365,063	2,825,501	2,435,619
Non-controlling interest	-	-	-	-	-
<b>Total equity</b>	<b>13,708,601</b>	<b>12,236,501</b>	<b>4,365,063</b>	<b>2,825,501</b>	<b>2,435,619</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Convertible loan stock	3,319,284	2,791,174	-	-	-
Interest bearing loans and borrowings	2,958,237	3,827,876	1,430,610	926,905	991,584
Government grants	1,346,919	1,736,992	288,406	184,796	162,334
Employee benefit obligations	127,538	196,078	191,133	230,502	812,097
Provisions	23,221	18,233	15,069	15,069	14,831
Deferred taxation liabilities	1,314,785	897,729	369,136	400,526	485,667
<b>Total non-current liabilities</b>	<b>9,089,984</b>	<b>9,468,082</b>	<b>2,294,354</b>	<b>1,757,798</b>	<b>2,466,513</b>
<b>Current liabilities</b>					
Trade and other payables	9,120,374	8,520,571	12,673,840	10,474,556	7,644,965
Refund liability	79,248	16,199	-	-	-
Dividend payables	65,310	393,450	393,450	393,450	393,450
Interest bearing loans and borrowings	2,670,295	1,860,030	1,178,015	2,079,911	1,698,065
Government grants	390,073	390,073	83,630	42,254	42,727
Income tax payable	1,004,049	1,280,030	1,085,743	441,521	163,468
<b>Total current liabilities</b>	<b>13,329,349</b>	<b>12,460,353</b>	<b>15,414,678</b>	<b>13,431,692</b>	<b>9,942,675</b>
<b>Total liabilities</b>	<b>22,419,333</b>	<b>21,928,435</b>	<b>17,709,032</b>	<b>15,189,490</b>	<b>12,409,188</b>
<b>Total equity and liabilities</b>	<b>36,127,934</b>	<b>34,164,936</b>	<b>22,074,095</b>	<b>18,014,991</b>	<b>14,844,807</b>

\* 2018 and 2019 contain consolidated financial information as a result of the entity acquiring a subsidiary in 2018.

\*\* 2015, 2016 and 2017 contain separate financial information of the entity before it acquired a subsidiary.

## EXTRACT FROM THE REPORTING ACCOUNTANTS' REPORT

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER

	Share capital	Share premium	Equity contribution	Retained Earnings	Asset revaluation reserve	Non-controlling interest	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>At 1 January 2015</b>	911,500	-	-	1,265,353	237,559	-	2,414,412
Profit for the year	-	-	-	223,822	-	-	223,822
Other comprehensive loss	-	-	-	(202,615)	-	-	(202,615)
<b>At 31 December 2015**</b>	911,500	-	-	1,286,560	237,559	-	2,435,619
Profit for the year	-	-	-	101,103	-	-	101,103
Other comprehensive income	-	-	-	288,779	-	-	288,779
<b>At 31 December 2016**</b>	911,500	-	-	1,676,442	237,559	-	2,825,501
Profit for the year	-	-	-	1,539,562	-	-	1,539,562
Other comprehensive income	-	-	-	-	-	-	-
<b>At 31 December 2017**</b>	911,500	-	-	3,216,004	237,559	-	4,365,063
Effect of adoption of new accounting standards (Note 2.4)	-	-	-	(99,926)	-	-	(99,926)
<b>As at 1 January 2018 (restated*)</b>	911,500	-	-	3,116,078	237,559	-	4,265,137
Share premium recognised during the year	-	5,321,138	-	-	-	-	5,321,138
Additional shares issued	227,875	-	-	-	-	-	227,875
Equity contribution	-	-	488,909	-	-	-	488,909
Profit for the year	-	-	-	1,933,442	-	-	1,933,442
Other comprehensive income	-	-	-	-	-	-	-
<b>At 31 December 2018*</b>	1,139,375	5,321,138	488,909	5,049,520	237,559	-	12,236,501
Profit for the year	-	-	-	1,471,995	-	-	1,471,995
Other comprehensive income	-	-	-	105	-	-	105
<b>As at 31 December 2019*</b>	1,139,375	5,321,138	488,909	6,521,620	237,559	-	13,708,601

\* 2018 and 2019 contain consolidated financial information as a result of the entity acquiring a subsidiary in 2018.

\*\* 2015, 2016 and 2017 contain separate financial information of the entity before it acquired a subsidiary.

EXTRACT FROM THE REPORTING ACCOUNTANTS' REPORT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER (All amounts in thousands of Naira unless otherwise stated)					
	2019* N'000	2018* N'000	2017** N'000	2016** N'000	2015** N'000
<b>Cash flows from operating activities</b>					
Profit before taxation	2,621,879	3,090,249	2,345,398	353,147	214,579
<b>Non-cash adjustments to reconcile profit before tax to net cash flows:</b>					
Depreciation of property, plant and equipment	953,150	348,386	314,460	352,194	366,020
Depreciation of right-of-use assets	15,531	-	-	-	-
Employee defined benefit liability	-	-	-	(154,084)	121,635
Loss on extinguishment of government grant	-	-	-	(16,581)	13,811
Profit on disposal of property, plant and equipment	(8,773)	(1,547)	(10,051)	(9,077)	(16,007)
Government grant released to profit or loss	(390,073)	(313,462)	(39,294)	(44,018)	-
Finance cost	1,673,477	1,275,639	625,027	520,513	438,146
Interest received/Finance income	(149,043)	(74,831)	(6,387)	(306)	(44,037)
Credit loss expense	128,816	54,297	-	-	-
Impairment allowance on trade receivables	-	-	38,231	67,946	-
Effect of adoption of new standard	-	(272,391)	-	-	-
	<b>4,844,964</b>	<b>4,106,340</b>	<b>3,267,384</b>	<b>1,069,734</b>	<b>1,094,147</b>
<b>Working capital adjustment</b>					
Increase in inventories	(529,868)	(3,956,040)	(746,236)	(1,471,026)	283,117
Increase in return assets	(44,378)	(10,598)	-	-	-
Increase in trade and other receivables	(2,870,822)	(4,868,123)	(2,051,977)	(1,721,564)	(871,834)
(Increase)/decrease in prepayments	(202,659)	(335,301)	1,167	19,100	35,220
Increase in trade and other payables	599,803	3,053,492	2,199,284	2,829,591	1,859,025
Increase in refund liabilities	63,049	16,199	-	-	-
	<b>1,860,089</b>	<b>(1,994,031)</b>	<b>2,669,622</b>	<b>725,835</b>	<b>2,399,675</b>
Employee benefits paid	(68,540)	(17,081)	(39,369)	(14,969)	(25,650)
Income tax paid	(1,008,818)	(541,129)	(189,378)	(157,236)	(138,026)
Movement in non-current prepayments	(9,483)	3,540	(7,525)	11,029	-
Movement in decommissioning provision	4,988	3,164	-	238	2,377
<b>Net cash flows generated from/(used) in operating activities</b>	<b>778,236</b>	<b>(2,545,537)</b>	<b>2,433,350</b>	<b>564,897</b>	<b>2,238,376</b>
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment	(3,678,132)	(3,215,178)	(814,556)	(545,363)	(1,188,374)
Right-of-use assets	(58,297)	-	-	-	-
Right-of-use assets upon adoption of IFRS 16	(8,965)	-	-	-	-
Proceeds from disposal of property, plant and equipment	10,591	3,035	10,746	11,197	18,948
Interest received	149,043	74,831	6,387	306	-
<b>Net cash flows used in investing activities</b>	<b>(3,585,760)</b>	<b>(3,137,312)</b>	<b>(797,423)</b>	<b>(533,860)</b>	<b>(1,169,426)</b>
<b>Cash flows from financing activities</b>					
Loans and borrowings received	1,335,325	5,351,174	980,000	-	-
Repayment of loans and borrowings	(699,781)	(768,489)	(634,267)	(130,378)	(33,851)
Trade and import facilities repaid	-	-	-	-	(347,209)
Interest paid on loan and overdraft	(1,145,366)	(761,835)	(530,103)	(450,593)	(438,146)
Proceeds from issue of shares	-	227,875	-	-	-
Premium on issue of shares	-	5,321,138	-	-	-
Equity contribution	-	488,909	-	-	-
Convertible loan stock received	-	2,548,000	-	-	-
Dividend paid	(328,140)	-	-	-	-
<b>Net cash (used in)/ generated from financing activities</b>	<b>(735,072)</b>	<b>12,406,772</b>	<b>(184,370)</b>	<b>(580,971)</b>	<b>(819,206)</b>
Net (decrease)/increase in cash and cash equivalents	(3,645,486)	6,723,923	1,451,557	(549,934)	249,744
Cash and cash equivalents at the beginning of the year	7,250,324	514,890	(936,667)	(386,733)	(636,477)
Cash and cash equivalents at the beginning of the year - subsidiary	-	11,511	-	-	-
<b>Cash and cash equivalents at the end of the year</b>	<b>3,604,838</b>	<b>7,250,324</b>	<b>514,890</b>	<b>(936,667)</b>	<b>(386,733)</b>

## EXTRACT FROM THE REPORTING ACCOUNTANTS' REPORT

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*\* 2018 and 2019 contain consolidated financial information as a result of the entity acquiring a subsidiary in 2018.*

*\*\* 2015, 2016 and 2017 contain separate financial information of the entity before it acquired a subsidiar*

## STATUTORY AND GENERAL INFORMATION

### 1. AUTHORISATION OF THE PROGRAMME

At the meetings held on 15<sup>th</sup> September, 2020 and 30<sup>th</sup> September, 2020, the board of directors of the Company and the Issuer, respectively, passed resolutions approving the establishment of the proposed ₦50 billion Bond Issuance Programme.

### 2. INCORPORATION AND SHARE CAPITAL HISTORY OF THE COMPANY

#### Legal Form

The Company was incorporated in Nigeria under the Companies and Allied Matters Act as a private limited liability company in 1984.

#### Principal Activity

The principal activity of the Company is the manufacturing and distribution of high-quality pharmaceutical products and healthcare products.

#### Share Capital

As at 31 December 2019, the Company's authorised share capital was ₦1,250,000,000, comprised of 2,500,000,000 ordinary shares of 50 kobo each. As at 31 December 2019, the Company's issued and fully paid up share capital was ₦1,139,375,000 comprised of 2,278,750,000 ordinary shares of 50 kobo each.

### 3. SHAREHOLDING STRUCTURE

As at 31 December 2019, the shareholding structure of the Company was as follows:

	31 December 2019 Number of Shares held	%
Mrs Stella C. Okoli	1,823,000,000	80.0
Oreon EPI Limited	455,750,000	20.0
	2,278,750,000	100

### 4. BENEFICIAL INTERESTS

The directors who held office during the period ended 31 December 2019 together with their interests in the issued share capital of the Company as recorded in the Register of Members are as follows:

	31 December 2019 Number of Shares held	%
Mrs Stella C. Okoli	1,823,000,000	80.0
Mr Ehimare Eric Idiahi (indirect interest)	455,750,000	20.0
	2,278,750,000	100

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**STATUTORY AND GENERAL INFORMATION**

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**5. INDEBTEDNESS**

As at 30 December 2019, the Company had outstanding indebtedness of ₦ 18,021,785,000, which includes the following:

**a) Non-Current Interest bearing Loans**

- (i) A secured loan of ₦1,000,000,000 granted in September 2010 by the Bank of Industry to Emzor Pharmaceutical Industries Limited;
- (ii) A Loan for Equipment finance valued at ₦211,892,000 was granted in December 2014 by the Bank of Industry to Emzor Pharmaceutical Industries Limited;
- (iii) A Loan of ₦1,000,000,000 for working capital was granted in April 2018 by Bank of Industry to Emzor Pharmaceutical Industries Limited and
- (iv) A Credit Finance Facility of ₦5,000,000,000 was granted in April 2019 by the Central Bank of Nigeria to Emzor Pharmaceutical Industry

**b) Current Interest bearing Loans**

- (i) A short term import facility valued at ₦325,288,000 was granted to Emzor Pharmaceutical Industries Limited by Zenith Bank Plc in 2019;
- (ii) An import overdraft facility valued at ₦688,873,000 was granted to Emzor Pharmaceutical Industries Limited by Fidelity Bank Plc in 2019;
- (iii) An import overdraft facility valued at ₦321,164,000 was granted to Emzor Pharmaceutical Industries Limited by Nova Merchant Bank in 2019;
- (iv) A Trade Finance Facility valued at ₦211,240,000 was granted to Emzor Pharmaceutical Industries Limited and
- (v) A Bank overdraft valued at ₦158,387,000 was granted to Emzor Pharmaceutical Industries Limited

**b) Other Financial Liabilities**

- (i) Due to related parties liabilities of ₦ 12,393,253,000 in 2019;

**6. EXTRACT OF THE TRUST DEED**

The Trust Deed contains inter alia, the following provisions:

**2. APPOINTMENT OF TRUSTEE**

- 2.1 The Issuer hereby appoints the Trustee and the Trustee hereby agrees and accepts to act as Trustee, to act on behalf of the Bondholders, to hold the benefit of the covenants, rights and other obligations on the part of the Issuer herein contained on behalf of the Bondholders and itself on the terms and subject to the conditions contained in this Trust Deed.
- 2.2 All sums received by the Trustee in respect of the Bonds or amounts payable under this Deed shall be received by the Trustee on trust to apply same in accordance with the rights of each Bondholder as set out in this Deed and the relevant Series Trust Deed.

**3. DECLARATION OF TRUST****3.1 The Trustee**

The Trustee hereby declares itself as Trustee for the Bondholders with effect from the date of this Deed to hold the benefit of the covenants, rights and other obligations on the part of the Issuer herein contained on trust for the Bondholders and itself according to its interests, subject to the terms and conditions of this Deed.

**3.2 Duration of Trust**

The Trust created by this Deed shall remain in full force and effect until the date on which, following the redemption of all Bonds issued pursuant to the Programme and receipt by the



## STATUTORY AND GENERAL INFORMATION

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Trustee of unconditional confirmation in writing from the Registrar that the Bondholders have been paid all outstanding obligations, the Issuer receives an unconditional release in writing from the Trustee from all of its obligations under this Deed. For the avoidance of doubt, the Parties to this Deed agree that the common law rules against perpetuities will apply to this Deed.

### 4 THE TRUST DEED BINDING ON ALL PARTIES

The provisions of this Deed shall be binding on the Issuer, the Sponsor, the Trustee and the Bondholders and all persons claiming through them respectively as if such Bondholders and persons are Parties to this Deed. However, a bondholder who feels dissatisfied can personally initiate a legal action to enforce his right without recourse to the Trustee.

### 5. THE BONDS

- 5.1 The Issuer shall issue and offer Bonds in Series having an aggregate nominal amount, from time to time, up to and not exceeding the Aggregate Principal Amount by way of public offer, book building, private placement or any other method selected by the Issuer in accordance with the terms of this Deed and the applicable Pricing Supplement. Any Bonds issued hereunder shall be constituted by this Deed without further formality.
- 5.2 Any Series, as and when issued, shall constitute a single class and shall be direct, unsecured and unconditional obligations of the Issuer as provided in the relevant Series Trust Deed and the ranking shall be as specified in the relevant Series Trust Deed and/or Pricing Supplement.
- 5.3 The issued Bonds shall constitute an irrevocable obligation of the Issuer to the Bondholders for the Principal Amount and Coupon (where applicable).
- 5.4 Each issue of Bonds shall form a separate Series. The provisions of this Deed shall apply mutatis mutandis, separately and independently to each Series. Each Series shall be constituted by a separate trust created by a Series Trust Deed under which the Trustee shall hold the benefit of the covenant in Clause 7.2 (Covenant to Repay and to Pay Coupon on the Bonds) in this Trust Deed in trust for the Bondholders of the particular Series. The provisions contained in any Series Trust Deed apply only in relation to the Series to which it relates.
- 5.5 The name of each Series will commence with the word "Series" and will be followed by a number in consecutive order of issuance of the Series (for example the first Series will be known as the "Series 1 Bonds").
- 5.6 Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche will be set out in the applicable Series Trust Deed.
- 5.7 If there is any conflict between the provisions of a Series Trust Deed relating to a Series and the provisions of this Trust Deed, the provisions of the Series Trust Deed shall prevail over the provisions of this Trust Deed in respect of the relevant Series.
- 5.8 Subject to the approval of the Relevant Exchange, the Bonds shall be listed on the Relevant Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, securities exchange and/or quotation system as specified in the relevant Pricing Supplement.
- 5.9 The Bonds will be issued in denominations as specified in the Series Trust Deed relating to the relevant Series and/or Pricing Supplement.

## **STATUTORY AND GENERAL INFORMATION**

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5.10 The tenor of the Bonds for each Series shall be specified in the Series Trust Deed and/or Pricing Supplement relating to the relevant Series.

5.11 Other than as provided in this Deed, there are no restrictions on the transferability of the Bonds.

### **5.12 Form of the Bonds**

5.12.1 The Bonds shall be delivered in de-materialised (uncertificated) form and held in electronic book-entry form with the CSCS. The Bonds shall be freely transferable in accordance with the provisions of this Trust Deed and shall be made eligible for admission to Listing on the Exchange and issued in accordance with applicable legal and stock exchange listing authority and/or quotation system requirements and evidenced by credit into the Bondholder's securities account. Each Bondholder shall be entitled to deal with the Bonds in accordance with CSCS procedures and guidelines.

5.12.2 The statements issued by the CSCS as to the aggregate number of Bonds standing to the CSCS Account of any person shall be conclusive and binding for all purposes save in the case of manifest error, such person (or his/her legal representatives) shall be treated by the Issuer, the Trustee and the Registrar as the legal and beneficial owner of such aggregate number of Bonds for all purposes. Provided, and subject to the guidelines of the CSCS, a Bondholder may request for a composite statement of the Bonds which it holds.

5.12.3 The holder of a Bond as shown in the records of CSCS (or his/her legal representatives or any successor in title to a corporate Bondholder) is entitled to the benefit of, bound by, and is deemed to have notice of, all the provisions of this Deed and any relevant Series Trust Deed.

### **5.13 Conditions of the Bond**

The Issuer shall comply with, perform and observe all the provisions of this Deed, which are binding on it, and of the Conditions. The Conditions shall be deemed to be incorporated in this Deed and shall be binding on the Issuer, the Trustee and the Bondholders and all persons claiming through or under them respectively.

### **5.14 Ranking of Bonds**

The ranking of the Bonds as and when issued shall be as specified in the relevant Series Trust Deed and/or Pricing Supplement.

## **6 PURPOSE**

6.1 The purpose for which the proceeds of the Bonds are to be utilised shall be specified in the relevant Pricing Supplement.

6.2 Without prejudice to the generality of the foregoing and the subsequent provisions of this Deed, the Trustee shall not be bound to enquire as to the application of the proceeds of the Bonds.

## **7. COVENANTS OF THE ISSUER**

### **7.1. Covenant of Compliance**

The Issuer hereby covenants with the Trustee that it shall comply with and perform all the provisions of this Deed which are binding on it. The Conditions shall be binding on the Issuer, Trustee and Bondholders. The Trustee shall be entitled to enforce the obligations of the Issuer under the Bonds as if the same were set out and contained in the Trust Deed, which shall be

## STATUTORY AND GENERAL INFORMATION

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read and construed as one document with the Bonds. The Trustee shall hold the benefit of this covenant upon trust for itself and the Bondholders according to their respective interests.

### 7.2 Covenant to Repay and to Pay Coupon on the Bonds

7.2.1 The size of the Bonds under the Programme is limited to the Aggregate Principal Amount and the aggregate principal amount of the Bonds of each Series is limited to the amount specified in the Series Trust Deed(s) in respect of such Series.

7.2.2 The Issuer hereby acknowledges that, to the extent that any such Bonds are constituted under the relevant Series Trust Deed and are issued, it will be indebted to the Bondholders in an aggregate Principal Amount specified in the Series Trust Deed(s) in respect of such Series. The Issuer covenants with and undertakes to the Trustee that the Bonds, to the extent constituted and issued, shall be redeemed together with any outstanding Coupon and other moneys on the Redemption Date (or earlier on an amortised basis) provided for in the relevant Series Trust Deed or such earlier date as the same or any part thereof may become due and repayable thereunder. As and when the Bond or any part thereof ought to be redeemed or repaid in accordance with the provisions of the relevant Series Trust Deed, the Issuer shall pay or procure to be paid to or to the order of the Trustee in immediately available funds, the full Principal Amount of the Bond or as the case may be such part of the Bond as ought to be redeemed on that date together with such premiums (if any) thereon as may be payable, and shall in the meantime and until such date (both before and after any judgment or other order of a court of competent jurisdiction) pay or procure to be paid unconditionally to or to the order of the Trustee as aforesaid, Coupon (which shall accrue as provided in the relevant Series Trust Deed) on the principal amount of the Bonds.

7.2.3 In any case where payment is not made to the Trustee on or before the due date or improperly withheld or refused by the Issuer, the Coupon shall continue to accrue on the Principal Amount Outstanding of the Bonds so withheld or refused (both before and after any judgment or order of a court of competent jurisdiction) at the Coupon Rate up to and including the date on which the Trustee determines to be the date on and after which payment is made to the Bondholders.

7.2.4 Every payment of principal and or Coupon on the Bonds shall be made free of all costs, commissions, charges, fees, or other payments or deductions, other than any tax on income which the Issuer may by any Applicable Laws be required to deduct.

### 7.3 Authorisations

7.3.1 The Issuer shall obtain, make and keep in full force and effect all authorisations that may be required for the validity and enforceability of the Programme Documents against the Issuer.

7.3.2 The Issuer shall at all times execute all such further documents, and perform all acts and things as may be reasonably necessary at any time or times in the reasonable opinion of the Trustee for the purpose of discharging their functions under, or giving effect to, this Deed.

### 7.4 Compliance with Laws

The Issuer shall comply in all respects with all Applicable Laws, permits, and licences to which it may be subject and which in each case are material to its business and its obligations under the Programme Documents for as long as any Bonds are outstanding under the Programme, and shall obtain and maintain such permits and licences except where such non-compliance will not result in a Material Adverse Effect on its business or its obligations under the Programme Documents.

### 7.5 Financial Statements and Covenants

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**STATUTORY AND GENERAL INFORMATION**

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7.5.1 The Issuer shall furnish the Trustee with a copy of the financial statement on its quarterly performance within ten (10) Business Days of sending the financial statement to the Commission and the Relevant Exchange.

7.5.2 The Issuer shall furnish the Trustee with at least 2 (two) copies of its audited financial statements, including its balance sheet as at the close of each fiscal year and its profit and loss account and statement of cashflows for that fiscal year, prepared in accordance with IFRS and is concurred to by the Auditors as giving a true and fair representation of the financial condition of the Issuer as at the close of each fiscal year, at the same time as such statements are being sent to its ordinary shareholders.

**7.6 Pari Passu ranking**

The Issuer shall procure that its payment obligations under the Bonds will rank in respect of principal and any Coupon thereon, at all times, at least equally as may be specified in the applicable Series Trust Deed and/or Pricing Supplement.

**7.7 Mergers and other arrangements**

The Issuer shall not, for as long as any Bonds remain outstanding and, without the prior written consent of the Trustee (such consent not to be unreasonably withheld, in so far as the Trustee is of the opinion that the interests of the Bondholders would not be jeopardised in any material way), enter into any amalgamation, de-merger, merger, consolidation or corporate reconstruction, if such amalgamation, de-merger, merger, consolidation or corporate reconstruction would have a Material Adverse Effect, unless:

- (i) the Issuer shall be the continuing person, or the successor person (as a result of such amalgamation, de-merger, merger, consolidation or corporate reconstruction), shall continue to be a company incorporated and validly existing under the laws of Nigeria, and shall assume all of the obligations of the Issuer under the Trust Deed by way of a supplemental trust deed to this Deed in form and substance satisfactory to the Trustee;
- (ii) immediately before and after giving effect to such amalgamation, de-merger, merger, consolidation or corporate reconstruction no Potential Event of Default or Event of Default shall have occurred and be continuing;
- (iii) a Rating Reaffirmation is obtained in respect of such merger or consolidation or transfer of assets, as the case may be; and
- (iv) the Issuer or such successor person, as the case may be, shall have delivered to the Trustee (a) an opinion of independent legal adviser(s) of recognised standing, stating that the amalgamation, de-merger, merger, consolidation or corporate reconstruction complies with the provisions of subparagraph (i) above and (b) a certificate signed by 2 (two) of its Directors stating that the amalgamation, de-merger, merger, consolidation or corporate reconstruction complies with the provisions of subparagraphs (i) and (ii) above.

**7.8 Share Capital and other matters**

The Issuer shall not change or amend its constitutional documents being the Memorandum and Articles of Association in a manner that would adversely affect its ability or obligation to pay the principal and/or coupon on the Bonds issued under this Deed or the Programme and/or any moneys payable under this Deed unless the written consent of the Trustee is first obtained, which consent shall not be unreasonably withheld.

**7.9 Auditors**

The Issuer shall retain a reputable firm of auditors as its auditors at all times.

**7.10 Taxation**

The Issuer shall duly and punctually pay and discharge all Taxes (a) for which it reasonably believes it is liable pursuant to any self-assessment procedure and (b) assessed upon it or its assets under any Applicable Law within the time period allowed without incurring penalties, except solely, in the case of (b), to the extent that:

7.10.1 such payment is being contested in good faith;

7.10.2 adequate reserves are being maintained for those Taxes and any interest or penalties; and

7.10.3 such payment can be lawfully withheld.

**7.11 Statutory Payments**

The Issuer shall pay all stamp duties or other taxes imposed by any Authority upon or in connection with the issue and subscription of the Bonds and the execution and delivery of the Programme Documents. The Issuer shall also indemnify the Trustee and the Bondholders from and against all stamp or other taxes paid by any of them in connection with any action taken by or on behalf of the Trustee in relation to the Bonds or, as the case may be, the Bondholders to enforce the Issuer's obligations under this Trust Deed or the Bonds.

**7.12 Legal Status**

The Issuer shall ensure that it maintains its legal status and ensure that it complies with all Applicable Laws required to maintain such status.

**7.13 Information – Miscellaneous**

The Issuer shall ensure that information that has been or will be made available to the Bondholders, or the Trustee, by the Issuer or any director, officer, employee, or representative of the Issuer in connection with the transactions contemplated herein shall:

- (a) be complete and correct in all material respects; and
- (b) not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein misleading in light of the circumstances under which such statements were or are made.

**7.14 Proper Books of Account**

The Issuer shall keep proper books of account and make true and proper entries therein and, at any time after an Event of Default or Potential Event of Default has occurred or if the Trustee reasonably believes that an Event of Default or Potential Event of Default may have occurred or may be about to occur, allow the Trustee and the Issuer's Auditors free access to such books of account at all reasonable times during normal business hours.

**7.15 Establishment of a Debt Service Reserve Account**

The Issuer may establish a Debt Service Reserve Account in a manner as may be provided for under the Pricing Supplement and the relevant Series Trust Deed.

**7.16 Restricted Payments**

The Issuer shall not declare or pay any dividend in cash or otherwise or make a distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital if an Event of Default or a Potential Event of Default has occurred and is continuing.

**7.17 Additional Covenants**

The Issuer further covenants to the Trustee that it shall:

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- 7.17.1 use its best endeavours to maintain the quotation or Listing on the Relevant Exchange of the Bonds which are quoted or listed or, if it is unable to do so having used such endeavours, use its best endeavours to obtain and maintain a quotation or listing of such Bonds on a Relevant Exchange or securities market or markets as the Issuer may decide and also upon obtaining a quotation or listing of such Bonds issued by it on a Relevant Exchange or securities market or markets enter into a deed supplemental to this Trust Deed or the relevant Series Trust Deed to effect such consequential amendments as the Trustee may require or as shall be requisite to comply with the requirements of any Relevant Exchange or securities market. Provided that the Issuer shall not delist the Bonds from any Exchange without the prior approval of the Majority Bondholders;
- 7.17.2 provide to the Trustee all such documents and information as the Trustee may reasonably require in connection with the performance by the Trustee of its obligations under this Deed within 15 (fifteen) Business Days of receipt of a written request from the Trustee or, in the event that the Issuer may require a longer period to obtain such documents or information from third parties as soon as is reasonably practicable after such request and in any event by such longer period as may be agreed with the Trustee in writing;
- 7.17.3 procure that the rating of the Bonds be reviewed annually by a rating agency duly registered with the SEC as may be required under the ISA and SEC Rules; and
- 7.17.4 on written request, issue to the Trustee in each year in which any part of the Principal Amount and any Coupon accrued thereon remains outstanding, a certificate stating that:
- (a) all arrangements required during the next financial year to meet payment obligations of the Issuer have been put in place by the Issuer; and
  - (b) to the best of its knowledge, the Issuer is not aware of any facts or unforeseen circumstances in its ordinary course of business that will affect its ability to meet its payments obligations as and when due.

## 8. COVENANTS OF THE SPONSOR

- 8.1 The Sponsor hereby covenants with the Trustee that, so long as any of the Bonds remain outstanding, it will duly perform and comply with the obligations expressed to be undertaken by it as set out below and in the Notes.
- 8.2 The Sponsor shall provide to the Trustee and the Rating Agency:
- 8.2.1 as soon as same are available (and in any event within ninety (90) days of the end of the Sponsor's financial year), the audited consolidated financial accounts of the Sponsor for each financial year;
  - 8.2.2 as soon as same are available (and in any event within thirty (30) days of the end of the first six (6) months of the Sponsor's financial year), the unaudited consolidated financial accounts of the Sponsor for those six (6) months; and
  - 8.2.3 an annual Directors' certificate in or substantially in the form set out in the Schedule 4 (Form of Directors' certificate) certifying as to the absence of any Event of Default or, if there is an Event of Default, describing the action the Sponsor is taking or proposes to take to remedy the same.
- 8.3 The Sponsor shall permit its auditor to communicate directly with the Trustee or its appointees following the occurrence and during the continuance of an Event of Default.
- 8.4 The Sponsor shall:
- 8.4.1 ensure that the Issuer duly performs and complies with the obligations expressed to be undertaken by it as set out in this Deed, the Programme Documents and any other document in respect of the Bonds; and

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- 8.4.2 comply in all material respects with all applicable laws, rules, regulations and licenses unless failure to perform such obligations or comply with such terms and conditions would not reasonably be expected to have a Material Adverse Effect.
- 8.5 The Sponsor shall not (i) merge or consolidate with any other person, or (ii) directly or indirectly transfer to any person all or substantially all of its properties or assets as an entirety in one or more related transactions unless such person assumes the Sponsor's obligations under the this Deed, the Programme Documents and any other document relating to the Bonds, and:
- 8.5.1 no Event of Default would occur or be reasonably expected to occur as a result of such merger or consolidation or transfer of assets, as the case may be; and
- 8.5.2 a Rating Reaffirmation is obtained in respect of such merger or consolidation or transfer of assets, as the case may be.
- 8.6 For so long as any of the Notes remain outstanding, the Sponsor shall not create or permit to subsist any charge, mortgage, lien, pledge or other security interest upon any of its assets or any other property or any other indebtedness guaranteed by it, without the prior written consent of the Trustee (such consent not to be unreasonably withheld). Where the Trustee so consent in relation to the Notes, the Sponsor shall at the same time as the creation of such indebtedness grant to the Trustee (for the benefit of the Bondholders) the same or equivalent security as is granted in relation to the indebtedness.
- 8.7 The Sponsor shall insure and keep insured to the satisfaction of the Trustee and to the full replacement value thereof all such parts of its assets as are of an insurable nature against loss or damage by fire, explosion, lightning, storm, tempest, flood (where appropriate), aircraft and things dropped therefrom and such other risks as in accordance with sound commercial practice are normally insured against by companies carrying on a similar business in one or more insurance offices of repute and shall produce the policies of such insurance (or evidence of renewal thereof) to the Trustee if required and duly pay or cause to be paid the premiums and other sums of money payable in respect of all such insurance and if required, produce to the Trustee the receipt for the same within seven (7) days of the same being requested by the Trustee.

**10. PRINCIPAL AND COUPON****10.1 Principal Amount**

The Principal Amount due on the Bonds shall be repaid on the relevant Maturity Date or on an amortising basis in accordance with the terms of the relevant Series as specified in the Series Trust Deed and in accordance with the Conditions.

**10.2 Coupon Rate**

In the case of any coupon bearing Bond, Coupon shall be payable on the Bond at the rate specified in the Series Trust Deed relating to the applicable Series.

**10.3 Coupon Payment Date**

Coupon Payment Dates shall fall on the days and years as specified in the Series Trust Deed relating to the relevant Series.

**13 ENFORCEMENT**

The rights and duties of the Trustee, and the rights and duties of the Bondholders, in respect of the Bonds as to recovery of amounts owing on the Bonds and the Coupons are set out in Condition 19 (Events of Default) of the First Schedule.

**14 ACCELERATION OF THE BONDS**

- 14.1 The Issuer shall promptly give notice to the Trustee of each Potential Event of Default and of any other event that has or might have a Material Adverse Effect on its ability to perform its obligations under this Deed.

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## STATUTORY AND GENERAL INFORMATION

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14.2 Upon the occurrence of an Event of Default the Trustee at its discretion may or shall (if requested to do so in writing by the Majority Bondholders, or directed to do so by an Extraordinary Resolution of the Bondholders, and each case is reasonably indemnified), give notice in writing to the Issuer, (a “**Bond Acceleration Notice**”) declaring the Bond to be immediately due and payable. When a Bond Acceleration Notice is given, all Bonds will become immediately due and payable in accordance with the terms of the Trust Deed at its Principal Amount Outstanding together with accrued but unpaid Coupon without further action or formality.

### 15. PROCEEDINGS TO ENFORCE REPAYMENT

At any time after the Bonds shall have become immediately repayable pursuant to a Bond Acceleration Notice, the Trustee may, at its discretion and shall upon the request in writing of the Majority Bondholders, or upon being so directed by an Extraordinary Resolution and without further notice institute such proceedings as it may think fit to enforce the repayment of the Bonds and/or to enforce the other obligations of the Issuer under this Deed. The Trustee shall also file a notice of any default and remedies being pursued with the SEC within ten (10) days of becoming aware of the occurrence of an Event of Default.

### 16 TRUST OF RECEIPTS

16.1 All monies received by the Trustee under this Deed shall be held by the Trustee (subject to the payment of any money having priority to the Bond) upon trust to apply such money for the following purposes and in the following order of priority:

16.1.1 Firstly, in the payment of all costs, charges, expenses and liabilities incurred and payments made in or about the execution of the trusts of this Deed including all remuneration payable to the Trustee with interest on such sums as provided in Clause 16.2 of this Deed;

16.1.2 Secondly, in or towards the payment of Coupon, default payments, or any sum due or owing upon the Bonds *pari passu* and without preference or priority; and

16.1.3 Thirdly, in or towards the payment of the Principal Amount Outstanding on the Bonds *pari passu* and without preference or priority; and

The surplus (if any) shall be paid to the Issuer or to the person or persons entitled to such surplus.

16.2 Fees, cost, charges, expenses and interest (in respect of late payment) if any, that is charged by any, attorney, agent or other person appointed by the Trustee pursuant to this Deed shall be for the account of the Issuer.

16.3 Notwithstanding the foregoing, if the Trustee shall so determine, payments may be made on account of principal monies and premiums before the interest (if applicable) or the whole of the interest on Bonds of outstanding Series or Tranche have been paid but such alteration in the order of payment of principal monies premium and interest shall not prejudice the right of the Bondholders to receive the full amount to which they would have been entitled if the primary order of payment had been observed or any less amount which the sum ultimately received may be sufficient to pay

### 17. METHOD OF PAYMENT OF PRINCIPAL MONEY, COUPON AND PREMIUM

17.1 Payment of principal, Coupon and premium (if any) for the time being owing or due on all or any part of the Bond will be credited to the bank account nominated for this purpose by a Bondholder (or in the case of joint registered Bondholders, by the joint Bondholders) or any other method as the Trustee may determine.

17.2 Without prejudice to the provisions of the Conditions attaching to the Bonds referred to in the First Schedule, the receipt by each Bondholder or in the case of joint Bondholders by any one of such joint Bondholders of any principal or interest payable in respect of the Bond held by such Bondholder or joint Bondholders shall constitute a discharge of the payment obligations of the Issuer to pay such principal or Coupon.



**18 APPLICATION OF ENFORCEMENT PROCEEDS**

All monies received by the Trustee in relation to enforcement proceeds shall be held by the Trustee, upon trust to apply the same in accordance with the order of priority set out in Clause 16 hereof.

**20 TRUSTEE TO ENFORCE**

Any power or right of the Bondholders under the Trust Deed shall be exercisable by the Trustee or any delegate appointed by the Trustee in accordance with the terms of the Trust Deed. Provided that where the Trustee having become bound to so proceed or exercise any specific right but fail to do so within fourteen (14) days and the failure is continuing, a Bondholder may exercise such specific rights against the Issuer which the Trustee has failed to exercise.

**21 POWERS, DUTIES, RELIEFS AND INDEMNITIES OF TRUSTEE**

21.1 The Trustee shall enjoy all powers, reliefs and indemnities granted to a trustee pursuant to all Applicable Laws for the time being in force.

21.2 The Trustee shall have the power to do any act in accordance with this Deed, the relevant Series Trust Deed, the ISA, SEC Rules and any Applicable Law which shall be on behalf of and for the benefit of the Bondholders.

21.3 The Trustee shall have the following duties and responsibilities:

21.3.1 safeguard the rights of the Bondholders for the Issuer's obligations under the Programme;

21.3.2 to summon, as and when necessary, meetings of all Bondholders of a Series or Tranche where a statement of affairs on the management of any funds on behalf of the Bondholders shall be presented and/or any other necessary business and or matter shall be presented and determined. A meeting shall be convened by the giving of at least 28 (twenty-eight) clear days' written notice to all Bondholders (specifying the agenda at the meeting), and the said notice may also be published in at least 2 (two) national newspapers. The procedure of and regulations for such a meeting of the Bondholders shall be in accordance with the Second Schedule to this Deed;

21.3.3 not to enter into contracts or other arrangements that would amount to a conflict of interest in the performance of its obligations under this Deed, or any other customary obligations of a trustee; and

21.3.4 to comply with its fiduciary duties owed to the Bondholders under this Deed and Applicable Laws, including:

21.3.4.1 to manage the trust property in a prudent manner;

21.3.4.2 to act for the benefit of the Bondholders in the management of the trust property and not to let its duties and that owed to the Bondholders conflict;

21.3.4.3 to ensure that the property is vested according to the terms of the trust herein established;

21.3.4.5 to act honestly, prudently and in good faith in the performance of its duties and to exercise all due care, skill, diligence and vigilance in carrying out its functions and duties as a trustee and in safeguarding the rights and interests of the Bondholders;

21.3.4.6 to clearly identify the property which are held on trust for the Bondholders;

21.3.4.7 not to commingle its funds with those of the trust;

21.3.4.8 to segregate its assets from the trust property and any other trust administered by the Trustee; and

21.3.4.9 to act impartially and solely in the best interest of all Bondholders.

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- 21.4 The Trustee acting through its specified offices shall make payments of Coupon and principal in respect of the Bonds in accordance with the Conditions and this Trust Deed and for so long as the Bonds are evidenced by records confirmed by the Registrar.
- 21.5 The Trustee shall not make any payment of Coupon or principal in respect of any Series of the Bonds in an amount which is greater than the amount of Coupon or principal payable in accordance with the Conditions in respect of such Series of Bonds and determined or calculated by the Trustee.
- 21.6 Prior to an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the Trustee shall not be liable except for the performance of such duties as specifically set down in this Deed.
- 21.7 The Trustee shall make available for inspection by Bondholders at its specified office copies of this Deed and the latest audited accounts of the Issuer and the consolidated audited accounts of the Sponsor.
- 21.8 The Trustee shall have no liability for any act or omission to act hereunder, or under any other instrument or document executed pursuant hereto except for the Trustee's negligence, fraud, wilful default and misconduct.
- 21.9 The duties and obligations of the Trustee shall be determined solely by the express provisions hereof, and no implied powers, duties or obligations of the Trustee, save as mandated by the ISA or any other Applicable Law, shall be construed into this Deed.
- 21.10 Upon the occurrence of an Event of Default, the Trustee shall, subject to the provisions of this Deed, exercise such rights and utilise such powers vested in it under this Deed, and the ISA, and shall use the required degree of care and skill in the exercise of its duties.
- 21.11 The Trustee shall not be required to expend or risk its own funds or otherwise incur any liability in the performance of its duties or in the exercise of its rights or powers as Trustee, except such liability as may result from its negligence, wilful default and/or misconduct.
- 21.12 The Trustee shall have no liability for (a) an error of judgment made in good faith by an officer or employee of the Trustee, unless it shall be proved that the Trustee is negligent in ascertaining the pertinent facts or (b) action taken or omitted to be taken by it in good faith in accordance with the lawful direction of the Majority Bondholders.
- 21.13 It is hereby expressly agreed and declared as follows:
- 21.13.1 the Trustee may in relation to this Deed act on the opinion or advice of, or any information from any solicitor, valuer, surveyor, broker, auctioneer, accountant, or other expert, whether obtained by the Issuer, the Sponsor or by the Trustee or otherwise, and shall not be responsible for any loss occasioned by so acting provided that it has used its best efforts to ensure that such persons are competent; and any such advice, opinion or information may be obtained or sent by letter, or, electronic mail, and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be so conveyed even though the same shall contain some error or shall not be authentic;
- 21.13.2 the Issuer and/or the Sponsor shall bear the fees and reasonable costs and expenses incurred by the Trustee in the appointment of any solicitor, valuer, surveyor, broker, auctioneer, accountant or any other agent, expert or professional in respect of the trust constituted by this Deed and agreed in advance in writing by the Issuer and/or the Sponsor. The Issuer and/or the Sponsor hereby agree to pay to the Trustee such fees and expenses within 14 (fourteen) days on a full indemnity basis together with any VAT or similar tax payable in respect thereof in connection with the engagement of any such agent, expert or professional upon receipt of the Trustee's written request;
- 21.13.3 the Trustee shall not be bound to give notice to any person or persons of the execution of this Deed or of any acts or deeds made or done by virtue of this Deed or to see to the

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registration of this Deed in any registry or to any other formalities (except to the due execution by it of this Deed) in connection herewith;

21.13.4 save as herein otherwise provided, the Trustee shall not be bound to take any steps to ascertain whether any event has happened upon the occurrence of which the Bonds may be declared immediately repayable;

21.13.5 save as herein otherwise expressly provided, the Trustee shall, as regards all trusts, powers, authorities and discretions hereby vested in it, have absolute and uncontrolled discretion as to the exercise thereof, and in the absence of fraud, negligence, or misconduct, shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof, and in particular, the Trustee shall not be bound to act at the request or discretion of the Bondholders under any provision of this Deed unless the Trustee shall first be indemnified to its satisfaction by the Bondholders against all costs, charges, expenses and liability which may be incurred in complying with such request or discretion;

21.13.6 the Trustee shall not be responsible for the monies subscribed by applicants for the Bonds or be bound to see to the application thereof;

21.13.7 the Trustee shall be at liberty to accept:

21.13.7.1 a certificate signed by any two (2) Directors as to any fact or matter on which the Trustee may need or wish to be satisfied as sufficient evidence of such fact or matter including the certification that any properties or assets in the opinion of such people have a particular value or produce a particular income or are suitable for the Issuer's purposes as sufficient evidence that they have that value or produce a particular income or are so suitable; and

21.13.7.2 the Trustee shall not be bound in such case to call for further evidence or be responsible for any loss that may be occasioned by its failing to do so or by its acting on any such certificate;

21.13.8 the Trustee shall not be responsible for having acted upon any resolution purporting to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed, even though it may subsequently be found that there was some defect in the constitution of the meeting or the passing of the resolution with the effect that the resolution was not valid or binding upon the Bondholders except where the Trustee had actual knowledge of such defect prior to taking such action;

21.13.9 the Trustee shall not be bound to declare any Series of the Bonds immediately repayable or to take any steps to enforce payment thereof or any of the provisions of this Deed unless and until in any of such cases the Trustee is required to do so in writing by Majority Bondholders or by an Extraordinary Resolution passed at a duly convened meeting of the Bondholders; provided that the Trustee shall in any case inform the Bondholders of the happening of any Event of Default that comes to its knowledge;

21.13.10 without prejudice to the right of indemnity by law given to the Trustee, every attorney, manager, agent or other person appointed by it hereunder (the "Indemnified Persons") shall be entitled to be indemnified by the Issuer in respect of all liabilities and expenses incurred by the Indemnified Persons in the execution of the powers and trusts hereof or of any powers, authorities or discretions vested in it pursuant to this Deed; provided that the Trustee, the attorney, agent or manager or other person appointed by the Trustee has not acted fraudulently, negligently or in default of its powers, duty and obligations, and the Trustee may retain and pay out of any monies in its hands upon the trusts of these, the amount of any such liabilities and expenses and also the remuneration of the Trustee as hereinbefore provided; and

21.13.11 the Trustee shall not be liable for any thing save a breach of trust committed by it, provided nevertheless that nothing contained in this Clause 21 shall exempt the Trustee from or indemnify it against any liability for negligence, wilful misconduct or breach of trust where the

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Trustee fails to show the degree of care and diligence required of it having regard to the provisions hereof conferring on it powers, authorities or discretions.

**21.14 Power to Delegate or Appoint Agents**

21.14.1 The Trustee may in the conduct of the trust business, instead of acting personally, employ and pay an agent (whether a solicitor or other professional person), to transact or conduct or concur in doing all acts required to be done by the Trustee, including the receipt and payment of money, in connection with the trusts hereof. PROVIDED however that where the Trustee intends to delegate all its powers to an agent, the Trustee shall (i) seek the prior written consent of the Issuer (such consent not to be unreasonably withheld), which shall be communicated to the Trustee within three (3) Business Days of receiving the Trustee's request; and (ii) notify the Commission of such an intended delegation.

21.14.2 It is hereby agreed that, for the purpose of liability, where the Trustee appoints and has delegated its trust powers and functions to an agent, the Trustee will be liable for the acts and omissions of such agent.

**21.15 Dealings with the Issuer and its Securities**

21.15.1 Subject to the provisions of the ISA, the Trustee Investments Act and Section 188 of CAMA, anybody corporate which is for the time being a trustee hereof shall be at liberty in the ordinary course of its business, and every director, other officer or servant of any such body corporate shall be at liberty, to enter into contracts with or hold any office of profit under the Issuer or any Affiliate of the Issuer and to hold, purchase, sell, underwrite or otherwise deal with any of the Bonds or any other securities and other obligations of the Issuer or of any such Affiliate and to act as trustee of any other securities or obligations of the Issuer or of any such Affiliate without being accountable for any receipt, profits, interest charges, commissions, fees or other remuneration arising therefrom.

21.15.2 Without prejudice to the generality of sub-clause 21.15.1 it is expressly declared that such contracts, transactions or arrangement may include:

21.15.2.1 any contract for the purchase by or leasing to the Trustee of the whole or any part of the property of the Issuer or of any property or assets formerly included in such property of the Issuer; or any contract for the sale or leasing by the Trustee of any property or assets on the basis that such property or assets will become part of the property of the Issuer or will be paid for out of capital money or exchanged for all or part of the property of the Issuer or otherwise; or any other dealing with or in relation to property or assets subject to the trusts of this Deed whether similar to those contracts or not;

21.15.2.2 any contract, transaction or arrangement for or in relation to the placing, underwriting, purchasing, subscribing for or dealing with or lending money upon the Bonds or any other bond, shares, debenture bond, debentures or other securities of the Issuer or any contracts of insurance with the Issuer; and

21.15.2.3 the Trustee acting as trustee of any other securities or obligations of the Issuer.

21.15.3 The Trustee shall not be accountable to the Issuer or to the Bondholders for any profits or benefits resulting or arising from any contract, transaction or arrangement as is mentioned in this clause and the Trustee shall also be at liberty to retain for its own benefit and shall be in no way accountable to the Issuer or to the Bondholders for any benefits or profits or any fees, commissions discount or share of brokerage allowed to it by bankers, brokers or other parties in relation to or otherwise arising out of any contract, transaction or arrangement (including any dealing with the Bonds or the property of the Issuer) permitted by or effected under, or in connection with, this Deed.

**21.16 Authorisation of the Trustee**

Each of the Bondholders hereby authorises the Trustee (whether or not by or through employees or agents):

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21.16.1 to exercise such rights, remedies, powers and discretions as are specifically delegated to or conferred upon the Trustee by this Deed together with such powers and discretions as are reasonably incidental thereto; and

21.16.2 to take such action on its behalf as may from time to time be authorised under or in accordance with this Deed.

**21.17 Trustee's Authority to Execute Documents**

21.17.1 Each of the Bondholders hereby authorises the Trustee to enter into and execute any further document(s) which is required to be executed with respect to the Bond.

21.17.2 In each and every case, the Trustee agrees to hold the rights and benefits thereby created for the benefit of the Bondholders in the manner contemplated by this Deed.

**21.18 Covenant of Compliance**

The Trustee hereby covenants with the Issuer that it shall comply with and perform all provisions of this Deed which are binding on it.

**24. APPOINTMENT OF REGISTRAR**

The Registrar shall be appointed by the Issuer but shall be responsible to the Trustee.

**25. THE BOND REGISTER**

25.1 The Issuer shall at all times keep, at the office of the Registrar in Lagos for the time being or at such other place in Nigeria as the Trustee may approve, an accurate Bond Register showing the amount of the Bond for the time being issued and fully paid and the date of registration and all subsequent transfers or changes of ownership thereof and the name and address and any other description of each of the Bondholders and any person deriving title under him/it, such information to be obtained by the Registrar.

25.2. The Trustee and the Bondholders or any of them and any persons authorised in writing by any of them shall be at liberty to inspect the said Bond Register (via physical and electronic means) and to take copies of and extracts from the same or any part thereof between the hours of 8.00am and 4.00pm on a Business Day. The said Register may be closed at such times and for such periods as the Registrar may from time to time determine provided that it shall not be closed for more than thirty (30) days in any year.

25.3. The Registrar shall maintain and update the Bond Register until such time that all outstanding Bonds have been fully redeemed and the Issuer's liability has been discharged. The Registrar shall provide details of the Bond Register to the Trustee on a quarterly basis during the period in which the Bonds are outstanding.

25.4. Only those Bondholders whose names appear on the Bond Register at the relevant record date for any payment shall be entitled to receive any payments of principal, and coupon or premium due on the Bonds.

**27 APPOINTMENT, REMUNERATION AND REMOVAL OF TRUSTEE**

27.1 Subject to the notification and approval of the Commission, the power to appoint a new trustee hereof shall, for so long as any of the Bonds is outstanding, be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Bondholders for the time being. The Bondholders shall in addition have power at any time by an Extraordinary Resolution to remove from office any trustee appointed pursuant to this Deed. Provided that the Bondholders can only move to remove such an appointed trustee when the trustee is in breach of its representations and warranties in Clause 12.2 of this Deed, as well as in the case of negligence, wilful default, breach of duty or breach of trust in relation to its duties as provided in Clause 21 of this Trust Deed and where the removal of the trustee would result in there being no trustee for the Bonds, such removal shall not be effective until the Issuer has appointed a new trustee (and

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such appointment has been approved by an Extraordinary Resolution of the Bondholders). Such successor trustee(s) shall be a reputable, duly registered and experienced trustee, have accepted such appointment, and shall have delivered to the Issuer the duly executed Accession Instrument in or substantially in the form in the Third Schedule to this Deed. Provided always that the removal of the Trustee shall be subject to the approval of the Commission.

27.2 Notwithstanding the provisions above, the Trustee may, upon giving prior notice to the Issuer and upon obtaining the approval of the Commission, appoint any other trustee registered with the Commission or any other relevant regulator to act either as a separate trustee or as a co-trustee jointly with the Trustee only in the following circumstances:

27.2.1. for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or

27.2.2 for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of this Deed against the Issuer.

27.3 The Issuer irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment pursuant to Clause 27.2 above. Such trustee shall (subject always to the provisions of this Deed) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these provisions) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such trustee. Such reasonable remuneration as the Trustee may pay to any such trustee, together with any attributable liabilities incurred by it in performing its function as a separate trustee or co-trustee, shall for the purposes of these provisions be treated as liabilities incurred by the Trustee.

27.4 The Issuer shall during the continuance of this trust and until the trusts hereof shall be finally wound up and whether or not the trusts of this Deed be in the course of administration by or under the direction of any court, pay to the Trustee for its services hereunder, the Trustee's Fees in accordance with this Deed or any other agreed terms between the Issuer and the Trustee, subject to such upward review as the Parties may agree in writing from time to time subject to the regulatory limit on Trustee fees prescribed by the Commission.

27.5 The Issuer shall pay the Trustee the sign-on/participation fee and the annual fees in the amount and manner agreed to by the Parties in the Trustee's engagement letter.

27.6 The Issuer shall in addition pay to the Trustee an amount equal to the amount of any Value Added Tax, or any similar tax chargeable in respect of its remuneration under this Deed.

27.7 The Trustee may retain and pay to itself out of any monies held by it upon the trusts of this Deed, all sums owing to it in respect of agreed remuneration costs, charges, expenses or interest or by virtue of any indemnity from the Issuer and/or the Sponsor to which it is entitled hereunder or by law and all such sums as aforesaid shall rank in priority to the claims of the Bondholders. The Trustee shall not incur cumulative expenses in excess of Five Hundred Thousand Naira (N500,000.00) per annum without the prior written approval of the Issuer. Provided that the prior approval of the Issuer shall not be required in relation to expenses which are incurred in connection with Events of Default or Potential Events of Default.

27.8 The Issuer and/or the Sponsor shall also pay all costs, fees, charges and expenses incurred by the Trustee in the exercise of the powers, authorities and discretions vested in it under this Deed.

## 28 RETIREMENT/RESIGNATION OF THE TRUSTEE

28.1 The Trustee may retire/resign at any time without being responsible for any costs occasioned by such retirement/resignation, provided that:

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28.1.1 such Trustee shall have given 3 (three) months' notice in writing to the Issuer, the Sponsor, the Commission and the Bondholders; and

28.1.2 no such retirement shall take effect (where the retirement/resignation of such Trustee would result in there being no Trustee for the Bonds) until the Issuer has appointed a new Trustee (and such appointment has been approved by an Extraordinary Resolution of the Bondholders). Such successor Trustee shall be a reputable, duly registered and experienced trustee, duly registered with the Commission, and shall have accepted such appointment, and shall have delivered to the Issuer the duly executed Accession Instrument in or substantially in the form in the Third Schedule to this Deed.

## SECOND SCHEDULE

### PROVISIONS FOR MEETINGS OF BONDHOLDERS

For the avoidance of doubt, all references to "nominal amount" in this Second Schedule shall be read to mean "Principal Amount Outstanding" in the case of Bonds that are redeemable on an amortising basis.

#### 1. Who may Convene Meetings?

Either of the Issuer or the Trustee may at any time at its discretion and the Trustee shall on the requisition in writing of the Bondholders holding not less than one-quarter (1/4) of the nominal amount of the Bonds, or in the case of a matter affecting the interests of any Series, not less than one-quarter (1/4) of the nominal amount of the Bonds under that Series, for the time being outstanding, and upon being indemnified to its satisfaction against all reasonable costs and expenses to be thereby incurred, convene a meeting or meetings of the Bondholders, or the Bondholders of that Series, in accordance with the provisions of this Schedule to discuss and determine any matter affecting their interests. Any such meeting shall be held at such place as the Trustee shall determine or approve in writing. Holders of at least Ten per cent (10%) of the nominal amount of the Bonds of the relevant Series for the time being outstanding shall be entitled to convene a meeting at which a resolution to compel the Trustee to take steps against the Issuer will be proposed, upon the occurrence of an Event of Default.

#### 2. Notice of Meetings

- 2.1 A meeting of the Bondholders may be called by giving not less than 28 (twenty-eight) days' notice in writing. In addition to the provision of clause 3 below, the Trustee may publish such notices in two (2) national daily newspapers.
- 2.2 A meeting may be called after giving shorter notice than that specified in paragraph 2.1 if consent is accorded thereto by Bondholders holding not less than 60% (sixty per cent) of the nominal amount of the Bonds, or if it is a matter affecting the interests of any Series, not less than 60% (sixty per cent) of the nominal amount of the Bonds issued under that Series, for the time being outstanding.

#### 3. Content and Manner of Service of Notice

- 3.1.1 Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted and the terms of every Extraordinary Resolution to be proposed thereat or state fully the effect on the Bondholders of such resolution, if passed. Provided that there shall be annexed to every notice convening a meeting of the Bondholders, a statement setting out the material facts concerning each item of business and where any item of business consists of granting approval to any document by the meeting the time and place where the documents can be inspected shall be specified in the statement aforesaid.
- 3.1.2 Notice of every meeting shall be given to:
- 3.2.1 every Bondholder in the manner specified for the service of notices in Condition 20 of the Bond;
- 3.2.2 the person entitled to a Bond in consequence of the death, bankruptcy, insolvency, winding-up or dissolution of a Bondholder addressed by name or by the title of the

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representative of the deceased or assignee of the insolvent or by any like description to the address (if any) supplied for the purpose by the person claiming to be so entitled, or until such an address has been so supplied by giving the notice in any manner in which it might have been given if the death, insolvency, winding-up or dissolution had not occurred;

3.2.3 the Registrar;

3.2.4 the Sponsor;

3.2.5 the Issuer when the meeting is convened by the Trustee or to the Trustee when the meeting is convened by the Issuer; and

3.2.6 the Commission and the Relevant Exchange.

3.3 The accidental omission to give notice to or the non-receipt of notice by any Bondholder or other person to whom it should be given or an error or omission in a notice with respect to the place, date, time or general nature of the business of a meeting shall not invalidate the proceedings of the meeting, unless the officer responsible for the error or omission acted in bad faith or failed to exercise due care and diligence, provided that in the case of accidental error or omission, the officer responsible shall effect the necessary correction before or during the meeting.

## 4. Quorum for Meeting

4.1 No business shall be transacted at any meeting unless the requisite quorum has been met and:

4.1.1 the Trustee is present when the meeting proceeds to business; or

4.1.2 in the case of a meeting convened by the Issuer, the Issuer and the Trustee are present when the meeting proceeds to business.

4.2 Any two (2) or more persons present or represented by proxy and holding at least three-fifth (3/5) of the nominal amount of the Bonds, or if it is a matter affecting the coupon of any Series, the Bonds issued under the Series, for the time being outstanding shall be a quorum for the meeting of the Bondholders.

4.3 Where the business of the meeting includes the consideration of an Extraordinary Resolution, the necessary quorum shall be two (2) or more persons present or represented by proxy and holding in aggregate more than 3/4 (three-fourth) of the nominal amount of the Bonds, or if it is a matter affecting the Coupon of any Series, holding in aggregate more than 3/4 (three-fourth) of the nominal amount of the Bonds issued under the Series, for the time being outstanding.

4.4 Where a meeting (whether a meeting to consider an Ordinary resolution or an Extraordinary resolution) is adjourned for lack of quorum, two or more persons present or represented by proxy and holding in aggregate not less than 3/5 (three-fifth) of the nominal amount of the Bonds or if it is a matter affecting the coupon of any Series, holding in aggregate not less than 3/5 (three-fifth) of the nominal amount of the Bonds issued under the Series, for the time being outstanding, shall remain the quorum for such a reconvened meeting.

4.5 If within half an hour from the time appointed for holding the meeting a quorum is not present, the meeting, if called upon by the requisition of Bondholders, shall stand dissolved. In any other case, the meeting shall stand adjourned to such day and time not being less than 7 (seven) days thereafter and to such place as the Chairman may determine.

4.6 At least 7 (seven) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting, but it shall not be necessary to specify in such notice the business to be transacted at the adjourned meeting as the business of such an adjourned meeting will be same as the original meeting.

4.7 Meetings may be held by, or through the use of, any means of communication allowing all participants to simultaneously hear each other, such as teleconference or videoconference. Any persons participating in a meeting by such means shall be deemed present in person at such



meeting.

**5. Chairman of Meeting**

Such person nominated by the Trustee in writing shall be entitled to act as the chairman at every meeting and if no such nomination is made or if at any meeting the person nominated shall not be present within 15 (fifteen) minutes after the time appointed for holding the meeting, the Trustee may appoint a Bondholder present at the meeting to act as chairman for that meeting.

**6. Persons Entitled to Attend Meeting**

The Trustee, its lawyers and financial advisers and any director or officer of the Issuer and the Sponsor and any other person authorised in that behalf by the Trustee may attend and speak at any meeting but shall not be entitled to vote thereat.

**7. Evidence of Passing of Resolution**

At any meeting a resolution or any question put to the vote of the meeting shall be decided on a show of hands unless a poll is demanded in the manner hereinafter mentioned, and unless a poll is so demanded a declaration by the Chairman that on a show of hands the resolution has been carried either unanimously or by a particular majority or lost or not carried either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the meeting, shall be conclusive evidence of that fact without proof of the number or proportion of the votes cast in favour of, or against such resolution.

**8. Demand for Poll**

- 8.1 Before or on the declaration of the result of the voting on any point or question on a show of hands, a poll may be ordered to be taken by the Chairman of the meeting on his own motion, and shall be ordered to be taken by him on demand made in that behalf by the Trustee or at least five (5) Bondholders having the right to vote on the resolution and present in person or by proxy or by the holders of not less than one-quarter ( $\frac{1}{4}$ ) in nominal amount of the Bondholders for the time being outstanding having the right to vote on the resolution and present in person.
- 8.2 The demand for a poll may be withdrawn at any time by any person or persons who made the demand.

**9. Time of Taking Poll**

- 9.1 A poll demanded on a question of adjournment shall be taken forthwith.
- 9.2 A poll demanded on any other question (not being a question relating to the election of a Chairman as provided for in Provision 5 hereof) shall be taken at once but where this is not practicable in such manner and at such time not being later than thirty (30) days from the time when the demand was made as the Chairman may direct.
- 9.3 The demand for a poll shall not prevent the continuance of the meeting from the transaction of any business other than the resolution or question on which the poll has been demanded.

**10. Votes**

On a show of hands every Bondholder who (being an individual) is present in person or by proxy or (being a body corporate) is present by its duly authorised representative shall have one vote, and on a poll every Bondholder who is present in Person or by proxy shall have 1 (one) vote in respect of every Bond of which he is the holder. In the case of joint Bond holders, the vote of the one named first in the Register who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of other joint holders.

**11. Representatives of Corporate Bodies**

Any corporate body which is a Bondholder may by writing under the hand of a duly authorised officer authorise such person as it thinks fit to act as its representative at any meeting of the

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Bondholders and the person so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he represents as that body corporate could exercise if it were an individual Bondholder.

### **12. Proxies**

- 12.1 The registered holder of the Bond or in case of joint holders the one named first in the Register shall be entitled to vote in respect thereof either in person or by proxy and in the latter case as if such joint holder was solely entitled to such Bond. A registered holder of the Bond shall be entitled to appoint another person (whether a Bondholder or not) as his proxy to attend and vote instead of himself.
- 12.2 In every notice calling a meeting of the Bondholder there shall appear with reasonable prominence a statement that a Bondholder entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a Bondholder.
- 12.3 The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarized copy of the power of authority, shall be deposited at such place as may be specified in the notice convening the meeting or if no place is so specified then at the office of the Registrar for the time being, not less than 48 (forty-eight) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or in the case of a poll not less than 24 (twenty-four) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
- 12.4 The instrument appointing a proxy shall be:
- 12.4.1 an instrument in writing in English language and in usual common form or such other form as the Trustee may approve; and
  - 12.4.2 signed by the Bondholder so appointing or his attorney duly authorised in writing or if the Bondholder so appointing is a body corporate be under its seal or be signed by an officer or any attorney duly authorised by it.
- 12.5 No instrument appointing a proxy shall be valid after the expiration of 12 (twelve) months from the date named in it as the date of execution. An instrument appointing a proxy shall be deemed to confer authority to demand or to join in a demand for a poll.
- 12.6 Every Bondholder entitled to vote at a meeting of Bondholders or on any resolution to be moved there shall be entitled during the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting to inspect by himself or through a duly authorised person the proxies lodged at any time during the business hours of the Registrar, provided that not less than 3 (three) days' notice in writing of the intention so to inspect is given to the Registrar.
- 12.7 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Registrar at its registered office before the commencement of the meeting or adjourned meeting at which the proxy is used.

### **13. Entitlement of Bondholder to Vote Differently**

On a poll taken at a meeting of Bondholders, a Bondholder entitled to more than 1 (one) vote, or his proxy or other person entitled to vote for him as the case may be need not, if he votes, use all his votes or cast all his votes in the same way.

### **14. Scrutineers at Poll**

- 14.1 Where a poll is to be taken, the Chairman of the meeting may appoint 2 (two) scrutineers to scrutinize the votes given on the poll and to report thereon to him.

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14.2 The Chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or for any other cause.

14.3 Of the 2 (two) Scrutineers appointed under this clause one shall always be a Bondholder (not being an officer or employee of the Issuer) present at the meeting, provided that such a Bondholder is available and willing to be appointed.

**15. Manner of Poll and Result Thereof**

The Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

**16. Power to Adjourn Meeting**

The Chairman of a meeting of the Bondholders may in case of a development requiring an adjournment, with the consent of (and shall if directed by) any such meeting at which a quorum is present, adjourn the same from time to time and from place to place, provided that no business shall be transacted at any such adjourned meeting other than business which might lawfully have been transacted at the meeting from which the adjournment took place.

**17. Casting Vote**

In the case of equality of votes, whether on a show of hands or a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote in addition to the votes to which he may be entitled as or on behalf of a Bondholder.

**18. Chairman to be Sole Judge**

The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting, and the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

**19. Meaning of Ordinary and Extraordinary Resolution**

**19.1 Extraordinary Resolution means:**

A resolution shall be deemed to be an Extraordinary Resolution if the same shall be passed by a majority consisting of not less than 3/4<sup>th</sup> (three-fourths) of the persons present and voting thereat upon a show of hands, or if a poll is demanded, by Bondholders holding not less than 3/4<sup>th</sup> (three-fourths) in value of the Bonds held by the Bondholders present or represented by proxies at the meeting.

**19.2 Ordinary Resolution means:**

19.2.1 a resolution passed at a meeting duly convened and held in accordance with this second schedule by a majority consisting of not less than a simple majority of the Bondholders present or represented by proxies at the meeting and voting thereat upon a show of hands;

19.2.2 Where a poll is duly demanded in a meeting, the result of the poll shall be deemed to be an Ordinary Resolution if it has been passed by a majority consisting of not less than a simple majority in value of the total votes given on such poll; or

19.2.3 a resolution in writing signed by or on behalf of the Bondholders of more than 50% (fifty per cent) of the Principal Amount Outstanding which resolution may be contained in one document or in several documents in like form each signed by the Bondholders holding more than 50% (fifty per cent) of the Bonds or if it is a matter affecting the any Series, a resolution in writing signed by or on behalf of the Bondholders of more than

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50% (fifty per cent) of the Principal Amount Outstanding of the Bonds issued under the Series.

**20. Power of General Meeting**

A meeting of the Bondholders shall *inter alia* have the following powers exercisable by Extraordinary Resolution:

- (a) to sanction the release of the Issuer from all or any part of the principal monies and any other sums owing upon the Bond;
- (b) to sanction any modification or compromise or any agreements in respect of the rights of the Bondholders against the Issuer whether such rights shall arise under this Deed or otherwise;
- (c) to assent to any modification of the provisions contained in the Trust Deed proposed or agreed by the Issuer;
- (d) to authorise and empower the Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;
- (e) to give any release to the Trustee in respect of anything done or omitted to be done by the Trustee hereunder before the giving of the release; or
- (f) to appoint any person (whether a Bondholder or not) into a committee or committees to represent the interest of the Bondholders and to confer upon such committee or committees any powers or discretions which the Bondholder could themselves exercise by Special Resolution.

**21. Resolution Binding**

A resolution passed at a meeting of the Bondholders duly convened and held in accordance with this Deed shall be binding upon all the Bondholders whether present or not present at such meeting and whether or not voting, and each of the Bondholders shall be bound to give effect thereto accordingly, and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof, the intention being that it shall rest with the meeting to determine without appeal whether or not the circumstances justify the passing of such resolution. Notice of the result of any resolution duly considered by the Bondholders shall be published by the Trustee (with the approval of the Issuer) within 14 (fourteen) days of such result being known, in a manner to be determined by the Trustee, provided that the non-publication of such notice shall not invalidate such result.

**22. Minutes**

Minutes of all resolutions and proceedings at such meeting as aforesaid shall be made and duly entered in the books to be provided from time to time for that purpose by the Trustee at the expense of the Issuer, and every such minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had or by the Chairman of the next succeeding meeting of the Bondholders shall be conclusive evidence of the matters therein contained, and until the contrary is proved every such meeting in respect of the proceedings in which minutes have been signed as aforesaid shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken to have been duly passed and taken.

**23. Resolution in Writing**

A resolution in writing duly signed by the holders of all the Bonds for the time being outstanding, shall be as effective for all purposes as an Extraordinary Resolution duly passed at a meeting of the Bondholders. Such resolution in writing may be contained in one document or in several documents of like form duly signed by or on behalf of all of the Bondholders.

**7. EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION**

The following are the relevant extracts from the Issuer's Memorandum and Articles of Association

1) To acquire, invest in and/or issue bonds, notes, corporate loans, debentures, debenture stock, annuities and/or other securities and instruments (for itself, Emzor Pharmaceuticals Industries Limited or on behalf of any person(s), corporate or incorporate), acquire or invest in bonds, notes, corporate loans, debentures, debenture stock, annuities and/or other securities and instruments issued and/or sold by Emzor Pharmaceuticals Industries Limited; and to acquire, and/or invest in bonds, notes, corporate loans, securities issued and/or sold by any corporate entity or any government agency and parastatal, whether within or outside Nigeria, and to make investments of any description in such manner as may be determined by the Board of Directors of the Company

2) To advance monies to Emzor Pharmaceuticals Industries Limited or such specific class of persons and upon such terms and conditions as the company may deem fit, and to take such security over any loans or monies provided by the Company to secure repayment of monies advanced.

3) To borrow or raise money in such manner as the company shall think fit including, through the issuance of corporate bonds, notes, debentures and other forms of securities

**8. SUBSIDIARIES AND ASSOCIATED COMPANIES**

The company has a wholly owned subsidiary, Zolon Healthcare Limited, and 12 associate companies, which largely operate Emzor's retail outlets.

**9. CLAIMS AND LITIGATION**

The Company is involved in Nine (9) cases in the ordinary course of its business. Of the Nine (9) cases, the Company is a: (i) Defendant in Seven (7) cases; (ii) Counter-Claimant in Two (2) of the Seven (7) cases instituted against it; (iii) Judgment Debtor in One (1) case in which judgment has been entered against it; and (iv) complainant in One (1) criminal case.

The total value of claims against the Company in the Seven (7) cases instituted against it is approximately Four Hundred and Eleven Million, Six Hundred and Fifty-Three Thousand, Four Hundred and Fifty Naira (N411,653,450.00); while the total value of the counter-claims filed by the Company is approximately Twenty-Three Million, One Hundred and Forty-Two Thousand, Seven Hundred and Fifty-Seven Naira, Ninety-Seven Kobo (N23,142,757.97). Please note that the amounts referred to herein, do not include interest and costs, which can only be ascertained after final resolution of the cases.

The judgment sum in the One (1) case in which judgment had been delivered against the Company is Two Million, Three Hundred and Twenty-Two Thousand, Five Hundred and Eleven Naira, Forty-Four Kobo (N2,322,511.44), excluding interest which may accumulate on the judgment sum until same is finally liquidated.

Based on our assessment of the information contained in the case files provided for the Solicitors to the Transaction's review, their experience in litigation matters, their discountenancing frivolous and exaggerated claims and their understanding of the disposition of Nigerian courts in the award of damages and other claims, the Solicitors to the Transaction believe that the contingent liability that would arise from the cases, where same are diligently defended, should not have a material adverse effect on the proposed Transaction.

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The Directors of the Company are also of the opinion that none of the aforementioned cases is likely to have any material adverse effect on the proposed Transaction and are not aware of any other pending and/or threatened claim or litigation within the aforementioned category involving the Company.

Based on the information made available to Solicitors to the Transaction, the Solicitors confirm that they are not aware of any other claim or litigation pending against the Company or threatened which (i) materially or adversely affects the Company's ability to fulfil its obligations under the Transaction; and/or; (ii) affects the validity of the Transaction or restricts the proceedings or actions of the Company with respect to the Transaction.

### **10. PURPOSE OF ISSUE AND USE OF PROCEEDS**

The proceeds of the bonds to be issued under the programme will be used to purchase Notes issued by Emzor Pharmaceutical Industries Limited pursuant to the Master Notes Purchase Agreement.

### **11. COSTS AND EXPENSES**

The costs, charges and expenses of and incidental to the Issue including fees payable to SEC, NSE and FMDQ, professional parties, brokerage, and printing and distribution expenses are payable by the Issuer and will be deducted from the gross issue proceeds.

### **12. MATERIAL CONTRACTS**

The following contracts have been entered into by the Company and may be considered material to this Issue:

- A Programme Trust Deed, dated on or about the date of this Shelf Prospectus, between the Issuer, the Sponsor and the Trustee in connection with the Programme;
- A Master Notes Purchase Agreement, dated on or about the date of this Shelf Prospectus, between the Sponsor, the Issuer and the Trustee;
- A Deed of Covenant, dated on or about the date of this Shelf Prospectus, between Emzor Pharmaceutical Industries Limited, Emzor Pharma Funding SPV PLC and the Trustee;
- The List of Documents in Section A of the Material Contracts Opinion for the Sponsor, issued by the solicitors to the Transaction.

Other than as stated above, the Issuer, as at the date of this Shelf Prospectus, does not have any subsisting material contract (in the context of this Bond Issuance Programme) other than those entered into in the ordinary course of business.

### **13. MERGERS OR TAKEOVERS**

As at the date of this Shelf Prospectus, there has been no takeover bids by any investor or third party in respect of the Issuer's shares neither has there been an offer by a third party to merge with the Company. The Company is not aware of any attempt by any investor to acquire a majority shareholding in the Company or by the Company of any other entity.

### **14. DIRECTORS' INTEREST**

A summary of the beneficial interest of all the directors in the company has been disclosed on page 68 of the prospectus

### **15. RELATIONSHIP BETWEEN THE SPONSOR, THE ISSUING HOUSES and OTHER ADVISERS**

Save as disclosed, there is no relationship between the company and its advisers as at the date of this Shelf Prospectus

### **16. RELATED-PARTY TRANSACTIONS**

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The following related party transaction has been disclosed below:

Due to related parties	Relationship	Group N'000 31-Dec19	Company N'000 31-Dec19
<b>Entity</b>			
Directors Current Account	Key Management Personnel	3,086,961	2,906,608
Edfel Venture Limited	Directors Significant Interest	1,008,045	1,008,045
Emzor Pharmacy & Stores Awka	Retail Outlet	70,596	70,596
Emzor Pharmacy & Stores Ikeja	Retail Outlet	15,509	15,765
Emzor Pharmacy & Stores Kano	Retail Outlet	-	-
Emzor Pharmacy & Stores Osolo	Retail outlet	116,430	116,794
Emzor Sierra Leone Limited	Directors Significant Interest	642,557	642,557
Emzor Hesco Limited	Fellow Subsidiary	2,192,289	2,127,180
Frontwave Nigeria Limited	Fellow Subsidiary	190,680	108,178
Zolon Healthcare Limited	Fellow Subsidiary	-	8,704,924
Emzor Liberia limited	Directors Significant Interest	189,939	189,939
<b>Total</b>		<b>7,513,006</b>	<b>15,890,586</b>

### 17. OFF BALANCE SHEET ITEMS

As at 31 December 2019, the Sponsor had no off-balance sheet items other than in the ordinary course of business.

### 18. DECLARATIONS

Except as otherwise disclosed in this Shelf Prospectus:

- (a) None of the Directors, Shareholders or Key Management Personnel is under any bankruptcy or insolvency proceedings in any court of law;
- (b) None of the Directors, Shareholders or Key Management Personnel has been convicted in any criminal proceeding;
- (c) None of the Directors, Shareholders or Key Management Personnel is subject of any order, judgement or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

### 19. CONSENTS

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

<b>Directors of the Issuer</b>	Dr. Stella C. Okoli Mrs. Uzoma Ezeoke
<b>Company Secretary</b>	Templars
<b>Directors of the Sponsor</b>	Mr. Emeka C. Okoli Dr. Stella C. Okoli Mrs. Uzoma G. Ezeoke Mr. Shivakumar Subramani Mr. Ehimare Eric Idiahi Mr. Gabriel Keita Dr. Shamsuddeen Usman

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<b>Company Secretary</b>	Abdulai Taiwo & Co
<b>Issuing Houses</b>	Renaissance Securities (Nigeria) Limited Afrinvest (West Africa) Limited
<b>Trustee</b>	Stanbic IBTC Trustees Limited
<b>Solicitors to the Issue</b>	Banwo & Ighodalo
<b>Solicitors to the Issuer</b>	Templars
<b>Reporting Accountants</b>	KPMG Professional Services
<b>Rating Agency</b>	Global Credit Ratings Co. (GCR) Limited
<b>Registrars</b>	Africa Prudential Plc
<b>Receiving Bank</b>	Nova Merchant Bank Limited

**20. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents can be inspected at the offices of Emzor Pharmaceutical Industries Limited located at Plot 3C Block A, Aswani Market Road, Oshodi/Osolo Expressway, Lagos, Nigeria, during normal business hours on any weekday (except public holidays), from 8.00am to 5.00pm (West African Time):

- (a) The Certificate of Incorporation of the Issuer and the Sponsor;
- (b) The Memorandum and Articles of Association of the Issuer and the Sponsor;
- (c) The Shelf Prospectus issued in respect of the Issue;
- (d) The Supplementary Prospectus;
- (e) The audited financial statements of the Sponsor for each of the years ended 31 December – 2015, 2016, 2017, 2018 and 2019;
- (f) The Reporting Accountants' Report;
- (g) The list of outstanding claims and litigation together with the Opinion of the Solicitors to the Issue prepared therewith;
- (h) Any Series Trust Deeds;
- (i) Any Pricing Supplement;
- (j) Any Vending Agreements in relation to specific issuances under the Programme;
- (k) The material contracts referred to on page 87;
- (l) The written consents of parties referred to on page 88;
- (m) The Board Resolution of the Sponsor dated 15<sup>th</sup> September, 2020 in respect of the Programme;
- (n) The Board Resolution of the Issuer dated 30<sup>th</sup> September, 2020 authorising the Programme;
- (o) Letter from the SEC confirming registration of the Prospectus; and
- (p) Letter of approval from FMDQ and the NSE.