2021

INFRASTRUCTURE CAPACITY BUILDING PROGRAMME

Catalysing Sustainable Development Impact

InfraCredit
Securing Infrastructure Finance

2021 REPORT

Catalysing Sustainable Development Impact

Funding Partners:

InfraCredit Securing Infrastructure Finance | PIDG pioneering infrastructure changing lives | TAF Technical Assistance Facility | GuarantCo Guarantees for Development | KfW | Bundesministerium für wirtschaftliche Zusammenarbeit und Entwicklung

Strategic Partner:

PenOp

INFRASTRUCTURE
CAPACITY BUILDING
PROGRAMME

CONTENTS

InfraCredit

Securing Infrastructure Finance

VISION

Our vision is to be a catalyst and the most trusted partner in the attraction of long-term capital into infrastructure finance in Nigeria.

MISSION

Our mission is to successfully unlock the potential for long term local currency infrastructure finance in Nigeria creating value for our stakeholders and being the best at what we do.

OUR VALUES

Our values define who we are. Through integrity, passion, innovation and collaboration, we are focused on building a vibrant company where ideas can flourish, people can succeed and success can be nurtured.

Our business model requires a reliance on our people to drive all aspects of the business. We aim to build our organization from within, promoting and rewarding people without regard to any difference unrelated to performance. Thus, as Owe attract and recruit the best talent in our field of endeavor, we complement this by highlighting the specific values and behaviour which define the 'InfraCredit Employee'.

Integrity:
Doing the right things always.

Passion:
Love what you do and be the best at it. Align our individual passion with InfraCredit's vision and shared values.

Innovation:
Run with great ideas without delays and continue to seek better ways of doing things.

Collaboration:
Helping and impacting each other positively

INFRACREDIT AT A GLANCE

Unlocking Long Term Local Currency Infrastructure Finance in Nigeria

InfraCredit
Securing Infrastructure Finance

OUR MANDATE
To provide local currency guarantees and mobilise long term domestic debt financing for infrastructure in Nigeria

RATINGS
Agusto&Co. Research, Credit Ratings, Credit Risk Management / AAA (NG) June 2022
GCR / AAA (NG) June 2022

CAPITAL PROVIDERS
Nigeria Sovereign Investment Authority; GuarantCo Guarantees for Development; KFW Bank aus Verantwortung; AFC Africa Finance Corporation; African Development Bank Group; InfraCo Africa

CAPITAL

TOTAL CAPITAL	CORE CAPITAL	SUBORDINATED CAPITAL	CALLABLE CAPITAL
183m USD	87m USD	71m USD	25m USD

GUARANTEE CAPACITY
UP TO NGN 376.4 billion $915m USD EQUIVAENT

IMPACT
- N74 bn TOTAL SIZE OF GUARANTEED BONDS
- UP TO 20 yrs
- 17 NUMBER OF PENSION FUND INVESTORS
- 7 INFRASTRUCTURE PROJECTS THAT REACHED FINANCIAL CLOSE

WE PROMOTE
- **Financial inclusion** By bringing first-time issuers to the domestic bond market
- **Financial deepening** By extending bond tenors for corporates, and by broadening pension fund investor bases
- **Financial innovation** By introducing new fixed income instruments such as green bonds

ELIGIBILITY CRITERIA
- Naira denominated
- Debt Instrument (including Sukuk)
- Must be an eligible Infrastructure Activity
- Acceptable Credit Profile based on InfraCredit's internal credit assessment
- Asset value is not directly linked to oil
- Minimum 'Bbb-' investment grade rating
- Adequate Security Package
- Debt Tenor of up to 20 years
- Satisfies InfraCredit's Environmental and Social Safeguards Standards
- Is not on IFC's Project Exclusion List
- Issuer is PENCOM Compliant

ELIGIBLE SECTORS
- Renewable Energy
- Electricity Generation, Transmission and Distribution
- Gas to Power
- Agricultural Infrastructure
- ICT/Telecoms
- Inputs to Infrastructure
- Transportation
- Urban infrastructure, housing, healthcare and education
- Water Distribution and Treatment
- Waste Management Services

DEVELOPMENT PARTNERS
UKaid from the British people; PIDG pioneering infrastructure changing lives; german cooperation Deutsche Zusammenarbeit; USAID From the American People; Power Africa A U.S. Government-led Partnership

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01

CHAPTER

Foreword

CEO'S REMARK

MESSAGE FROM OUR DEVELOPMENT

AND STRATEGIC PARTNERS

INFRASTRUCTURE
CAPACITY
BUILDING
PROGRAMME

1.1

CEO's Remarks

It is important to note that our market demands the creation of a funding means that can facilitate the efficient allocation of long-term capital into bankable infrastructure assets in a sustainable approach.

Our Capacity Building Programme continually seeks to equip investors with in-depth understanding of investment dynamics within the infrastructure space and ultimately increase the investment appetite of investors in long-term infrastructure-related instrument thereby consequently deepening the Nigeria debt Capital Market.

In 2021, the programme had the objective to expand and diversify the pool of its beneficiaries to include a wider audience of long-term institutional investors. To achieve this objective, insurance companies were onboarded on to the Infrastructure Capacity Building Programme through the

11	53	372	74b
Trainings	Institutions	Participants	Private Capital Mobilized

implementation of an introductory course on infrastructure as an asset class. Following the successful onboarding of insurance companies to the programme, the programme's activities now cater to the learning needs of four classes of institutional investors- Pension Fund Administrators, Life Insurance Companies, Regulators and Market Enablers.

As of December 2021, under the Infrastructure Capacity Building Programme, twenty-eight (28) training programmes have been implemented including six (6) investor roundtable workshops, fourteen (14) investors' trainings and eight (8) due diligence exercises targeted at participants at different levels of executive management, investment, and risk teams of the target institutional investors as well as regulators of the infrastructure finance industry. These programs attracted a total of nine hundred and seventy six (976) participants from eighty-eight (88) institutions including twenty-one (21) Pension Fund Administrators, five

(5) Closed Pension Fund Administrators, two (2) Pension Fund Custodians, twenty-one (21) Life Insurance Companies and five (5) Regulatory bodies and thirty-four (34) other institutions with co-funding from KfW.

InfraCredit as a result, has increased first time access to local currency finance from the domestic bond market to an aggregate of N70 billion (c. USD 200 million) and up to 20-year tenor for seven infrastructure projects from local pension fund investors, with investment by 17 pension fund investors that participated in the capacity building programme, signifying strong potential and investor appetite in infrastructure.

However, InfraCredit in its' quest for continuous development would further utililize the programme to institutionalize operational efficiency, expand donor support and multi-stakeholder partnerships, further integrate ESG and SDGs, scale impact with measurable outcomes and demonstrate sustainability.
We are delighted with the success of our market building activities, with support from our key partners, through this programme because it strongly aligns with our vision to be a catalyst and the most trusted partner, in the attraction of long-term capital into infrastructure finance in Nigeria.

Chinua Azubike,
Chief Executive Officer,
InfraCredit

1.2

MESSAGE FROM PENOP

Investing in infrastructure is critical to developing economies like ours and the government has a role to play in funding infrastructure so does the private sector.

There is no other sector that is well-positioned to fund infrastructure like the pension industry. The industry holds a large proportion of the country's long-term savings and we can and should channel that to infrastructure development.

However, the industry also holds the trust of millions of pension contributors who entrust us with their future, so we need to balance the need to develop infrastructure, with the need to provide safety and returns to these pension contributors. This balancing act takes a lot of skill, dexterity and requires sound investment and risk management knowledge.

Working with Infracredit, we are looking to provide these skills through a number of capacity development programs that share real-life stories and case studies of what has happened in the past and how to navigate infrastructure as an asset class and to ensure that the pension funds are able to meet its proposition of investing for the long term and posting decent returns for their contributors.

Working with Infracredit and the pension operators, we have designed bespoke courses, sessions, workshops and sometimes engaging directly with the issuers and infrastructure asset owners to understand the risks and get a better understanding of the individual transaction and infrastructure as an asset class in general so that pension funds can be more comfortable to invest in these assets and sectors.

We trust that the training lined up will bring many benefits to the pension funds, the economy as a whole, and to the contributors who subscribe to these funds.

Oguche Agudah
FCIB, FCS
CEO PENOP

Oguche is currently the Chief Executive Officer (CEO) of the Pension Fund Operators Association of Nigeria (PenOp). In this role he leads the efforts of the $ 28 billion pension industry in Nigeria in engaging the government, regulators, the media, the financial markets and other stakeholders in ensuring that the interests of the pension operators are protected and promoted and that the pension industry has a positive impact on National Development. Before this appointment, Oguche was Nigeria's Regional Director for OurCrowd, a crowd funding, venture capital and impact investment firm with headquarters in Israel.

Before then, he was the Chief Investment Officer/ Executive Director of a start-up alternative asset management company and social enterprise, where he was in charge of engaging local and foreign investors and lenders on behalf of the firm. Prior to this, he worked as a Special adviser to Nigeria's Minister of Industry, Trade and Investment. His portfolio was "Access to Finance". In this role, he advised on and implemented policies and programmes that could help to increase access to finance to start and grow local businesses.

Along with a team of others, he was involved in the formulation and implementation of Nigeria's most ambitious industrial revolution plan, christened- The Nigeria industrial Revolution Plan (NIRP). In addition, he worked with a team to implement Nigeria's entrepreneurship development strategy at the time, christened – National Enterprise Development Plan– NEDEP.

Prior to this, he worked with Standard Chartered Bank (SCB) as an Associate Director in their Lagos office, where he was in charge of the credit quality of a portfolio of assets worth USD 7 billion dollars. This included various loan products and derivatives to banks, the government and sovereign owned enterprises (SOEs) in Nigeria. In SCB, he had short term assignments in South Africa and London, working in the Risk management, Credit and Corporate Finance functions. In his 14-year stint with SCB he held various roles spanning financial control, operations, Risk management & Credit, financial institutions and strategy. He possesses a degree in Banking and finance (University of Lagos) and is a fellow of both the Chartered Institute of Bankers, Nigeria and the Chartered Institute of Stockbrokers, Nigeria, which are the highest professional qualifications locally for Banking and the Capital Market respectively.

He sits on the advisory boards of some small businesses in Nigeria. He is deeply involved in community work, as he mentors a group of volunteers, focusing on building global businesses and leaders out of Nigeria. He has been privileged to experience life as an entrepreneur, a policy maker and an employee in a world class organization operating in an emerging market. These varied circumstances have enabled him to appreciate different perspectives, arming him with a unique blend of the business acumen of the private sector and the social impact objective of the public sector.

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02

CHAPTER

Introduction

Our Strategic Approach

SUMMARY OF 2020 ACTIVITIES

STRATEGIC OUTLOOK

INFRASTRUCTURE
CAPACITY
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PROGRAMME

2.1

Overview of Nigeria's Infrastructure Sector

THE MARKET GAP

With a growing supply of capital from pension funds, and limited investment instruments to safely channel these long term funds towards infrastructure, our market demands the creation of a funding tool that can facilitate the efficient allocation of this long term capital into bankable infrastructure assets in a sustainable manner.

According to the Nigeria Integrated Infrastructure Master Plan (NIIMP), Nigeria requires an estimated US$3 trillion to finance its infrastructure deficit over the next 30 years; therefore, in order to bridge the current infrastructure gap and increase core infrastructure stock, Nigeria needs an investment of US$127 billion over the next 5 years translating to an average of US$25 billion per annum. Budgetary resources alone, for capital expenditure, will be inadequate to meet Nigeria's infrastructure requirements. Nigeria must therefore attract greater private sector investment to bridge the financing gap between public sector funds and the infrastructure investment needed.

The National Pension Commission (PENCOM) strategic goal is to increase pension fund investments in infrastructure, but pension fund investment in infrastructure have only accounted for only 0.7% of total pension assets as at May 2022. Accordingly, under the PENCOM Investment Guidelines, Pension Fund Administrators (PFAs) can invest a maximum of 35% of accumulated pension assets in infrastructure using structured instruments such as Infrastructure Bonds (25%) and Infrastructure Funds (10%).

30
YEARS

Ave. Contractual Maturity of Pension Funds & Insurance liabilities with limited assets of matching duration

N30.02
TRILLION

Total Par Value Outstanding in Nigerian Debt Capital Markets as of December 2021

$100
BILLION

Annual Funding required to bridge infrastructure deficit (next 30 years)

According to Nigeria's National Integrated Infrastructure Master Plan ("NIIMP")

N13.4
TRILLION
PENSION FUND ASSETS

as at December 2021

has been increasing at an average annual growth rate of 15% p.a. from an initial size of **N47 billion** in **2004** to its current level

N19
TRILLION

FORECAST of the nation's Pension Assets to double over the next three years

<2
INFRASTRUCTURE BONDS

limited long dated bonds issued to finance infrastructure assets

N2.1
TRILLION

Estimated Minimum Potential Pension Funds Investable in Eligible Infrastructure Bonds

Based on Investment Thresholds and Limits in the Pension Investment Guidelines

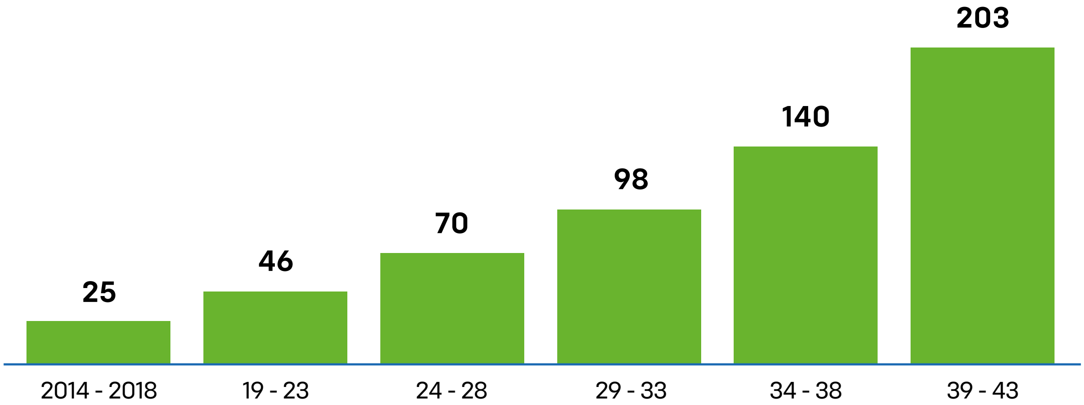
Most of the demand for infrastructure finance is for new infrastructure assets ("greenfield"), namely the higher risk start-up development phases of projects that involve construction before revenues are established, particularly in the emerging/frontier economies like Nigeria. However, as a result of their strict investment criteria, pension funds are mainly interested in investing in low-risk infrastructure projects that are already operating, receiving fees from users of their services and evidencing profits with steady proven revenues ("brownfield").

There is little internal capacity among domestic investors, such as pension and insurance fund managers to evaluate infrastructure projects; it will be very costly and time-consuming to develop expertise in-house. Experts have documented the lack of capacity of institutional investors to properly evaluate infrastructure assets as a key impediment to investment.

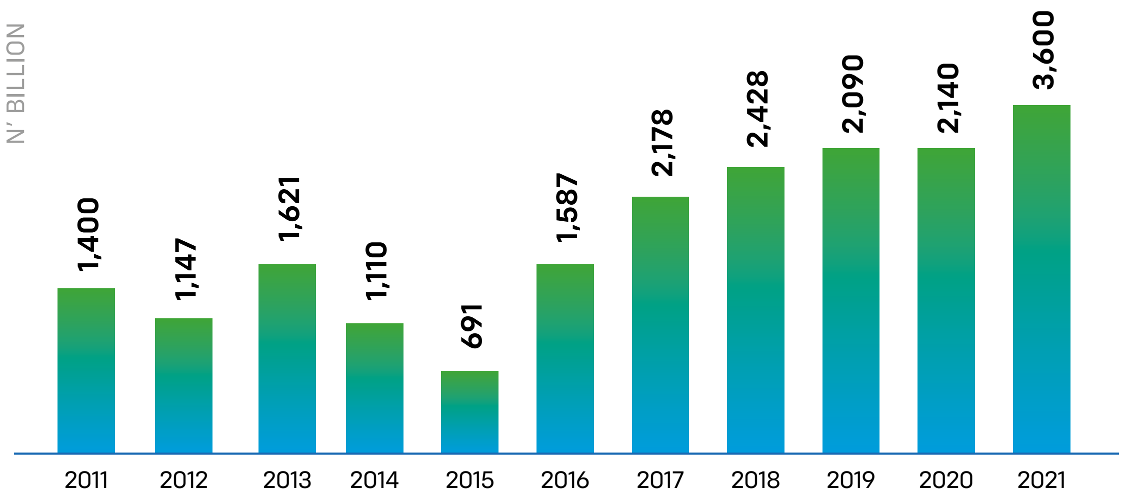
Therefore, while the urgent need is for investment in new infrastructure projects, domestic institutional investment from pension funds is largely restricted to low-risk assets with established high-performing track records that meet investment-grade criteria.

In contrast to international benchmarks of 70%, Nigeria's core infrastructure stock is estimated at only 20-25% of GDP

AVE. ANNUAL INFRASTRUCTURE SPEND, 2021 TO 2043 (USD BILLION, 2012 CONTRANT PRICE)



NIGERIA'S CAPITAL EXPENDITURE BUDGET



SUMMARY

- Estimated $46 billion p.a. required from 2019 - 2023
- Infrastructure Stock to increase from c. 25% of GDP to 70%
- Est $3 trillion required over the next 30 years
- Annual Spend to increase to c.7% of GDPBudgetary Contraints $6 - 9 Billion CAPEX per year
- 2021 CAPEX is currently c.9% of GDP
- 2021 CAPEX is 26.4% of estimated Annual Spend

Source: NIIMP & Budget Office

OUR COMMITMENT TO CAPACITY BUILDING

InfraCredit believes that improving investor analytical capacity, arming investors with comprehensive data and information with in-depth understanding of the investment dynamics of the subsectors within the infrastructure space- highlighting the risks and mitigants – and providing access to platforms where queries can be addressed, would ultimately enhance investor confidence, and drive private sector participation in these sectors. This should ultimately increase the investment appetite of investors in long-term infrastructure-related instruments and thereby deepen the Nigerian Debt Capital Market. The Infrastructure Capacity Building Programme is coordinated by InfraCredit in collaboration with Development Partners PIDG, GuarantCo and the German Government through KFW.

As of December 2021, under the Infrastructure Capacity Building Programme, twenty-eight (28) training programmes have been implemented including six (6) investor roundtable workshops, fourteen (14) investors' trainings and eight (8) due diligence exercises targeted at participants at different levels of executive management, investment, and risk teams of the target institutional investors as well as regulators of the infrastructure finance industry. These programs attracted a total of nine hundred and seventy-six (976) participants from eighty-eight (88) institutions including twenty-one (21) Pension Fund Administrators, five (5) Closed Pension Fund Administrators, two (2) Pension Fund Custodians, twenty-one (21) Life Insurance Companies and five (5) Regulatory bodies and thirty-four (34) other institutions with co-funding from KfW.

2.2

STRATEGIC OUTLOOK

Over the past 2 years, the initial concept of the Infrastructure Capacity Building Programme as envisioned, has now been proven to be a valid idea with demonstrable outcomes and measurable impact. The Programme is a transitional mechanism to jumpstart private institutional investors involvement in infrastructure investments by helping to build their technical capacity, know-how and understanding of infrastructure.

Going forward, our strategic plans will be aimed to institutionalise operational efficiency, expand donor support and multi-stakeholder partnerships, integrate ESG and SDGs, scale impact with measurable outcomes, and demonstrate sustainability.

A. Institutionalizing the Programme

As we aim to expand the programme, institutionalising the operating framework in order to scale capacity and impact is an imperative, this will be accompanied with a re-aligned "Theory of Change" to be implemented under InfraCredit's Development Impact Framework. A key outcome of this process will be defining measurable outcomes, evidence-based data and indicators geared towards informing the decision-making process with our stakeholders for effective monitoring, evaluation and reporting.

B. Strengthening Technical Assistance Support

There are a multitude of donor programmes addressing some part of the greater challenge of catalysing private investments into SDG related infrastructure that will reduce poverty, and we aim to use this programme and its theory of change to align, incentivize and increase donor coordination and funding support into more effective, efficient, integrated and scalable intervention in sustainable infrastructure finance. Leveraging InfraCredit's contribution and market positioning to crowd-in development capital and technical assistance from other donors/ DFIs to the programme.

C. Building Strategic Partnerships with Key Stakeholders[2]

Addressing the complex challenges of infrastructure deficit and sustainable finance requires building strong multi-stakeholder partnerships that can create systemic change. The Programme will aim to evolve into a multi-stakeholder partnership, by collaborating with key stakeholders to create shared values and successes. We will leverage the power of multi-stakeholder partnerships as a key mechanism to deliver on the goals by pooling knowledge, expertise, and resources.

2 (Self-Regulatory Organisations e.g. PENOP, Regulators, e.g. SEC, PENCOM, Local Press e.g. Capital Market Correspondent Association), Donors

D. Capacity Building of Boards, Regulators and Public Officials

As ultimate decision makers and policy makers, the boards and regulators have an especially important role to play in influencing the effectiveness of the expected development outcomes of this programme. In response to feedback from surveys conducted during the initial phase with participants, we will increasingly aim to equally focus on capacity building and training programmes for the leadership of this core group of market decision makers and regulators in order to develop and maintain a very cordial and trusted relationship on the mutual aims and objectives of this programme.

E. Strengthen Stakeholder Roundtables

Finding a path towards sustainable development will require the pooling of diverse perspectives, knowledge and resources. We recognise the need to adopt a more strategic approach to engagement activities by improving communication, and close dialogue with key stakeholders in building market awareness and consensus on key contemporary issues in infrastructure and expected development outcomes of this programme. Importantly is building trust with our stakeholders.

F. Integration of ESG and SDGs

Infrastructure underpins many of the UN Sustainable Development Goals (SDGs) and the bond market as the largest source of long-term investment capital is emerging as an important source of financing to meet the UN SDGs. Therefore integrating ESG considerations into investment decisions has become crucial, and one key area of focus in the capacity building and training courses will be sustainable, responsible investing and educating institutional investors on best practice approaches to ESG investing in order to engender a proactive action-oriented programme focused on sustainable long-term value.

The success of the Programme is strongly aligned with our vision to be a catalyst and the most trusted partner, in the attraction of long term capital into infrastructure finance in Nigeria.

By successfully leveraging capacity building to foster market development and catalyse local capital from private institutional investors into supporting new infrastructure development that will create jobs, protect the environment, reduce poverty and promote local economic growth, we aim to establish a shared purpose with our stakeholders in aligning our collective effort to solve some of the most pressing challenges of our time.

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03

CHAPTER

Activities and Events

Co-Due Dilligence Exercise

HIGHIGHT OF ACTIVITIES

DESCRIPTION

TRANSPORT SERVICE LIMITED

INVESTOR TRAININGS

ROUNDTABLE DISCUSSIONS

INFRASTRUCTURE CAPACITY BUILDING PROGRAMME

3.1

Summary of 2021 Activities

28
TRAININGS

06
ROUNDTABLE DISCUSSIONS

14
INVESTOR TRAININGS

08
CO-DUE DILIGENCE EXERCISES

976
TOTAL NUMBER OF INVESTORS TRAINED

88
TOTAL NUMBER OF INSTITUTIONS

Participation by institution

PFAs	42%
CPFAs	14%
Regulators	10%
Others	34%

Participation by Participant Designation

Chief Risk Officers	24%
Chief Investment Officers	6%
Investment Officers	2%
Risk Officers	24%
Regulators	5%
Others	38%

In 2021, the capacity building programme conducted eleven (11) training programmes including three (3) investor roundtable discussions, four (4) investors' trainings and four (4) co-due diligence exercise. The events had a total number of three hundred and seventy-two (372) participants from fifty-three (53) institutions including nineteen (19) Pension Fund Administrators, three (3) Closed Pension Fund Administrators, two (2) Pension Fund Custodians, sixteen (16) insurance companies, two (2) Regulatory bodies and eleven (11) other institutions.

As a result, InfraCredit has increased first time access to local currency finance from the domestic bond market to an aggregate of N84 billion (c. USD 200 million) and up to 20-year tenor for eight infrastructure projects which were oversubscribed by up to 60% from local pension fund investors, with investment by 19 pension fund investors that participated in the capacity building programme, signifying strong potential and investor appetite in infrastructure. It is important to note that first time issuers originally fully guaranteed by InfraCredit can access the capital markets for the second time without the need for a guarantee, demonstrating self-sufficiency and catalytic impact of our capacity building programme and credit enhancement.

The objective of the programme in 2021 was to expand and diversify the pool of its beneficiaries to include a wider audience of long-term institutional investors. To achieve this objective, insurance companies were onboarded on to the Infrastructure Capacity Building Programme through the implementation of an introductory course on infrastructure as an asset class. Following the successful onboarding of insurance companies to the programme, the programme's activities now cater to the learning needs of four classes of institutitonal investors- Pension Fund Administrators, Life Insurance Companies, Regulators and Market Enablers.

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3.2

INVESTOR TRAININGS

3.2.1 Infrastructure as an Asset Class for Insurance Companies

Infrastructure Capacity Building Programme set out with an objective to expand its pool of beneficiaries to include a more diverse mix of long-term institutional investors. To achieve this objective, insurance companies were onboarded in 2021 with an introductory workshop on **Infrastructure as an Asset Class.**

In today's low-yield environment, insurance investors are under increasing pressure to source additional investment return. Infrastructure investments may present an opportunity for this class of investors to achieve the required yields to cover future liabilities and provide competitively priced products. This is because typical loans have historically outperformed comparative traditional investments. In particular, the treatment of infrastructure loans under risk-based capital regulatory regimes, such as Solvency II, could be attractive relative to more traditional institutional investments. However, one should note that, although the capital charge may not necessarily inhibit this investment, a treatment that reflects the underlying economic risk of the asset class will likely enable insurers to commit more money to the sector.

The course on **Infrastructure as an Asset Class** was delivered with the aim to provide investors with a clear reference-based assessment of the current global infrastructure markets, with in-depth analysis and expert guidance toward effective infrastructure investment starting with an overview of history of infrastructure as an asset class, looking at trends and what current challenges exist in a post-pandemic situation. Despite the hype of the infrastructure asset class and its impact, the programme deemed it important for investors to understand that conditions continually change, markets shift, and new considerations arise. The course also identified a selection of historic deals and pipeline opportunities which may be well suited to an insurance investor. It explored the operational complexity of such an investment, and analyzed the materiality of such risks, including the possible mitigation options available to investors. This training course, therefore, provided clear and concise understanding of what it takes to invest in infrastructure.

The programme, which held for two days on February 21st and 22nd 2021, was facilitated by Dr Cledan Mandri-Perrott and had 51 participants representing 16 insurance institutions including the Nigerian Insurers Association.

3.2.2 Infrastructure as an Asset Class for Directors

As ultimate decision makers, board members have an especially important role to play in influencing the effectiveness of the expected development outcomes of our Infrastructure Capacity Building Programme. In response to feedback from surveys conducted during the initial phase with participants, we increasingly aim to equally focus on capacity building and training programmes for the leadership of this core group of market decision makers. In line with this, the Infrastructure Capacity Building Programme in collaboration with Association of Pension Fund Operators (PenOp) held a two-day workshop on "Infrastructure as an Asset Class" for the directors of four (4) institutions in the Pension Funds Industry. The workshop which was facilitated by Margaret (Meg) Osius had **fourteen (14) participants in attendance representing three (3) PFAs and One (1) PFC. The attendants comprised three (3) board chairpersons, seven (7) executive directors and four (4) non-executive directors.** The training focused on the characteristics of infrastructure assets, risk analysis & mitigation, risk ranking and case studies of power and transportation projects. This training is the second of the "Infrastructure as an Asset Class" training series for board members.

Distribution of Participants by Institution

Pension Fund Administrators	75%
Pension Fund Custodians	25%

Distribution of Participants by Gender

Female	43%
Male	57%

3.2.3 Asset-Liability Management for Insurance Companies

During these difficult times, optimal asset and liability management within a financial institution is more challenging than ever. The regulation that followed the crisis, in particular Basel III, has meant that optimization of assets and liabilities is vital in mitigating the 'hit' on Return on Equity that the regulation represents.

Life insurance companies for example are focused on ensuring a steady stream of long-term income to pay for future liabilities that are matched against that asset.

These liabilities tend to be long term and illiquid in nature, and this requires insurance companies to invest in assets that match the profile of these liabilities.

To provide more clarity and guidance to fund managers on the best approach to optimal asset and liability management, InfraCredit's Infrastructure Capacity Building Programme organized a two-day workshop for fund managers in Insurance Companies. The two-day workshop which held on April 21st and 22nd was facilitated by Ernst & Young and had 42 participants representing 12 institutions including NAICOM and NIA.

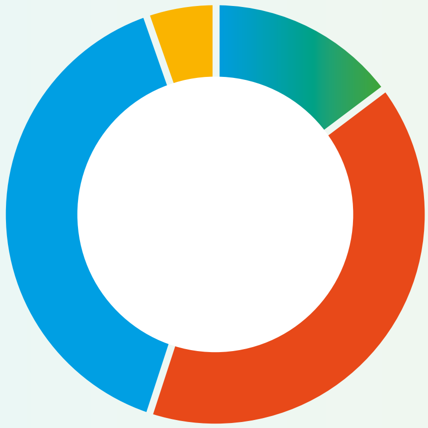
3.2.4 Asset-Liability Management for Pension Fund Administrators

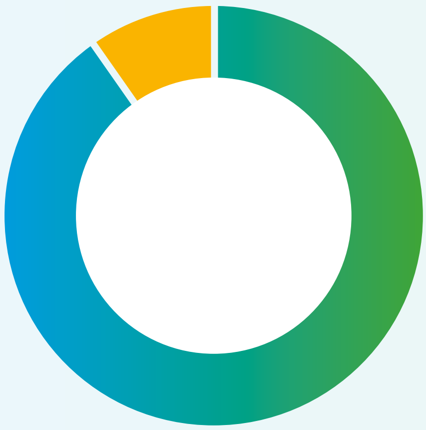
InfraCredit's Infrastructure Capacity Building Programme organized a two-day workshop themed "Asset-Liability Management (ALM) for Pension Fund Managers. The session which held on Tuesday and Wednesday 9th and 10th November 2021 was facilitated by Dr Cledan Mandri-Perrott, a project finance and PPP structuring expert. The workshop explored ALM strategies and the extent to which pension fund operators can implement these strategies, theory of risk and return in relation to corporate infrastructure bonds, the structuring of infrastructure projects and the effect of the various types of financing.

The workshop had twenty (20) participants in attendance representing eleven (11) Pension Fund Administrators. By the end of the session, participants had gained expertise in implementing asset-liability management strategies as well as impairment loss provisioning and credit enhancement under the IFRS 9 regime.

Distribution of Participants by Designation

Chief Risk Officer	15%
Chief Investment Officer	40%
Investment Officer	40%
Risk Officer	5%





Distribution of Participants by Gender

Male	90%
Female	10%

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3.3

ROUNDTABLE DISCUSSION

3.3.1 Emerging Trends in Off-grid Commercial and Industrial Power

Almost fifty percent of Nigeria's population have limited or no access to the electricity grid, whilst a significant segment of the economy is still powered largely by small-scale generators. According to the Rural Electrification Agency (REA), households and businesses spend almost USD 14billion annually on expensive and inefficient power generation. Furthermore, REA estimates that off-grid alternatives to on-grid electricity create a market opportunity of approximately US$9.2billion annually which indicates that electricity demand in Nigeria and the scale of the opportunity outstrips the ability of local developers to supply off-grid solutions. Nigeria's market for off-grid electricity generation for commercial and industrial users represents an attractive power sector investment and one of the largest investment opportunities in Africa. The Nigerian off-grid market has reached an inflection point with the emergence of mini-grids as cost-effective options for electricity provision, the transition from grant funding to commercial investment for projects, and commitment of the Federal Government through its enabling regulation and policies as well as direct investment to facilitate development partner loans and grants. These have combined to improve the sector's ability to unlock market scale to support commercial and industrial entities within Nigeria. This webinar session spotlights the trends in off-grid power commercialization and industrialization including the opportunities in this sector

The Emerging Trends in Off-grid Commercial and Industrial Power webinar was conducted on 17th August 2021 in collaboration with Association of Pension Fund Operators (PenOp) with an aim to spotlight the trends in off-grid power commercialization and industrialization including the opportunities in the power sector.

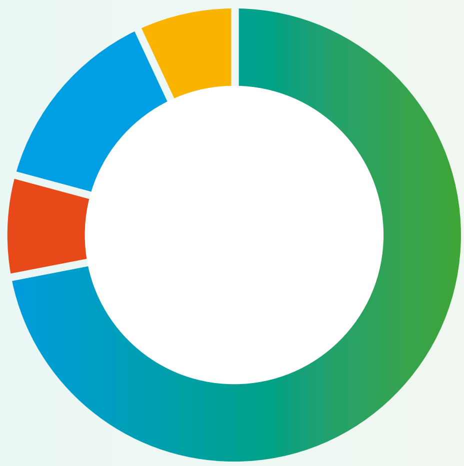
The webinar featured a moderator-led discussion with the CEO of Viathan Power Limited, Habeeb Alebiosu, who spoke extensively on investment opportunities in the off-grid energy sector. He also highlighted Viathan's activities so far, including expansion strategies being executed to harness the opportunities in the sector.

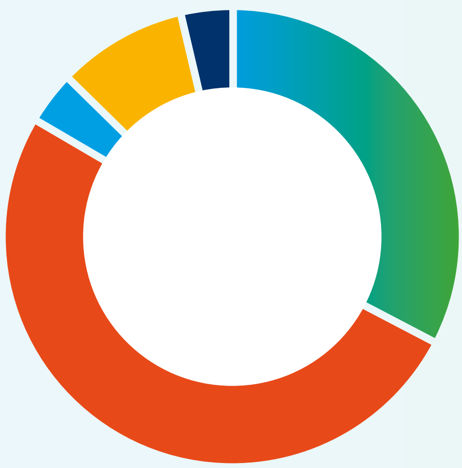
Daniel Mueller, Head of Origination and Structuring at InfraCredit, delivered a presentation which was focused on a review of the Viathan bond which was guaranteed by InfraCredit and issued in 2017. The presentation highlighted the opportunities for investment in the energy sector in Nigeria, the barriers involved, and measures being implemented by InfraCredit to eliminate these barriers.

The session, which was held as the first of an investor engagement series had thirty-one (31) participants in attendance representing fourteen (14) institutions including ten (10) Pension Fund Administrators, one (1) Pension Fund Custodian, two (2) insurance companies and one (1) other institution.

Distribution of Participation by Institution

Pension Fund Aadministrators	72%
Pension Fund Custodians	7%
Insurance Companies	14%
Others	7%





Distribution of Participation by Designation

Chief Executive Officer	32%
Chief Investment Officer	52%
Investment Officer	3%
Risk Officer	10%
Others	3%

Distribution of Participation by Gender

Male	73%
Female	27%

3.3.2 Credit Risk Process Evaluation and Portfolio Monitoring- The InfraCredit Approach

Corporate infrastructure bonds can be an effective, attractive, and profitable investment. This is because they provide pension plans long-term investments to match their long-term liabilities through investment opportunities and transactions with maturities beyond twenty years. For example, when a power purchase agreement ("PPA") has been executed with a creditworthy counterparty, investors are usually comfortable with bond maturities matching the full tenor of the PPA. Bank lenders on the other hand, usually require a tail of up to five years with the underlying contract. Most transactions are structured around an amortization profile that matches the actual revenue profile of the project. Fully amortizing structures tend to dominate the market but depending on the infrastructure asset, a partially amortizing profile with a balloon at maturity or a bullet structure can be considered.

Also, attractiveness of the asset is further because make whole provisions for early prepayment can be built and thus provide further protections. Supervision and monitoring can be achieved through covenant packages that can rely on oversight through incurrence-based rather than maintenance-based covenants. Finally, corporate infrastructure bonds can be assessed by independent infrastructure specialists and credit agencies and such ratings can be validated by one or more ratings from rating agencies, giving the pension plans further comfort.

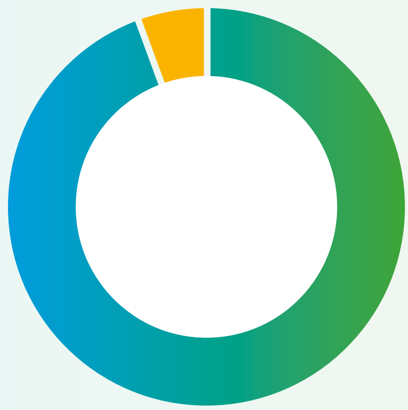
On the other hand, corporate infrastructure bonds can be a very efficient financing source for project developers and sponsor as it allows issuers to lock their financing cost for the entire term of the financing and "lock-in" equity returns with no financing cost volatility.

InfraCredit's guarantees have an important role to play in further enhancing due diligence and risk requirements of the underlying transaction as well as the actual design of the guarantee.

Given the importance of aligning InfraCredit's credit risk process evaluation and portfolio monitoring practices with the expectations and needs of the Nigerian debt capital market, Infrastructure Capacity Building Programme held a roundtable discussion on Wednesday 22nd September 2021 which was targeted at Chief Risk Officers of Pension Fund Operators. The training, which highlighted credit risk assessment best practices using InfraCredit's approach to credit risk evaluation and portfolio management as case study, was focused on equipping participants with a comprehensive understanding

Distribution of Participation by Institution

Pension Fund Administrators	95%
Pension Fund Custodian	5%



Distribution of Participation by Designation

Chief Risk Officer	36%
Risk Officer	30%
Chief Investment Officer	2%
Investment Officer	4%
Others	28%

Distribution of Participation by Gender

Male	77%
Female	23%

of critical risk issues with relation to infrastructure projects and had thirty (30) participants in attendance representing twenty-two (22) institutions including twenty-one (21) Pension Fund Administrators and one (1) Pension Fund Custodian.

The roundtable discussion was split into two sessions- A presentation on credit risk process which was facilitated by Dr Cledan Mandri-Perrott and a case-study session which was facilitated by InfraCredit's risk team. By the end of the session, participants had gained a comprehensive understanding of critical risk issues involved in an infrastructure project i.e. not all infrastructure projects are equal and sector specificity implies different risk approaches, why corporate bonds are used to finance infrastructure and risk adjusted return vs expected credit loss in line with IFRS 9 amongst other valuable learning outcomes.

3.3.3 Financing Agribusiness Infrastructure in Nigeria- Insights from Babban Gona

Agriculture has continued to be the main source of revenue generation for a lot of households and employs twothirds of the entire labour force. The sector contributed 22.13% to the nation's GDP in Q2 2021 and is also the biggest employer of labour representing c.35% of the labour force. Within the Sector, crop production accounts for majority of economic activity holding c.90% of the Sector's GDP while fishery, forestry, and livestock, account for the balance of 10%. Despite the significance of the Sector, Nigeria still faces two major challenges: an inability to meet domestic food demand, and an inability to export at quality levels required for market success.

According to the World Bank, Nigeria loses and wastes 40% of its total food production, which equates to 31% of its total land use and accounts for 5% of the country's GHG emissions. In Nigeria there is increasing demand for higher-value food products as incomes rise. Rice and poultry (which uses maize as feed) are two of the fastest growing sectors, with Nigeria's demand for poultry growing from 159,000 MT to 342,000 MT from 2000 to 2018 and demand for rice growing from 2.7 million MTs to 6.7 million MTs from 1990 to 2019. The large nature of the rice and maize markets, with an annual average of 12 million MT of maize produced and 4 million MT of rice produced in Nigeria. In 2019, the estimated volume of maize harvested was 11 million MT, thus a 40% storage need will translate to an estimated 4.4 million MT nationwide storage capacity requirement. As of September 2021, food inflation was reported at 19.57% by the National Bureau of Statistics (NBS) due to increase in the price of key food items. The Infrastructure Capacity Building Programme, with its Roundtable Discussion series, organized a one-day roundtable session themed “Investing in Agribusiness Infrastructure in Nigeria-Insights from Babban Gona”.

The session, which was organized in collaboration with PenOp, featured a presentation from Ernst & Young, a case study presentation on Babban Gona Farm Services Ltd and a panel discussion. The session highlighted the investment opportunities in the Nigerian agribusiness sector and the potential effect of these investments on food security, economic growth and advancement of the storage-as-as-service model. The roundtable session was targeted at CEOs, CIOs and Fund managers of PFAs.

The session had a total of 51 participants in attendance representing 22 institutions including 10 pension fund administrators, 1 regulatory institution and 11 other institutions.

Distribution of Participation by Institution

Pension Fund Administrators	45%
Regulator	5%
Others	50%

Distribution of Participation by Designation

Regulator	4%
Director	6%
Chief Executive Officer	14%
Chief Investment Officer	8%
Chief Risk Officer	4%
Investment Officer	31%
Risk Officer	4%
Others	29%

Distribution of Participation by Gender

Male	71%
Female	29%

2021
REPORT

Catalysing Sustainable
Development Impact

3.4

CO-DUE DILIGENCE EXERCISE

3.4.1 Co-Due Diligence Exercise of Lekki Free Zone Company (LFZC)

Ariel View Lagos Free Zone Company (''LFZC'')

Following the coronavirus (COVID-19) pandemic in 2020, the Nigerian economy remains weakened, hindered by macroeconomic headwinds that have resulted in slow economic growth, inflationary pressures, foreign exchange adversities and a significant dip in inflow of foreign direct investment. Notwithstanding this, the country stands to position herself as a major commercial hub in sub-Saharan Africa through the establishment of sustainable effective free zones as global manufacturing firms seek to diversify supply chains geographically.

With emerging zones such as Lagos Free Zone, Lekki Free Trade Zone, Alaro City and LADOL Free Zone amongst others, the potential for significant investment in the real sector remains high. However, the Industry remains plagued by poor funding, inadequate infrastructure (including roads, water and electricity), bureaucracy and lack of zone management and operational expertise which remain major barriers to the growth and development of free zones in Nigeria. Accordingly, the relevant regulatory agencies and zone developers need to scale up infrastructure, improve logistics, invest more in skills development and reduce the cost of doing business by embracing digital technology more broadly, take advantage of new trade opportunities presented by the

African Continental Free Trade Area (AfCFTA) that will significantly boost the activities of Free Trade Zones (FTZs).

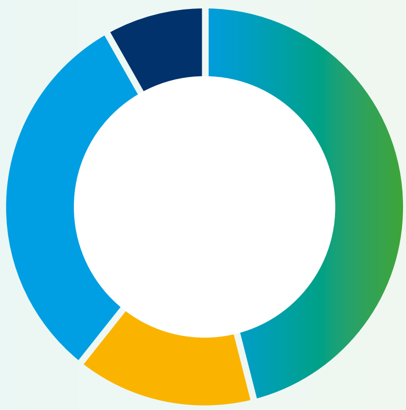
FTZs such as the Lagos Free Zone are crucial to the Government, given its limited resources amid the slow recovery of the economy, as they enable the country attract Foreign Direct Investments (FDI) by addressing infrastructure and investment climate issues within a designated geographical area rather than attempting to do so across the entire country. The provision of fiscal incentives such as import duty waivers, tax concessions and streamlining bureaucratic processes in these FTZs is a major driver of industrialisation, job creation and revenue generation.

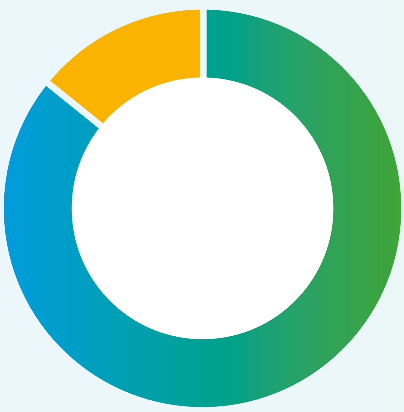
The Infrastructure Capacity Building Programme organized a two-day co-due diligence session for the evaluation of a free trade zone infrastructure project. The session which held on 19th and 26th May 2021 featured a macroeconomic overview session as well as several due diligence sessions such as environmental and social due diligence, legal due diligence, operational due diligence and financial due diligence. The session also featured a presentation from the management of Lagos Free Zone Company (LFZC) which shed more light on the company's business objectives, strategies and outlook.

The exercise had thirty-five (35) participants in attendance who were taken through a detailed presentation on the ongoing transaction representing thirteen (13) institutions including six (6) PFAs, two (2) CPFAs, four (4) insurance companies and one (1) other institution.

Sales

Pension Fund Administrators	46%
Closed Pension Fund Administrators	15%
Insurance Companies	31%
Other	8%





Distribution of Participants by Gender

Male	14%
Female	86%

Contractual Cashflows

Fixed Assets with long term useful life

Low Demand Risk

First Private-Owned Free Zone in Nigeria

Highlight of the company

Company Profile	The Lagos Free Zone Company (LFZC) is a free trade zone developer and management company responsible for the Lagos Free Zone, registered under the Nigeria Export Processing Zone Authority. LFZC was incorporated in October 2002 and is the first privately-owned free trade zone in Nigeria, with over 800 hectares of land and 9 designated industrial zones. The zone shall provide state-of-the-art infrastructure and services including roads, piped gas supply network, treated water supply network, street lighting and storm water drainage network.
Market Overview	Nigeria's Free Trade Zones (FTZs) are duty-free areas, offering warehousing, storage, and distribution facilities for trade, trans-shipment, and re-export operations. There are currently 22 active free zones across seven States (Lagos, Ogun, Kano, Cross Rivers, Akwa Ibom, Enugu and Adamawa) and the Federal Capital Territory (FCT). The Lekki Free Zone, Alaro City, DangoteFZ and Lagos Free Zone all share 16,500 hectares of land reserved by the State Government and make the Lekki corridor the largest host of FTZs in West Africa. About \$400-\$600 million was estimated for infrastructural development of the Lekki FZ and an equal range represents the funding gap for the development of the Lagos Free Zone.

Project Features

Regional connectivity

Support building an integrated community

Industrial and Logistics Zone with state-of-the-art facilities

Income generating potential

Sponsor	• Lagos Free Zone Company Limited • Eurochem Corporation Limited • Tolaram Group	**Expected Issue Rating**	AAA (backed by the irrevocable credit guarantee of InfraCredit)
Infrastructure Activity	Urban Infrastructure Transportation	**Size**	Up to NGN25 billion
Tenor	Up to 20 Years	**Expected Maturity Date**	2042
Effective Duration	Up to 15.13 years	**Yield**	FGN 20 Year Bond at Issuance + Applicable Premium
Principal and interest amortising	Amortising	**Use of proceeds**	To fund the construction and development of the Industrial and Logistics Zone, enabling the recycling of capital by the Sponsors to support new indigenous projects (i.e. Dry Bulk Terminal integrated with the Lekki Deepsea Port).
Guarantor	Infrastructure Credit Guarantee Company Limited (InfraCredit)		

Expected Development Impact

FINANCE → **INFRASTRUCTURE** → **IMPACT**

Up to NGN20 billion

Capital expenditure for the construction and development of the industrial and logistics zone

Local currency refinancing for existing project loan

Improved access to Infrastructure
Through an integrated hub with active road, rail and sea links.

Social infrastructure services
Housing, roads, water supply for residents, as well as the wider community in Ibeju Lekki

Job Creation
Over 9,000 jobs and an estimated 70,000 direct and indirect jobs in 10 years

Ashish Khemka
Chief Financial Officer, LFZC

Testimonial from the Management Team of Lagos Free Zone Company

The success of this bond issuance is a testament to the capacity of the Nigerian debt market as a source of domestic capital for infrastructural development in Nigeria.

The response to the band program further strengthens LFZ commitment to realise its vision and thereby enhancing Nigeria's competitive repositioning with continuous focus on ease of doing business parameters. The infrastructure bond underscores Nigeria as a compelling industrial hub within the West African coast, even as the country prepares in anticipation of the imminent single market regime under African Continental Free Trade Area (AfCFTA).

We are particularly excited by the confidence demonstrated by pension fund managers and other institutional investors at this debut issue and we appreciate the team at InfraCredit, StanbicIBTC Capital and other parties to the transaction for this novel structure, which helps to de-risk the transaction and aligns the interest of different stakeholders.

3.4.2 Co-Due Diligence Exercise of GPC Energy and Logistics Limited

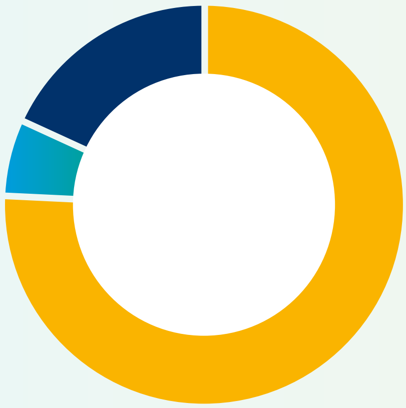
The transport/logistics sector facilitates the movement of goods and resources from a given point of origin to its destination of use via differing means of transportation. The Nigerian transport/logistics sector comprises of a combination of road transport, rail transport, pipelines, water transport, post and courier services as well as air transport. However, road transport remains the dominant sub-unit accounting for about 85% of the sector's operations. The transport/logistics industry is estimated to consist of over 500 haulage companies with various subdivisions amongst which are the independent operators, contractors and sub-contractors operating at different business levels with operation sizes of about 100 vehicles, 500 vehicles and greater than 500 vehicles, respectively for each operator. The industry's vehicle fleet includes tankers, cranes, tippers, and trucks capable of transporting large volume of goods per time. Several operators in addition to their core transport operations provide fleet management services and warehousing.

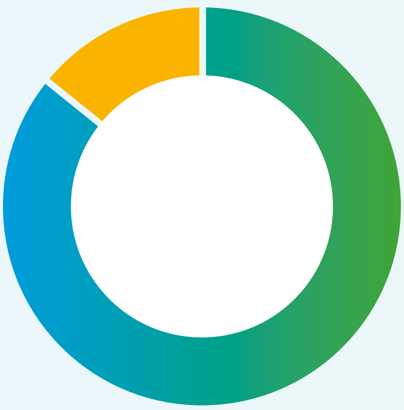
InfraCredit organized a one-day co-due diligence exercise to evaluate the components of an active Transportation/Logistics transaction. This exercise included a review of the technical, legal, environment and social and financial due diligence conducted by InfraCredit. There was also a presentation delivered by the management of the company of GPC Energy and Logistics Ltd. The Infrastructure Capacity Building Programme held its sixth co-due diligence exercise on Wednesday 25th August

2021. The co-due diligence exercise is targeted at enhancing the capacity of long-term investors to evaluate and invest in bankable infrastructure assets in Nigeria by obtaining practical know-how and technical hands-on exposure to the due diligence process, credit analysis, and other risk management processes. This exercise took participants through InfraCredit's process of evaluating a transportation and logistics transaction. By the end of the training, participants had gained practical knowledge and insight of the transportation/logistics industry in Nigeria and understood InfraCredit's credit evaluation process of the project. The co-due diligence exercise also featured a management presentation from the top management of the company and a question-and-answer session. The exercise had forty-six (46) participants in attendance who were taken through a detailed presentation on the ongoing transaction representing seventeen (17) institutions including thirteen (13) PFAs, one (1) PFC and three (3) insurance companies.

Distribution of Participants by Institution

Pension Fund Administrators	76%
Pension Fund Custodians	6%
Insurance Companies	18%



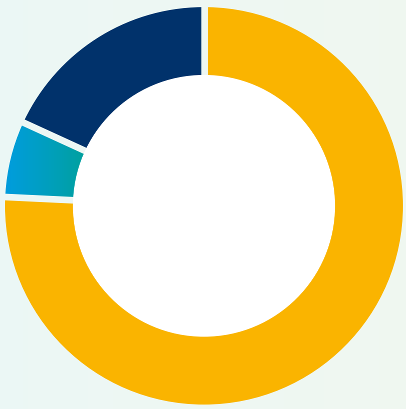


Distribution of Participants by Designation

Chief Investment Officer	20%
Chief Risk Officer	4%
Investment Officer	67%
Risk Officer	9%

Distribution of Participants by Gender

Male
Female



The participants were given access to a data room which contained all relevant transaction documents including pictures and videos of the site. This was then followed by a series of presentations from the lead transactor, ESDD consultant, legal consultant, technical DD consultant and the management of the company being reviewed. These presentations entailed detailed reviews of the transaction such as financial health of the company, risks, mitigants and recommendations.

GPC SPV COMPANY PLC

Contractual Cashflows

Essentiality of Service

Proven Track Record

Leading Independent Operator in the third-party logistics sector

Highlight of the company

Company Profile	GPC Energy and Logistics Limited ('the Company') is an indigenous transportation and logistics company with operations in the Southwestern region of Nigeria and more than ten (10) years' operating history. The Company has a fleet of over 550 trucks and is one of the leading independent Heavy-Duty Truck Haulage Industry operators, specializing in the provision of third-party logistics services to multinationals and local corporates in Nigeria. GPC operates out of twelve locations which include a well-equipped truck maintenance facility and yard. The Company has built up its customer base to include blue-chip companies such as Nestle Nigeria Plc., Nigerian Breweries Plc., PZ Cussons Nigeria Plc., amongst others.
Market Overview	The Nigerian logistics industry comprises of road transport, rail transport, pipelines, water transport, post and courier services as well as air transport. Road transport remains the dominant sub-segment accounting for about 85% of the sector's operations, which is attributable to the underdevelopment of the alternative modes of transportation in the country. The logistics industry is estimated to consist of over 500 haulage companies comprising independent operators, contractors and sub-contractors operating at different business scales. In 2020, the industry revenue declined by about13% to NGN288 billion, largely due to the Covid-19 pandemic as well as the government-led restriction on movement implemented across the country. As a growth strategy, several industry players have expanded respective fleet size to serve customers operating in defensive sectors. This is particularly important in the post-covid era as many businesses revamp supply chain strategy and logistics networks to secure partnerships with more reputable logistics companies.

Project Features

- High market demand for haulage and logistics
- Sponsor has service agreements with blue-chip multinationals in Nigeria
- Supports the creation of 440 job opportunities
- Income generating potential

Sponsor	GPC Energy and Logistics Limited	**Expected Issue Rating**	AAA (backed by the irrevocable credit guarantee of InfraCredit)
Infrastructure Activity	Transportation (Logistics)	**Size**	Debt – N20 billion
Tenor	Up to 10 years	**Expected Maturity Date**	2031
Principal and interest amortising	Amortising	**Yield**	FGN 10 Year Bond at Issuance + Applicable Premium
Guarantor	Infrastructure Credit Guarantee Company Limited (InfraCredit)		• Refinance GPC's existing short-term (local and foreign currency) debt • Finance the acquisition of new assets i.e., a fleet of 220 trucks

Expected Development Impact

FINANCE

Up to
NGN20
billion

INFRASTRUCTURE

Capital expenditure associated with the purchase of 220 trucks

Refinancing of existing short-term LCY and FCY debt

IMPACT

Support Economic Development
Use of eco-friendly technology in trucks to aid carbon reduction.

Standard of Living
Improving standard of living through more location coverage within Nigeria

Job Creation
Creating new direct and indirect jobs (440 new direct jobs)

Testimonial from the Management Team of GPC Energy and Logistics Limited

Chukwudi Elvis Okonji
Chief Executive Officer, GPC Energy and Logistics Limited

This maiden bond transaction is an important milestone for GPC, as it provides the leverage to finance our next transformational growth phase. More importantly, the success of this transaction reinforces our capacity to enhance service delivery to our growing clientele, who play significant roles across different growth sectors of the Nigerian economy.

The COVID-19 pandemic negatively impacted all transport operations, leading to severe disruptions of supply chains and trade flows worldwide particularly developing economies like Nigeria. Investment in transport and integrated supply chain infrastructure is an essential part of the country's post-pandemic economic recovery and the achievement of the SDGs.

3.4.3 Co-Due Dilligence Exercise for Pan African Towers

Telecoms penetration (teledensity rate) in Nigeria against its population, of c. 206 million people, is about 91.7% as at August 2021 (NCC), currently hindering about 17 million Nigerians from accessing basic telephony services. It is estimated that Nigeria currently has c.139.81 million internet users and a broadband penetration rate of 41% as at Q2 2021.

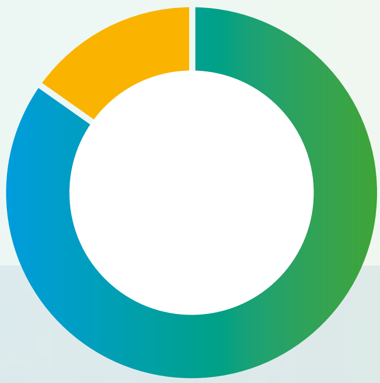
According to EFINa, 81% of adult Nigerians own a phone. As at Q2 2021, the sector contributed 14.42% to Nigeria's GDP, however, there exists a huge infrastructure gap and filling the gap will demand an estimated investment worth $136 billion according to the Ministry of Communication & Digital Economy and the Nigerian Communications Commission (NCC). The collocation regulation, introduced by the NCC, which encourages the activities of Tower Companies, has been helpful in efficiently increasing penetration as telecoms operators are able to share tower infrastructure within the country. Notwithstanding, the infrastructure gap remains huge in the sector, with an estimated 50,000 additional towers required in the sector to meet the current and future demand for telephony and data services.

InfraCredit's Infrastructure Capacity Building Programme organized a one-day co-due diligence exercise for the evaluation of a telecoms co-location and infrastructure sharing services project. The session which held on Thursday 4th November 2021 featured a macroeconomic overview session as well as several due diligence sessions such as environmental and social due diligence, legal due diligence, operational due diligence and financial due diligence. The session also featured a presentation from the management of a leading local telecoms co-location company, Pan African Towers (PAT) which shed more light on the company's business objectives, strategies and outlook.

The co-due diligence exercise had thirty-two (32) participants in attendance representing thirteen (13) institutions including eleven (11) PFAs and two (2) insurance companies. By the end of the session, participants had gained practical knowledge and insight into the co-location and infrastructure sharing services provider in Nigeria, engaged with Expert Technical Consultants on their evaluation of a leading co-location and infrastructure sharing services provider, gained insight from top management (C-level) of a leading local telecoms co-location and infrastructure sharing services provider in Nigeria that operates over 1,000 towers and understood InfraCredit's in-depth structuring and credit risk evaluation process of assessing the project.

Distribution of Participants by Institution

Pension Fund Administrators	85%
Insurance Companies	15%



Contractual cashflows (Term contract with MNOs)

Telecoms Data & Voice Enabler

Long Term Asset

A Leading Telecoms Co-Location and Infrastructure sharing Service Provider

Highlight of the company

Company Profile	Pan African Towers Limited ("PAT") was incorporated in September 2017 and is a leading telecoms co-location and infrastructure sharing services provider in Nigeria with operations across major cities in Nigeria and Ghana. The Company operates over 1,000 towers, including 700 in Nigeria and 300 in Ghana. PAT has a medium target to deploy 10,000 towers over the next 10 years. The company's major off takers include the major mobile network operators.
Market Overview	Telecom's penetration in Nigeria against its population, of 206 million people, is about 50% as at February 2021 due to the investment gap in the sector, currently hindering about 40 million Nigerians from accessing basic telephony services. It is estimated that Nigeria currently has over 100 million internet users and a broadband penetration of over 42.02% as at July 2020. There exist a huge infrastructure gap and filling the gap will demand an estimated investment worth $136 billion according to the Ministry of communication and Digital Economy and the Nigerian Communications Commission (NCC). The collocation regulation, introduced by the NCC, which encourages the activities of Tower Companies, has been helpful in efficiently increasing penetration as telecoms operators are able to share tower infrastructure within the country. Notwithstanding, the infrastructure gap remains huge in the sector, with an estimated 50,000 additional towers required in the sector to meet the current and future demand for telephony and data services.

Project Features

- Cost optimization of telecoms assets
- Reducing carbon emission with green energy source where feasible
- Proven Demand
- Income generating potential

Sponsor	Pan African Towers Limited	**Expected Issue Rating**	AAA (backed by the irrevocable credit guarantee of InfraCredit)
Infrastructure Activity	ICT and telecommunications	**Size**	Debt- Up to N10 billion
Tenor	Up to 10 Years	**Expected Maturity Date**	2031
Effective Duration	Up to 5.9 years	**Yield**	FGN 10 Year Bond at Issuance + Applicable Premium
Principal and interest amortising	Amortising		
Guarantor	Infrastructure Credit Guarantee Company Limited **(InfraCredit)**	**Use of proceeds**	Finance the expansion of the company's tower assets portfolio including : • The construction of new telecommunications towers for co-location • Investments in energy efficiency

Expected Development Impact

FINANCE → **INFRASTRUCTURE** → **IMPACT**

Up to NGN20 billion

Capital expenditure associated with the construction of new tower assets for co-location

Investments in energy efficiency

Market development
Access to capital market for first time issuer.

Improved Earnings
Eliminating tenure and currency mismatch by providing long term local currency financing

Job Creation
Creating new direct and indirect jobs

2021 REPORT

Catalysing Sustainable Development Impact

Hamimah Sanusi,
Chief Infrastructure Officer,
ICRC

04
CHAPTER

Feedback

OVERALL FEEDBACK

INFRASTRUCTURE
CAPACITY
BUILDING
PROGRAMME

4.1.1 Overall Feedback

Overall quality and effectiveness of the Infrastructure Capacity Building Programme.

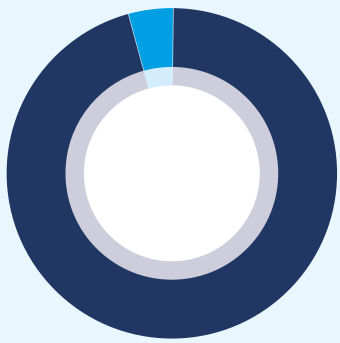
Highly	100%
Likely	0%
Not Lilely	0%
Not Applicable	0%

Relevance of the various trainings and co-due diligence exercises to investors' training needs.

Very relevant	100%
Slightly relevant	0%
Not so relevant	0%
Not Applicable	0%

Usefulness of co-due diligence exercise in developing investors' capacity to evaluate and invest in infrastructure assets.

Very relevant	96%
Slightly relevant	4%
Not so relevant	0%
Not Applicable	0%



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Securing Infrastructure Finance