SHELF PROSPECTUS

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ CAREFULLY. IF YOU ARE IN ANY DOUBT ABOUT ITS CONTENTS OR THE ACTION TO TAKE, KINDLY CONSULT YOUR STOCKBROKER, ACCOUNTANT, BANKER, SOLICITOR OR ANY OTHER PROFESSIONAL ADVISER FOR GUIDANCE IMMEDIATELY. THIS SHELF PROSPECTUS HAS BEEN REVIEWED AND APPROVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF VIATHAN FUNDING PLC ("VIATHAN" OR "THE ISSUER" OR "THE COMPANY") AND THEY JOINTLY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN. **INVESTMENT IN THE BONDS IS STRICTLY FOR ELIGIBLE INSTITUTIONAL INVESTORS AND HIGH NETWORTH INDIVIDUALS AS DEFINED UNDER RULE 321 OF THE RULES AND REGULATIONS OF THE SECURITIES & EXCHANGE COMMISSION**.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS SEE "RISK FACTORS" ON PAGES 74-78

VIATHAN

VIATHAN FUNDING PLC

RC: 1418760

[INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA]

₦50,000,000,000 MEDIUM TERM NOTE PROGRAMME

AN APPLICATION HAS BEEN MADE TO CLEAR AND REGISTER THIS SHELF PROSPECTUS WITH THE SECURITIES & EXCHANGE COMMISSION ("THE COMMISSION"). IT IS A CIVIL WRONG AND CRIMINAL OFFENCE UNDER THE INVESTMENTS AND SECURITIES ACT NO. 29 OF 2007 ('THE ACT") TO ISSUE A PROSPECTUS WHICH CONTAINS FALSE OR MISLEADING INFORMATION. THE CLEARANCE AND REGISTRATION OF THIS PROSPECTUS AND THE SECURITIES 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.

THIS SHELF PROSPECTUS HAS BEEN ISSUED IN COMPLIANCE WITH PART IX OF THE INVESTMENT AND SECURITIES ACT 2007, PART F RULE 279 OF THE 2013 RULES AND REGULATIONS OF THE COMMISSION AND THE LISTING REQUIREMENTS OF FMDQ OTC PLC ("FMDQ") AND THE NIGERIAN STOCK EXCHANGE ("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 VIATHAN FUNDING PLC MEDIUM TERM NOTE PROGRAMME ("THE PROGRAMME").

THIS SHELF PROSPECTUS CONTAINS INFORMATION ABOUT THE GENERAL CHARACTERISTICS OF THE SECURITIES OFFERED ON THE BASIS OF THE PROGRAMME, THEIR DISTRIBUTION TERMS AS WELL AS INVESTOR RIGHTS AND DUTIES RELATED TO SUCH SECURITIES IN ADDITION TO INFORMATION ABOUT THE ISSUER. DETAILS OF THE FINAL TERMS APPLICABLE TO EACH SERIES OF BONDS SUCH AS THE ISSUE PRICE, ISSUE DATE, MATURITY DATE, PRINCIPAL AMOUNT, REDEMPTION AMOUNT, INTEREST RATE (IF ANY) APPLICABLE TO ANY BOND AND ANY OTHER RELEVANT PROVISIONS OF SUCH BONDS, WILL BE SPECIFIED IN A PRICING SUPPLEMENT (SUPPLEMENTAL SHELF PROSPECTUS)

A DECISION TO INVEST IN THE SECURITIES OFFERED BY THE ISSUER SHOULD BE BASED ON CONSIDERATION BY THE INVESTOR OF THE SHELF PROSPECTUS, THE APPLICABLE PRICING SUPPLEMENT (SUPPLEMENTAL SHELF PROSPECTUS) AND THE DOCUMENTS INCORPORATED BY REFERENCE THEREIN AS A WHOLE

THE REGISTRATION OF THE SHELF PROSPECTUS AND ANY PRICING SUPPLEMENT/SUPPLEMENTARY SHELF PROSPECTUS 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 BOND WILL BE ALLOTTED OR ISSUED ON THE BASIS OF THIS PROGRAMME PROSPECTUS READ TOGETHER WITH A PRICING SUPPLEMENT/SUPPLEMENTARY PROSPECTUS LATER THAN THREE (3) YEARS AFTER THE DATE OF THE ISSUE OF THE SHELF PROSPECTUS.

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 INVESTMENT & SECURITIES ACT 2007

ISSUING HOUSE

Renaissance Capital

RC: 685973

THIS SHELF PROSPECTUS IS DATED 15 December 2017

This Shelf Prospectus will be available on the following websites from:
www.sec.gov.ng; www.viathan-ng.com

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GLOSSARY OF DEFINED TERMS

Unless the context otherwise requires, the following expressions shall have the meaning respectively assigned to them:

"Account Bank Agreement"	Refers to the agreement dated on or about the date hereof among the Issuer, the Note Trustee, the Account Bank and other persons expressed to be parties to it
"Account Bank"	Zenith Bank Plc or any other person or entity appointed as account bank or in replacement of any existing account bank pursuant to the provisions of the Trust Deed and/or Account Bank Agreement
"Applicable Pricing Supplement" or "Applicable PS"	The Pricing Supplement applicable to a particular Series of Bonds issued under the Programme
"Auditor"	PricewaterhouseCoopers Chartered Accountants
"Authorised Representatives"	The Board of Directors of Viathan Funding Plc
"Allotment Date"	Date on which the Bonds are allotted to investors
"Board" or "Directors"	Board of Directors of the Company
"Bonds"	Any instrument of indebtedness issued by the Company on a continuing basis in accordance with the terms of this Shelf Prospectus and any subsequent PS/SSP
"Book Runner(s)"	The Issuing House(s) duly appointed by the Issuer to maintain the book in respect of the Bonds being sold by way of Book Building
"Bondholder"	Any registered owner or beneficial owner of Bond units to be issued under the Programme
"Board Resolution"	The Resolution of the Board of the Company dated 10 July 2017 authorizing the Bond Programme
"Business Day"	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria, on which commercial banks are open for general business in Nigeria
"CAMA"	Companies and Allied Matters Act Cap C20 LFN, 2004.
"CBN"	Central Bank of Nigeria
"CITA"	Companies Income Tax Act Cap. C21 LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007)
"Co-obligors" or "the Viathan Companies" or "Borrowers"	Akute Power Limited, Gasco Marine Limited, Island Power Limited, Lisabi Power Limited, Marine Power Limited, PIPP LVI Genco Limited, Tofu Energy and Power Company Nigeria Limited and Viathan Engineering Limited, as may be supplemented or replaced from time to time in accordance with the Trust Deed
"Coupon"	The interest rate payable to Bondholders as specified in the applicable PS/SSP
"Coupon Commencement Date"	The Issue Date for any particular Series of Bonds, or such other date as may be specified in the applicable PS/SSP, from which interest on the Bonds begins to accrue
"Coupon Payment Date"	The date on which a coupon falls due for payment to the Bondholders, as specified in the applicable PS/SSP

"Coupon Period"	The period from (and including) a Coupon Payment Date (or the Coupon Commencement Date) to (but excluding) the next Coupon Payment Date
"Coupon Rate"	Interest rate stated on Bonds when it is issued expressed as a percentage of the Face Value of the Bond
"CSCS" or the "Clearing System"	Central Securities Clearing Systems Plc
"Daily Quotation List" or "DQL"	The daily official publication of the FMDQ, containing market/model prices and yields, and the values traded on all securities listed and quoted on the FMDQ
"Debt Securities"	Any securities, which include registered bonds, promissory notes, certificates, debentures and other obligations authorized to be issued under the Programme by Viathan Funding Plc
"Deed of Guarantee"	Where applicable, refers to the deed of guarantee executed by the Guarantor and the Note Trustee and dated on or about the date of the Trust Deed
"Face Value"	The par value of a Bond
"Federal Government" or "FGN"	Federal Government of Nigeria
"Final Terms"	means the relevant Series Trust Deed, Supplementary Shelf Prospectus and/or Pricing Supplement specifying the final terms applicable to a Series of Bonds, provided that, in the event of inconsistency between the terms defined in the Series Trust Deed, Supplementary Shelf Prospectus and/or Pricing Supplement, the relevant term shall have the meaning specified in the relevant document ranking the highest in the following order of priority: i. firstly, the Series Trust Deed; ii. secondly, the Supplementary Shelf Prospectus and/or Pricing Supplement;
"Fixed Rate Bonds"	Bonds in respect of which interest is to be calculated and paid on a fixed rate basis
"Floating Rate Bonds"	Bonds in respect of which interest is to be calculated and paid on a floating rate basis
"FMDQ"	FMDQ OTC PLC
"GDP"	Gross Domestic Product
"Guarantee"	Refers to the guarantee given by the Guarantor under the terms of the Deed of Guarantee where applicable, executed by the Issuer, Guarantor and Trustee
"Guarantor"	Refers the guarantor specified in the applicable Final Terms;
"High Net Worth Individual"	An individual investor with a net worth of at least ₦300 million, excluding automobiles, homes and furniture as defined by Rule 321 of the SEC Consolidated Rules and Regulations, 2013
"Interest Commencement Date"	The first date from which interest on a Series of the Bonds will accrue, as specified in the Applicable PS/SSP

"Interest Payment Dates"	The dates on which interest on the Bonds will be paid as set forth in the Applicable PS/SSP
"ISA or "the Act""	Investments & Securities Act, No 29, 2007
"Issuer" or "Viathan" or "the Company"	Viathan Funding Plc
"Issue Date"	The date on which the relevant Series or Tranche of the Bonds are issued, as specified in the applicable PS/SSP
"Issue Price"	The price at which the Bonds are issued as specified in the applicable PS/SSP
"Issuing Houses"	Renaissance Securities (Nigeria) Limited and any other Issuing Houses stated in the applicable Final Terms
"LFN"	Laws of the Federation of Nigeria
"Maturity Date"	The date as specified in each applicable PS/SSP on which the principal amount is due for redemption
"Maximum Aggregate Guaranteed Amount"	Has the meaning specified in the applicable Deed of Guarantee
"Medium Term Note Programme" or "the Programme"	The ₦50 billion Medium Term Note Programme described in this Shelf Prospectus pursuant to which the Issuer may issue series of Bonds from time to time, the maximum aggregate value outstanding of which shall not exceed ₦50 billion
"Minimum Reserve Account"	Means an account which the Issuer may establish for a Series pursuant to the relevant Final Terms and which shall be managed by the Note Trustee or such other trustee specified in the Final Terms. This expressly excludes any reserve account held by the Guarantor's security trustee for the benefit of the Guarantor (as applicable)
"Naira", "NGN" or "₦"	The Nigerian Naira, the lawful currency of Nigeria
"Nigeria"	The Federal Republic of Nigeria and the "Nigerian" shall be construed accordingly
"OTC"	Over the counter
"Payment Account"	means, in relation to a Series, an account established by the Issuer with the Account Bank under the control of the Note Trustee which shall be funded by the Issuer with instalments to be determined in accordance with the applicable Final Terms;
"Pension Act"	Pension Reform Act No. 4, 2014
"PFAs"	Pension Fund Administrators
"PITA"	Personal Income Tax Act, CapP8, LFN 2004 as amended by the Personal Income Tax (Amendment) Act 2011
"Pricing Supplement, "PS" or Supplementary Shelf Prospectus "SSP"	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

"Professional Parties"	Professionals engaged by the Issuer to facilitate the registration and issuance of the Bonds
"Programme Trust Deed"	The Deed entered into by the Issuer and the Note Trustee dated 04 December, 2017 which empowers the Note Trustee to hold, administer and manage the Minimum Reserve Account (where applicable) in respect of each series of Bonds issued pursuant to the Programme, and appoints the Note Trustee to act on behalf of bondholders
"Principal Amount"	The nominal amount of each Bond, as specified in the Applicable PS/SSP
"Qualified Institutional Investor"	A purchaser of securities that is financially sophisticated. These include Banks, Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable Private Equity Funds, Registered and/or verifiable Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, Stock Broking Firms and any other category as the Commission may determine as stipulated by Rule 321 of the Rules and Regulations of the Securities and Exchange Commission
"Rating Agency"	Global Credit Rating Co. Limited
"Receiving Agents"	Market operators authorized to receive application forms/monies from investors
"Record Date"	The date on which the list of Bondholders is extracted from the Register for the purposes of making coupon payments, being a day which is Fifteen (15) days immediately preceding the date on which the coupon falls due for payment
"Redemption Amount"	The aggregate principal amount outstanding in respect of the Bonds on the Maturity Date
"Register"	The record 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
"Registrar"	Veritas Registrars or any Market Operator appointed by the Issuer and authorized by the SEC to maintain the register of Bondholders
"Related Parties"	Anybody corporate, which is the Company's subsidiary or holding Company or a subsidiary of that Company's holding Company
"Rules and Regulations"	The Rules and Regulations of the SEC 2013 (or as amended from time to time), issued by the SEC pursuant to the ISA
"SEC" or "the Commission"	Securities and Exchange Commission
"Series"	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) are identical in all respects except for their respective Issue Dates, and/or Issue Prices
"Settlement Date"	The date by which the buyer must pay for the Bonds delivered by the Issuer. In a Book Build, the same date as the Allotment Date

GLOSSARY OF DEFINED TERMS

"Shelf Prospectus" or "SP"	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
"Sponsor"	Viathan Engineering Limited
"Supplemental Trust Deed" or "Series Trust Deed"	A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer and the Note Trustee and empowering the Note Trustee, in respect of the Bonds being issued under a particular Series
"Terms and Conditions"	The terms and conditions of the Bonds as set out in this Shelf Prospectus
"Tranche"	Bonds which are identical in all respects (including as to listing and admission to trading)
"Trust Deed"	The Programme Trust Deed and the Series Trust Deed(s)
"Note Trustee"	UTL Trust Management Services Limited or any other Trustee appointed by the Issuer
"Trustee Act"	Trustee Investments Act Cap T22, LFN 2004
"Transaction Documents"	The Shelf Prospectus, Pricing Supplement, the Trust Deeds and all related documents
"Validity period"	A period not exceeding three (3) years after the date of the issue of this Shelf Prospectus
"VAT"	Value Added Tax
"WHT"	Withholding Tax as provided for in section 78(2) of CITA

VIATHAN

DECLARATION BY VIATHAN FUNDING PLC

We hereby affirm that this Shelf Prospectus and the Pricing Supplement have been prepared by the Issuing Houses, on behalf of Viathan Funding Plc ("the Issuer") with a view to providing a description on the relevant aspects of the Issuer, Viathan Engineering Limited ("the Sponsor") and the various Viathan Companies ("the Co-Obligors") in connection with the ₦50 Billion Medium Term Note Programme and the investment in the securities issued therein.

On behalf of the Issuer, we hereby make the following declarations:

1. We confirm that the information contained in this Shelf Prospectus and the Pricing Supplement, is to the best of our knowledge and belief, in accordance with material facts and contains no omission likely to affect the accuracy of the information contained therein.

2. We confirm that there has been no significant change in the financial condition or material adverse change in the prospect of the Issuer since the date of the Shelf Prospectus.

3. We confirm that the Issuer has not during the 12 (twelve) calendar months immediately preceding the date of the application to the Securities & Exchange Commission for the registration of this Shelf Prospectus, breached any terms and conditions in respect of borrowed monies which has resulted in the occurrence of an event of default and an immediate recall of such borrowed monies.

4. No prosecution has been commenced against the Issuer, Sponsor and Co-obligors, during the twelve calendar months immediately preceding the date of the application to the Securities & Exchange Commission for the registration of this Shelf Prospectus, in respect of any breach or contravention of any securities or the Companies and Allied Matters Act or the listing requirements of a recognised Securities Exchange.

Signed for and on behalf of Viathan Funding Plc
By its duly authorized representatives:

Ayodele Arogbo
(Director)

Oladimeji Sanni
(Director)

IKAAR CORPORATE SERVICES
Sign: ....
Date: ....

Ikaar Corporate Services
(Company Secretary)

Block1, Plot 17B Chibo Ofodile Close, Off Ladipo Latinwo Crescent, Lekki Phase 1, Lagos
01 - 6312913 info@viathan-ng.com
www.viathan-ng.com

IMPORTANT NOTICE

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

To the fullest extent permitted by law, the Issuing Houses do not accept any responsibility for the contents of this Shelf Prospectus or for any other statement, made or purported to be made by the Issuing Houses, or on their behalf in connection with either the Company or the Issue and offering of the Bonds. The Issuing Houses accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which they might otherwise be subject to in respect of this Shelf Prospectus or any such statement.

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 either 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 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 contemplating purchasing any Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of 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 Company or any of the parties to the Programme to any person to subscribe for or to purchase any Bonds.

INFORMATION RELATING TO THIS SHELF PROSPECTUS

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 the accuracy, reliability or completeness. The information and expressions of opinion herein are subject to change without notice and neither 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 since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus has been provided by the Company from its 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 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 authorised publicly available Company publications. Any such information that is inconsistent with the information set forth in this Shelf Prospectus should be disregarded. No such information is a part of or incorporated into this Shelf Prospectus.

2. Financial Information

Unless otherwise indicated, the financial information regarding the Issuer indicated in this Shelf Prospectus has been derived from the Reporting Accountants' Report dated 31 August 2017, audited statement of affairs of the Issuer and audited financial statements for the twelve months ended 31 December 2016 of the Co-obligors. The Co-obligors' audited financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act, and are presented in Naira, the reporting currency of the Co-obligors.

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/Supplementary Shelf Prospectus 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 terminologies 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 terminologies. These forward-looking statements include all matters that are not historical facts and include statements regarding the Issuer's intentions, beliefs or current expectations concerning, amongst other things, the Co-obligors' 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 Co-obligors' actual results of operations, financial condition and liquidity, and the development of the industry in which they operate may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. In addition, even if the Co-obligors' results of operations, financial condition and liquidity and the development of the industry in which they operate 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 Issuer'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;
- the demand for the Co-obligors' products and services;
- competitive factors in the industries in which the Co-obligors and their customers compete;
- interest rate fluctuations and other capital market conditions;
- exchange rate fluctuations; and
- the timing, impact and other uncertainties of future actions.

The sections of this Shelf Prospectus entitled "**Risk Factors**", "**Description of Viathan Funding Plc**", **"Description of the Viathan Companies"** and "**Statutory and General Information**" contains a more detailed discussion of the factors that could affect the Co-obligors' future performance and the industry in which they operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

The Issuer does 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 to persons acting on its 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

Following the registration of this Shelf Prospectus, a Pricing Supplement may be prepared by the Issuer for the approval of the SEC in accordance with Rule 279 of the SEC Rules and Regulations.

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.

The Issuer 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.

INCORPORATION OF DOCUMENTS BY REFERENCE

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

1. Each Applicable PS/SSP relating to any Series of the Bonds issued under this Shelf Prospectus; and

2. The audited accounts (and notes thereto) and any audited interim financial statements published subsequent to such audited accounts of the Co-obligors for the three financial years prior to each issue of Bonds under this Programme, which shall be deemed to be incorporated in, and to form part of this Shelf Prospectus and which shall be deemed to modify and supersede the contents of this Shelf Prospectus as appropriate

3. Reporting Accountants' Report on 12 months historical financials ended December 31, 2016 and ten years financial projections of the Sponsor and Co-Obligors namely; Akute Power Limited, Gasco Marine Limited, Island Power Limited, Lisabi Power Limited, Marine Power Limited, PIPP LVI Genco Limited, Tofu Energy and Power Company Limited, Viathan Engineering Limited ended December 31, 2021

The Issuer will, in the event of any material changes in the financial position of the Co-obligors which is not reflected in this Shelf Prospectus, prepare an amendment or supplement to this Shelf Prospectus; also, the Issuer and Co-obligors 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 Supplementary Shelf Prospectus/ Pricing Supplement pursuant to the Rules and Regulations of the SEC. Any such amendment or supplement is hereby incorporated by reference into this Shelf Prospectus and forms an integral part hereof. Any statement contained in a document which 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.

Availability of Information

This Shelf Prospectus and any Supplementary Shelf Prospectus/ Pricing Supplement, if applicable, are accessible, and copies of them are available free of charge at the office of the Issuing House from 8:00a.m till 17:00p.m on Business Days, during the validity of the Programme at the following address:

Renaissance Securities (Nigeria) Limited
5th Floor, Plot 1B
Keystone Bank Crescent
Victoria Island
Lagos
Telephone: +234 448 5300
Email: ProjectOne@rencap.com

PARTIES TO THE PROGRAMME

The Issuer	**Viathan Funding Plc** 17B, Chibo Ofodile Close, Off Ladipo Latinwo Crescent, Lekki Phase 1 Lagos	
Sponsor	**Viathan Engineering Limited** 17B, Chibo Ofodile Close, Off Ladipo Latinwo Crescent, Lekki Phase 1 Lagos	
Issuer's Board of Directors	**Adewale Adeosun** Non-executive Director **Akintoye Akindele** Non-executive Director **Ayodele Arogbo** Non-executive Director **Olayinka Odeleye** Non-executive Director **Richard Okello** Non-executive Director	**Oladimeji Sanni** Managing Director **Kunle Falola** Executive Director **Irunna Ejibe** Executive Director **Irunna Ejibe**
Issuer's Company Secretary	**Ikaar Corporate Services** 21 Boyle Street Onikan, Lagos Island Lagos	
Sponsor's **Board of Directors**	**Adewale Adeosun** Director **Richard Okello** Director **Akintoye Akindele** Director **Ayodele Arogbo** Director **Habeeb Alebiosu** Director	
Sponsor's **Company Secretary**	**Alsec Nominees Limited** 10th Floor, St Nicolas House, Catholic Mission Street, Lagos	
Issuing House:	**Renaissance Securities (Nigeria) Limited** 5th Floor, Plot 1B Keystone Bank Crescent Victoria Island Lagos	

PARTIES TO THE PROGRAMME

Trustee:	**UTL Trust Management Services Limited** 2nd Floor, ED Building, 47, Marina, Lagos
Solicitor to the Issue:	**Olaniwun Ajayi** The Adunola, Plot L2, Banana Island Ikoyi, Lagos
Solicitor to the Issuer	**Ikeyi & Arifayan** 21 Boyle Street Onikan, Lagos
Solicitor to the Trustee:	**The New Practice** 49, Raymond Njoku Street, Ikoyi, Lagos
Reporting Accountant:	**Ernst & Young Nigeria** 10th & 13th Floor, UBA House, 57, Marina, Lagos
Auditors:	**PricewaterhouseCoopers Limited** Landmark Towers 5B, Water Corporation Road, Victoria Island, Lagos
Registrar to the Issue:	**Veritas Registrars Limited** 89a, Ajose Adeogun Street, Victoria Island, Lagos
Rating Agency:	**Global Credit Rating Co. Limited** New Africa House (17th Floor) 31 Marina Lagos
Receiving Banks:	**Zenith Bank Plc** Plot 87, Ajose Adeogun Street Victoria Island Lagos
Stockbroker	**FCSL Asset Management Company Limited** 15 Ribadu Road Off Awolowo Road Ikoyi, Lagos

THE PROGRAMME

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

This Shelf Prospectus is being issued in compliance with the provisions of the ISA 2007, the Rules and Regulations of the Commission and the listing and quotation requirements of FMDQ OTC PLC, and contains particulars in compliance with the requirements of the SEC and FMDQ for the purpose of giving information to the public with regards to the ₦50 billion Medium Term Note Programme being undertaken by the Issuer.

The specific terms of each Series of the Bonds in respect of which this Shelf Prospectus is being delivered will be set forth in the applicable Pricing Supplement and shall include the specific designation, aggregate principal amount, the currency or currency unit for which the Bonds may be purchased, maturity, interest provisions, authorised denominations, Issue Price, any terms of redemption and any other specific terms. An application will be made to the Board Listings and Quotations Committee of the FMDQ for admission to its platform of each Series of the Bonds to be issued under the Programme.

Each of the Directors of the Company represents that he has 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.

LEAD ISSUING HOUSE

Renaissance Capital

RC: 685973

On behalf of

VIATHAN FUNDING PLC

VIATHAN

RC: 1418760

[INCORPORATED WITH LIMITED LIABILITY IN THE FEDERAL REPUBLIC OF NIGERIA]

are authorised to issue this Shelf Prospectus in respect of the ₦50,000,000,000 Medium Term Note Programme

A copy of this Shelf Prospectus and the document specified herein have been delivered to the SEC for clearance and registration. The registration of this Shelf Prospectus and any subsequent PS/SSP 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 PS/SSP to be issued by the Company from time to time within its Validity Period. No Bonds will be issued on the basis of this Shelf Prospectus read together with any PS/SSP later than three years after the issue date indicated on the cover of this Shelf Prospectus.

This Shelf Prospectus contains:

- on pages 23 to 31 the Terms & Conditions of the Programme;
- on page 72, extract of the Issuer's Ratings Report prepared by Global Credit Rating Co Limited;

THIS SHELF PROSPECTUS IS DATED 15 December, 2017

This Shelf Prospectus will be available on the following websites from:
www.sec.gov.ng; www.viathan-ng.com

TRANSACTION OVERVIEW

The information contained in this section is a summary of certain aspects of the Programme and the principal features of the Bonds; and the related Programme Documents. This summary does not contain all of the information that you should consider before investing in any particular Series of Bonds under this Programme nor does it purport to be complete. Therefore, it should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented in the remainder of this Shelf Prospectus and to the detailed provisions of each of the Programme Documents and the applicable Pricing Supplement/Supplementary Shelf Prospectus. Investors should read the entire Shelf Prospectus carefully, especially the risks involved in investing in any particular Series of Bonds under this Programme which are discussed under "Risk Factors":

1. Issuance of Bonds

The Issuer will issue bonds from time to time not exceeding an aggregate principal amount of ₦50 billion under the Medium Term Note Programme. The net proceeds of each issue of Bonds by the Issuer under The Programme will be passed through and/or advanced to the Viathan Companies under the terms of the Trust Deed and/or a Master Intercompany Loan Agreement as specified in the applicable Final Terms.

The Viathan Companies shall have a joint and several obligations to repay the aggregate principal amount outstanding and interest under the Trust Deed and/or Master Intercompany Loan Agreement in accordance with the applicable Final Terms.

The Trustee shall hold the benefit of the repayment obligations of all monies payable in respect of all monies passed through/ advanced to the Viathan Companies under the Trust Deed and/or the Intercompany Loan on trust for the benefit of the Bondholders

2. Guarantee

The Issuer and Co-obligors' obligations under any Series of Bonds may, where applicable, be subject to the benefit of a guarantee of up to the amount specified in the relevant Deed of Guarantee. The Guarantor's obligations, where applicable, under such Guarantee shall rank at least *pari passu* with all present and future senior direct obligations of the Issuer and Co-obligors under the applicable Series of Bonds.

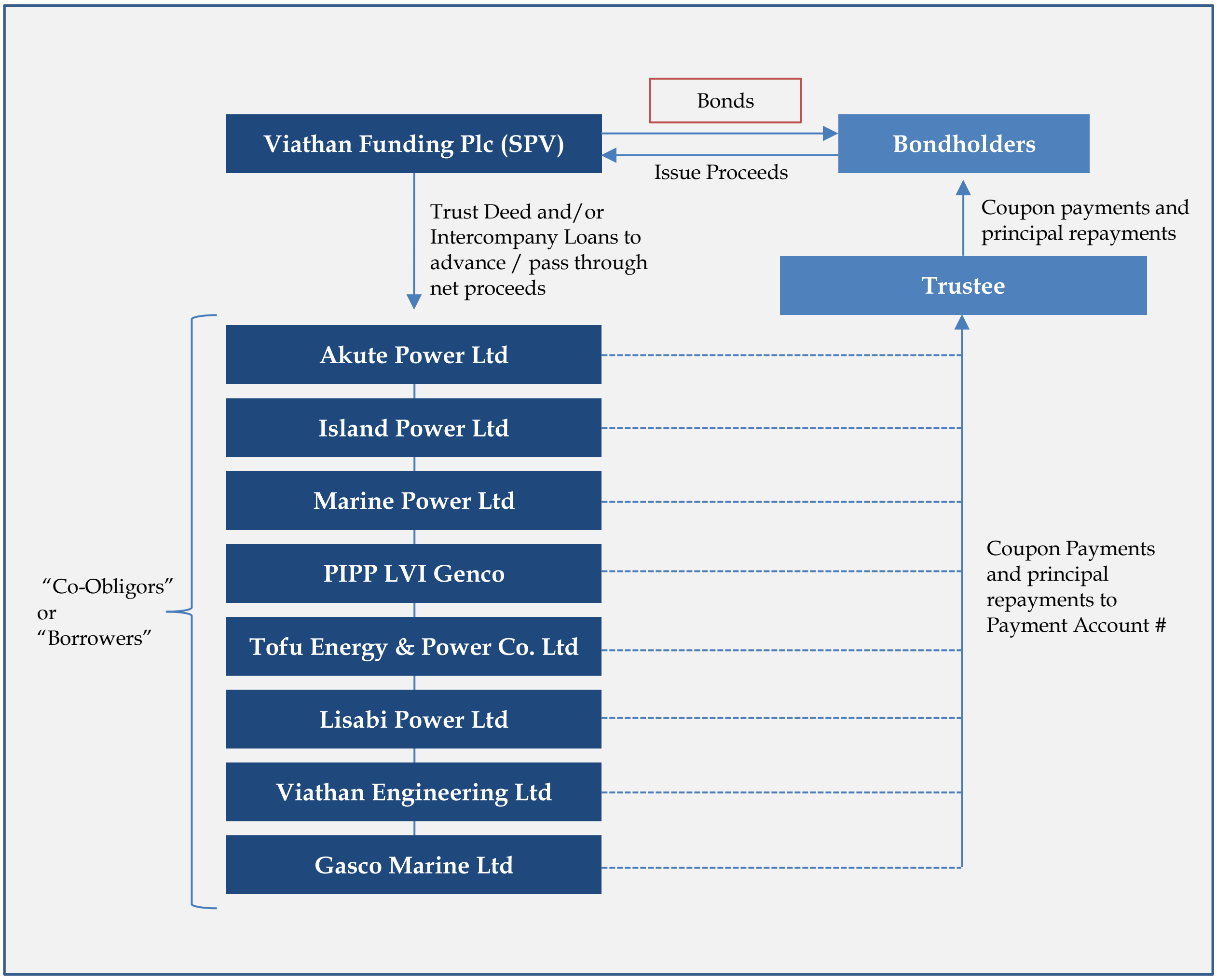
3. Funding of Transaction Accounts

Where specified in the applicable Final Terms, the Co-obligors may be required to maintain a Payment Account under the control of the Trustee and in accordance with the Trust Deed and the Account Bank Agreement, as well as a Minimum Reserve Account (where applicable)

The Co-obligors shall fund their payment obligations by crediting the Payment Account using their cash flows in accordance with the Series Trust Deed/Pricing Supplement applicable to the relevant Series of Bonds. The Co-obligors shall also maintain the Minimum Reserve Account, where applicable, in such minimum reserve amounts determined under the applicable Final Terms for the relevant Series of Bonds.

TRANSACTION STRUCTURE DIAGRAM

The following diagram sets out the transaction structure relating to the issue of the Bonds by the Issuer under the Programme. This diagram is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Shelf Prospectus.



Key features of the Programme include:

- Viathan Funding Plc (an SPV incorporated for the Medium Term Note Programme) will issue Bonds (the "Bonds") to potential investors
- The repayment obligations on the Bonds under the Programme will be the joint and several obligations of the Co-Obligors ("Borrowers") contracting as primary obligors to the Bonds alongside the SPV under the Programme Trust Deed
- The net proceeds under The Programme will be passed through and/or advanced to the Co-Obligors under the terms of the Trust Deed and/or a Master Intercompany Loan Agreement as specified in the applicable Final Terms
- The Co-Obligors will directly on a joint and several basis, make full payment to the interests and principal due on the Bonds to Bondholders pursuant to the Trust Deed via the Payment Account held by the Bond Trustee

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/Supplementary Shelf Prospectus. Words and expressions defined in "Form of the Bonds" and "Terms and Conditions of the Bonds" shall have the same meaning in this summary:

Issuer:	Viathan Funding Plc (SPV incorporated for the Note Programme Issuance), a public company limited by shares and incorporated under the laws of Nigeria with registration number 1418760
Sponsor:	Viathan Engineering Limited, a private company limited by shares and incorporated under the laws of Nigeria with registration number 936425
Co-Obligors:	Akute Power Limited, Gasco Marine Limited, Island Power Limited, Lisabi Power Limited, Marine Power Limited, PIPP LVI Genco Limited, Tofu Energy and Power Company Limited and Viathan Engineering Limited, as may be supplemented or replaced from time to time in accordance with the Trust Deed
Guarantor:	Refers to the guarantor specified in the applicable Final Terms;
Liability of Co-Obligors:	Each of the Co-Obligors, jointly and severally, irrevocably and unconditionally guarantees the payment obligation of the Issuer as primary obligors
Programme Description:	The Medium Term Note Programme pursuant to which the Issuer may issue series of Bonds from time to time, the maximum aggregate value outstanding of which shall not exceed the Programme size
Programme Size:	₦50,000,000,000 (Fifty Billion Naira)
Use of Proceeds:	The proceeds of the Medium Term Note Programme will be utilized as stated in the applicable PS/SSP
Rating:	The Bonds issued under this Programme will be rated by at least one rating agency duly registered with the SEC and such rating shall be reviewed annually in accordance with the SEC Rules and Regulations
Issuing House:	Renaissance Securities (Nigeria) Limited
Stock Broker:	FCSL Asset Management Company Limited
Registrar:	Veritas Registrars or any such other registrar as may be specified in the applicable PS/SSP
Trustee:	UTL Trust Management Services Limited and/or such other trustee as may be specified in the applicable PS/SSP
Methods of Issue:	Bonds under this Programme may be issued via an Offer for Subscription, auction or private placement, through a Book Building process and/or any other methods as specified in the applicable PS/SSP approved by the SEC

SUMMARY OF THE PROGRAMME

Series:	The specific terms of each Series (including without limitation, the nominal amount, issue price, redemption price thereof, and interest, if any, payable thereunder) will be determined by the Issuer and the Issuing House at the time of the issue and specified in the applicable PS/SSP
Closing Date:	The Closing Date of a specific Series shall be stated in the applicable PS/SSP for the Bond Series to be issued
Interest Rates:	Bonds may be interest-bearing or non-interest bearing. Interest (if any) may be at a fixed rate as indicated in the applicable PS/SSP and may vary during the lifetime of the relevant Series
Currency of Debt Securities:	Bonds will be denominated in Nigerian Naira or such currency or currency units as may be agreed between the Issuer and the Issuing Houses, subject to compliance with all applicable legal and/or regulatory requirements of the Commission
Credit Enhancement:	As stated in the applicable Pricing Supplement and/or Supplemental Trust Deed, Bonds to be issued may include additional comforts in the form of debenture, security (including real estate and financial instruments), collateral, insurance, third party guarantee, subordination or credit tranching or any other arrangement to reduce the credit risks of the Bond
Status of the Bonds:	▪ The Bonds qualify as securities in which Pension Fund Administrators (PFAs) may invest under the Pension Reform Act, Cap P4, LFN 2004; and ▪ The Bonds qualify as securities in which Trustees may invest under the Trustees Investment Act, Cap T22, LFN 2004
Ranking:	The Bonds will rank *pari passu* without any preference to one above the other by reason of priority of date of issue, currency of payment or otherwise with all other present and future senior direct obligations of the Issuer and the Co-Obligors
Form of the Bonds:	The Bonds shall be issued in registered form and shall be transferable. The issue and ownership of the Bonds will be effected and evidenced by the Particulars of the Bond being entered in the register by the Registrar and the Bonds being electronically registered in the CSCS account of the Bondholder.
Issuance in Series:	Bonds will be issued in series (each a "Series"). The Bonds of each Series will all be subject to identical terms, whether as to currency or 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. Each Series may comprise of one or more tranches issued on different issue dates. A Series may only be comprised of Bonds in [dematerialized/immobilised (book-entry)] form
Maturity of Bonds:	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 PS/SSP, 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 or the relevant specified currency
Denominations:	Bonds will be issued in such denominations as may be agreed between the Issuer and the Issuing Houses and as specified in the relevant PS/SSP, subject to compliance with all applicable legal and regulatory requirements, and in accordance with usual market practice
Tenor:	The tenor of a particular series of Notes shall be determined by the Issuer and the Issuing Houses and specified accordingly in the applicable PS/SSP for the Notes being issued
Principal Moratorium:	The principal moratorium of a particular series of Notes shall be determined by the Issuer and the Issuing Houses and specified accordingly in the applicable PS/SSP for the Notes being issued
Early Redemption:	Early redemption will be permitted only to the extent specified in the applicable PS/SSP and Supplementary Trust Deed and then only subject to any applicable legal or regulatory limitations
Redemption:	Bonds may be redeemable at their nominal amounts or such other amounts as may be specified in an amortisation or principal payment schedule appended to, or determined in accordance with, the applicable Series Trust Deed and Supplementary Shelf Prospectus and/or Pricing Supplement
Business Day Convention:	Following business day, which means a payment in respect of the Bonds which falls due on a date which is not a Business Day, is paid on the next Business Day
Listing:	Each Series of Bonds will be listed on the FMDQ 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; or they may be unlisted, as specified in the relevant PS/SSP
Events of Default:	If any of the following events ("Events of Default") occurs and is continuing, the Note Trustee may at their discretion and shall, upon the request in writing of the applicable registered holders of the nominal amount of the Bonds for the time being outstanding or upon being so directed by an Extra Ordinary Resolution by notice in writing to the Note Trustee and Guarantor (where applicable), declare the Bonds to be in default: ▪ Payment Default: the Issuer does not pay any amount in respect of the Bonds of the relevant Series or any of them within ten (10) Business Days of the due date for payment; ▪ Breach of other Obligations: the Issuer does not comply with its other obligations under or in respect of the Bonds of the relevant Series and, if the non-compliance can be remedied, does not remedy the non-compliance within 30 days after written notice requiring such default to be remedied has been delivered to the Issuer by the Note Trustee; ▪ Cross Default: any Financial Indebtedness in excess of N1,000,000,000 (or its equivalent in any other currency) of the Issuer in respect of money borrowed or raised is not paid

	within 10 Business Days of: (i) its due date; or (ii) the end of any applicable period of grace, whichever is the later; or ▪ Enforcement Proceedings: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Issuer or the Guarantor (where applicable) and is not discharged or stayed within ninety (90) days thereof; ▪ Insolvency: an Insolvency Event occurs in respect of the Issuer; ▪ Obligations Unenforceable: any of the Bonds and/or the Trust Deed, is or becomes wholly or partly void, voidable or unenforceable
Tax Status:	The Bonds issued under the Programme are exempt from taxation in Nigeria in accordance with the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011. As such, all payments made to Bondholders shall be free and clear of Withholding, State and Federal Income and Capital Gains Taxes with no deductions whatsoever being made at source. For avoidance of doubt, this exemption has a lifespan of 10 years commencing on the effective date of 2nd January 2012
Terms and Conditions:	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 Series, and will be specified in the applicable PS/SSP. The Terms and Conditions applicable to each Series will therefore be those set out on pages 23 to 31 hereof as supplemented, modified or replaced by the applicable PS/SSP
Governing Law:	The Bonds and all related contractual documentation will be governed by, and construed in accordance with Nigerian law
Transaction Documents:	- Shelf Prospectus; - Programme Trust Deed; - Vending Agreement; - Pricing Supplement (Supplementary Shelf Prospectus); - Supplemental Trust Deed; - Deed of Guarantee (where applicable); - Reporting Accountants' report; - Solicitors' report on claims and litigation; - Ratings Report; and Master Intercompany Loan Agreement (where applicable)

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 (the ***"Final Terms"****) and, except for the italicised text, will apply to the Bonds and will be endorsed on the back of each Bond Certificate issued in respect of 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 separate tranches which together with other tranches, may form a series of bonds. Any provision 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.*

The Bonds are constituted by and under the Programme Trust Deed dated on or about the date of this Deed between Viathan Funding Plc (the "**Issuer**"), the parties described in the 1st Schedule as the Co-Obligators and UTL Trust Management Services Limited (the "**Trustee**") as supplemented by the relevant Series Trust Deed between the Parties. 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 Deeds applicable to them. Copies of the Trust Deed are available for inspection between the hours of 10:00am and 4:00pm on any Business Day at the designated office of the Trustee at 2nd Floor, ED Building, 47 Marina, Lagos as specified in the Series Trust Deed.

Any Series 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 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.

These Conditions include summaries of, and are subject to the detailed provisions of the Programme 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.

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) are expressly and specifically incorporated into and shall apply to these Conditions.

Capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Programme Trust Deed unless the context otherwise required or unless otherwise stated.

1. **Form, Denomination and Title**

1.1 Unless otherwise specified in any Supplementary Shelf Prospectus the Bonds shall be issued in registered form in denominations of ₦1,000 (One Thousand Naira). The Bonds issued under the Programme may be fixed rate bonds, floating rate bonds, discounted or a combination of such bonds.

1.2. The Bonds will be issued in uncertificated (dematerialised or book-entry) form, which shall be registered with a separate securities identification code with the CSCS.

1.3. A Series of Bonds may be listed on the FMDQ or on such other or further financial exchange(s) as may be determined by the Issuer, subject to any Applicable Laws. Unlisted Bonds may also be issued under the Programme. The applicable Pricing Supplement will specify whether or not a Series or Tranche of Bonds will be listed, on which financial exchange(s) they are to be listed (if applicable).

1.4. The title to the Bonds which will be 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.

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 Programme 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.

3. **Redemption**

3.1 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 by Instalments*

The Bonds may be partially redeemed by instalments on such dates and at such amounts specified in the applicable Final Terms and the payments made in instalments shall reduce the Principal Amount Outstanding on such Bond until fully redeemed at the Maturity Date.

3.3 *Redemption prior to Maturity*

3.3.1 Subject to the terms of the relevant Series Trust Deed, the Issuer shall be entitled at anytime to redeem the whole or any part of the Bond upon giving the holders of the Bonds to be redeemed, a minimum of twenty (20) days and maximum of sixty (60) days notice of its intention to do so

3.3.2 The Issuer shall only redeem the Bonds on a Coupon Payment Date and not otherwise

3.3.3 At the expiration of the notice in Clause 3.3.1 above, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given.

3.3.4 In the event the Issuer determines to redeem only part 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 8 or at the option of the Issuer pro rata to holdings.

3.3.5 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 determined by the Bondholders or the relevant Bondholder whose Bond is to be redeemed at 11a.m on the date set for redemption.

3.3.6 In the case of redemptions made under this Condition, not less than twenty (20) days and not more than sixty (60) days previous notice in writing of the date fixed for redemption 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.

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 FMDQ or such other exchange(s) on which the Bonds are listed, but not otherwise. Any Bond so purchased will be cancelled and will not be available for re-issue.

5. **Guarantee and Status of the Bonds**

2.1 Guarantee

The due payment of a specified proportion of any outstanding amount payable by the Issuer under the Bonds of any series may be unconditionally and irrevocably guaranteed in accordance with the terms provided in the applicable Final Terms and or Deed of Guarantee. The Guarantor's obligations in that respect (the "Guarantee") shall be specified in the Final Terms.

2.2 Status of Bonds

The Bonds are direct and unsubordinated obligations of the Issuer and of the Guarantor and or Co-Obligors under the Guarantee (where applicable) and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and in respect of principal and any interest on the Bonds shall at all times rank at least equally with all unsecured obligations of the Issuer, present and future except for obligations mandatorily preferred by law applying to companies generally.

2.3 Liability of Co-Obligors

Pursuant to the Programme Trust Deed, each of the Co-Obligors, jointly and severally, irrevocably and unconditionally guarantee the payment (immediately on demand, in immediately available funds, without any deduction, set-off, counterclaim or withholding of any kind (including without limitation, on account of taxes)), and performance of all of the obligations the Issuer may from time to time be obliged to fulfil under the Trust Deed, which obligations shall include monetary damages arising out of any failure by the Issuer to perform its obligations under the Programme Trust Deed to the extent that any failure to perform such obligations gives rise to monetary damages.

6. **Negative Pledge**

Except for the Permitted Securities, for as long as any of the Bonds are outstanding, the Issuer shall not, and shall procure that none of its Affiliates:

6.1. create (without the written consent of the Trustee, such consent not to be unreasonably withheld) any mortgage, charge, pledge, lien or any Encumbrance upon the whole or any part of its present or future undertaking, business, assets or revenue to secure any indebtedness, unless the Issuer's obligations under the Bonds are secured equally and rateably with the said obligations 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; and

6.2. not directly or indirectly secure any other financial indebtedness represented by bonds or any other debt securities which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or similar securities market without the prior consent of the Trustee.

7. **Coupon**

The Bonds of any Series will bear interest from the Coupon Commencement Date at the coupon rate(s) specified in, or determined in accordance with the specific 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 Interest Period shall be determined in accordance with the Pricing Supplement.

7.1. *Fixed Rate Bonds*

7.1.1 The Fixed Rate Bonds (being those Bonds that specify that interest is payable at a fixed rate) shall bear interest on the Principal Amount Outstanding at the coupon rate specified in the Final Terms from (and including) the Interest Commencement Date to (but excluding) the Maturity Date. Coupon shall be payable in arrears on the Interest Payment Date in each year.

7.1.2 If interest is required to be calculated for a period other than a full year, such interest shall be calculated on the basis of the actual number of days elapsed divided by three hundred and sixty-five (365) or such other method as described in the Pricing Supplement.

7.2. *Coupon on Floating Rate Bonds*

7.2.1. The Floating Rate Bonds (being those Bonds that specify that coupon is payable at a floating rate) shall bear Interest on its principal amount on such basis as may be described in the Prospectus or Series Trust Deed by reference to a specified floating rate benchmark plus a margin.

7.2.2. Coupon on the Floating Rate Bonds shall accrue from (and including) the Interest Commencement Date and 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 Final Terms.

8 **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. For so long as the Bond is admitted to listing and or trading on the FMDQ and the rules of the FMDQ require, the Registrar shall promptly inform the FMDQ of the cancellation of any Bonds under this Condition 8.

9 **Trusts**

9.1 Except as required by law or as ordered by a court of competent jurisdiction the Issuer will 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.

9.2 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) or the principal of such Bond or of any other money payable in respect of the Bond shall be good discharge of the Issuer notwithstanding any notice it may have whether express or otherwise of the right, title, interest or claim of any other person to such principal, interest 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 on the Register in respect of any Bond.

10 **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.

11 **Registration and Transfer of Bonds**

11.1. Registration of Bonds

11.1.1. A Register of the Bonds shall be kept by the Registrar at its office, and there shall be entered in such Register:-

(i) The names and addresses of the holders for the time being of the Bonds;
(ii) The amount of the units of Bonds held by every registered holder;
(iii) The account number of the Bondholder; and
(vi) The date at which the names of every registered holder is entered in respect of the Bond standing in his name.

11.2. Transfer of Bonds

11.2.1. The Bond is transferable in amounts or integral multiples of an amount specified in the Series Trust Deed.

11.2.2. Transfers of the Bond shall be by an instrument in writing in the form approved by Issuer and the Trustee.

11.2.3. If the Bonds are listed, the Bonds shall be transferred on the FMDQ in accordance with its rules.

11.2.4. 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.

11.2.5. Every instrument of transfer must be left for registration at the place where the Register is 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.

11.2.6. The Issuer and Registrar shall retain all instruments of transfer after registration.

11.2.7. Registration of any Bond transfer shall not be carried out within fifteen (15) days ending on the due date for any payment of principal or Coupon on that Bond.

12 **Transmission**

12.1 In the case of the death of a Bondholder, the survivor(s) (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(s) recognised by the Issuer as having any title to such Bond.

12.2 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 Registrar(s) shall think sufficient, be registered as the holder of the Bond or subject to Condition 11 may transfer the Bond without being registered as the holder of such Bond.

13 Method of Payment of Principal Money, Coupon and Premium

13.1 Payment of the Principal, Coupon and premium (if any) 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.

13.2 Whenever any part of the Bond is redeemed, a proportionate part of each holding of the Bond shall be repaid to the Bondholders.

13.3 The Registrar shall give to the Bondholders not less than **[one (1) month's]** notice in writing of the time and mode for repayment of the Bonds to be redeemed and each such notice shall state the amount of the Bond for redemption.

13.4 At the time and place so fixed for redemption, each Bondholder shall, where applicable, deliver to the Registrar evidence of title to the Bonds issued by the CSCS in order that the same may be cancelled together with a receipt for the redemption moneys payable in respect of the Bonds, and upon such delivery, the Trustee acting through the Registrars shall pay the Bondholder the amount payable to him in respect of such redemption, together with all accrued coupon.

13.5 If, on the Maturity Date, any Bondholder whose Bonds are liable to be redeemed fails or refuses to accept payment of the redemption moneys payable in respect of the Bond, the moneys payable to such Bondholder shall be paid to the Note Trustee and the Trustee shall hold the moneys in trust for such Bondholder and coupon on such Bonds shall cease to accrue as from the date fixed for redemption of the Bond and the Issuer shall subsequently be discharged from all obligations in connection with such Bonds. If the Note Trustee places the moneys so paid to it on deposit at a commercial bank or invests the same in the purchase of securities for the time being authorised by law for the investment of trust funds, the Note Trustee shall not be responsible for the safe custody of such moneys or for interest on the same, except such interest (if any) as the said money may earn whilst on deposit or invested, less any expenses incurred by the Note Trustee.

14 Receipts for Money Paid

If several persons are entered in the Register as joint holders of any Bond, then the receipt by any such persons for 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.

15 Events of Default

If any of the following events stated in this Condition 15 ("Events of Default") has occurred and is 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 that the Bonds are immediately repayable, after which, subject to the applicable Final Terms, the Principal Amount Outstanding on the Bonds together with accrued Coupon shall become immediately due and repayable.

15.1. Non-Payment

If the Issuer and or Co-Obligors fail to pay any sums representing principal, coupon and premium (if any) on the Bonds or any fees or other sums within ten (10) Business Days after the Payment 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.

15.2. Cross Default

If any Financial Indebtedness of the Issuer or any of the Co-Obligors of a value exceeding ₦1, 000, 000, 000.00 (One Billion Naira) (or its equivalent in any other currency) 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 ten (10) Business Days of: (i) its due date; or (ii) the end of any applicable period of grace, whichever is the later.

15.3. Insolvency

If:

15.3.1 the Issuer and or any of the Co-Obligors are unable, for the purposes of CAMA, to pay their debts, or admit inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness and for this purpose debt shall mean an amount not less than ₦1, 000, 000, 000.00 (One Billion Naira) (or its equivalent in any other currency);

15.3.2 a moratorium is declared in respect of any Financial Indebtedness of the Issuer or Co-Obligors, and such moratorium is not discharged within forty-five (45) Business Days after it was declared. Provided that the Issuer and or any of the Co-Obligors are able to show to the satisfaction of the Trustee within ten (10) Business days after such moratorium is declared that it is in good faith negotiating the lift of the moratorium;

15.3.3 any corporate action or legal proceeding is concluded and judgment of the High Court or Federal High Court or if that judgment is appealed, the judgment of the Court of Appeal, or Supreme Court as the case may be is given against the Issuer and or any of the Co-Obligors in relation to:

15.3.3.1 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 and or the Co-Obligors other than a solvent liquidation or any reorganisation of the Issuer or any of the Co-Obligors;

15.3.3.2 the appointment of a liquidator (other than in respect of a solvent liquidation) receiver, administrator, administrative receiver or other similar officer in respect of the Issuer and or any of the Co-Obligors or any of their respective assets; or

15.3.3.3 any analogous procedure or step is taken in any jurisdiction, and such proceeding is not dismissed or terminated on or before the forty-fifth (45th) 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 and or any of the Co-Obligors have within ten (10) Business Days filed in good faith legal proceedings in the relevant court for the order to be set aside, dismissed or stayed.

15.4. *Cessation of Business*

If the Issuer and or Co-Obligors cease to conduct all or substantially all of its business as it now conducts or changes all or substantially all of the nature of its business or merges or consolidates with any other entity without the prior written consent of the Trustee.

15.5. If a Material Adverse Effect has occurred;

15.6. *Enforcement Proceedings*

If any distress, execution or other process shall be levied or enforced upon or against any material assets of the Issuer or Co-Obligors and is not discharged, or stayed within ninety (90) days of service by the relevant officer of the court of such attachment, execution or other legal process, or if there is an encumbrance or a Receiver is appointed over any material assets of the Issuer and or the Co-Obligors and such event is certified in writing by the Trustee to be in its opinion materially prejudicial to the interests of the Bondholders. PROVIDED THAT the Issuer has filed good faith legal proceedings in the relevant court for application for dismissal within (10) Business Days of becoming aware of the order or action; or

15.7. *Breach of Other Obligations*

If the Issuer and or any of the Co-Obligors default in the performance or observance of any covenant, condition, provision or agreement including the representations and warranties, (other than any covenant for the payment of any sum owing on any part of the Bond) binding on them under this Deed, or required by the Issue Documents to which it is a party or any other document delivered in connection with the Bonds, and the Issuer fails to perform fully or make good the breach of such covenant, condition, provision or agreement within thirty (30) days from receipt of notice in writing by the Trustee.

15.8. *Seizure/Compulsory Acquisition of Assets*

If any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of the Co-Obligors;

16. Notices

16.1. Any notice or other document may be given to or served on any Bondholder either personally or by sending it by electronic mail or by post in a prepaid envelope or delivering it addressed to him at his registered address 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 giving of notice to him. In addition to the provisions of this Condition 16.1, notices may also be publicised in any widely read newspaper.

16.2. 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.

16.3. 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.

16.4. Any notice shall be deemed to have been served on the 5th day following the day 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.

17. Prescription

Claims against the Issuer in respect of the Bonds shall be void unless presented for payment as required by Condition 13 within ten (10) years (in the case of principal) and five years (in the case of interest), from the due date for payment of any amount due on such Bonds.

18. Meetings of Bondholders

The rights and duties of the Bondholders in respect of attendance at meetings of Bond holders are set out in the Third Schedule (Provisions for Meetings of Bondholders). Decisions taken at Bondholders meetings may only be exercised by the Trustee in accordance with the Programme Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Bond can only be amended with the consent of the Parties as that term is defined in the Programme Trust Deed.

19. Governing Law

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

Credit Structure of the Programme

The Bonds issued under the Programme may include any of or all of the following structural features designed to reduce credit risk and ensure the timely payment of amounts owed to the Bondholders. The structural features below are not applicable to the all Bonds issued under the Programme, specific structural features applicable to each series of the Bonds will be as set out in the applicable Final Terms..

Establishing and Funding of Transaction Accounts

Minimum Reserve Account

Where applicable as specified in the applicable Final Terms, the Issuer shall, on or before the Closing Date of any relevant Tranche or Series of Bonds, open the Minimum Reserve Account.

Where applicable, the Minimum Reserve Account shall be initially funded on the Closing Date with such amount specified in the Final Terms or calculated or determined in accordance with the provisions of the Final Terms.

Payment Account

Where applicable as specified in the applicable Final Terms, the Issuer shall also in respect of any relevant Series of Bonds open the Payment Account on the Closing Date in the name of the Note Trustee. The Payment Account shall be funded by the Co-Obligors from their cash flow on such frequency and in such instalments specified in the applicable Final Terms ("the Funding Date"), for the purpose of accumulating monies to pay Interest on any Interest Payment Date and repay the Principal Amount on any Payment Date and Maturity Date. The money standing to the credit of the Payment Account on any Payment Date shall be equal to the aggregate Interest Amount and Principal Amount due on the relevant Series on the relevant date.

Joint & Several Obligations of the Viathan Companies

In accordance with the Programme Trust Deed, each of the Viathan Companies shall under the Trust Deed and/or Master Intercompany Loan Agreement (where applicable), jointly and severally, irrevocably and unconditionally guarantee, and undertake, not merely as a surety but also as a primary obligor and co-debtor, joint and several liability with the Issuer, with respect to the payment (immediately on demand, in immediately available funds, without any deduction, set-off, counterclaim or withholding of any kind (including without limitation, on account of taxes)), and performance of all of the obligations the Issuer may from time to time be obliged to pay under or pursuant to the Trust Deed, which obligations of the Borrowers shall include monetary damages arising out of any failure by the Issuer to perform its obligations under the Trust Deed or any other Transaction Document, to the extent that any failure to perform such obligations gives rise to monetary damages, it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each of the Borrowers without preferences or distinction among them (the "Obligations"). The Obligations of the Issuer in the Trust Deed shall be incorporated into and form part of the Master Intercompany Loan Agreement (where applicable).

If and to the extent that any of the Viathan Companies shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then, in each such event, the other Viathan Companies will make such payment with respect to, or perform, such Obligation.

The obligations of each of the Viathan Companies under the Trust Deed and/or the Master Intercompany Loan Agreement (where applicable) are continuing obligations and shall extend to the ultimate balance of sums payable by the Lender under the Trust Deed and the Bonds, regardless of any intermediate payment or discharge in whole or in part.

Authorised Investments

Where specified in the applicable Final Terms, the Note Trustee and/or Security Trustee may at its discretion and pending payment invest moneys at any time available for the payment of principal and interest on the Bonds in Authorised Investments for such periods as it may consider expedient with power from time to time at the like discretion to vary such investments. All interest and other income deriving from such investment shall be applied first in payment or satisfaction of all amounts then due and payable to the Note Trustee and held for the benefit of and paid to the Bondholders of the series of Bond in respect of which the monies invested were, in the opinion of the Note Trustee, received or to which they were attributed.

Guarantee of Issuer's Payment Obligation

Where applicable to any Series of the Bonds the Guarantor shall pursuant to the Guarantee, irrevocably and unconditionally guarantee to the Note Trustee, for and on behalf of the Bondholders, by way of continuing guarantee the due and punctual observance by the Issuer of all its payment obligations of principal and/or interest payable (if any) pursuant to the Terms and Conditions of the relevant Bonds issued by the Issuer.

The intent and purpose of the Guarantee, where applicable, is to ensure that the Bondholders, under all circumstances and regardless of any factual and legal circumstances, motivations and considerations on the basis of which the Issuer may fail to effect payment, shall receive principal and interest and additional amounts payable pursuant to the terms and conditions of the relevant Bonds on the due dates in accordance with the relevant terms and conditions.

The Guarantee constitutes a contract in favour of the Bondholders as third-party beneficiaries entitling the Note Trustee to require performance of the obligations undertaken by the Guarantor and to enforce such obligations against the Guarantor.

Accordingly, the Guarantor shall at any time upon first written demand by the Note Trustee pay all amounts required under the Guarantee without any restrictions in case the Issuer should for any reason fail to pay the amounts due.

Financial Covenants

The financial covenants applicable to each series of the Bonds will be as set out in the applicable Final Terms.

MACRO-ECONOMIC OVERVIEW OF NIGERIA

The Information in this section has been extracted from publicly available data obtained from organizations such as the Central Bank of Nigeria "CBN", the Nigerian Debt Management Office ("DMO"), the National Bureau of Statistics ("NBS"), the Nigerian Federal Ministry of Finance ("FMF"), the Organization of Petroleum Exporting Countries ("OPEC"), the World Bank, the International Monetary Fund (IMF), and other sources believed to be reliable. The Issuer, the Issuing Houses and their respective advisers have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.

Introduction

Nigeria is a coastal West African country, spread across 923,768 km square[1] and bordered by the Atlantic Ocean to the South, the Republic of Benin in the West, Republic of Niger in the North, Chad Republic in the North East and the Republic of Cameroon in the East. The country is made up of thirty-six states and a Federal Capital Territory, Abuja.

Nigeria regained democratic rule from the military in 1999 and has since conducted several elections and recorded significant milestones in its democracy notably in 2007 when the country successfully transferred power from one civilian government to another and in 2015 when it successfully transferred power from one ruling political party to another. The current administration, led by President Muhammadu Buhari, identifies fighting corruption, increasing security, tackling youth unemployment, economic diversification, infrastructural development and boosting the living standards of Nigerians, as its main policy priorities.

Nigeria is Africa's most populous country with a population size of approximately 184 million - growing annually at an average rate of 2.7%. The country's population growth is driven by estimates of an average 37.6 births per 1,000 people versus 12.9 deaths per 1,000 people[2]. Furthermore, Nigeria has a relatively young population and currently accounts for one of the largest youth populations in the world. As at 2016, 43% of the country's population is estimated to be less than 15 years while only about 3% are above the age of 65 years.

Nigeria has the second largest proven oil reserves (37.1 billion bbl[3]) and the largest proven gas reserve (180.1tcf[4]) in Africa. Despite its abundant crude oil reserves, the country's oil and gas production is often hindered by frequent disruptions in supply, mainly due to pipeline vandalism and militancy activities in the Niger Delta region of Country. Furthermore, despite the country's vast natural gas reserve, the sector is limited by the inadequate investment in gas infrastructure to commercialize natural gas that is eventually flared.

Nigeria has the largest economy on the continent, when measured by GDP. Following the rebasing exercise carried out in 2014, where the base year was moved from 1990 to 2010, Nigeria surpassed South Africa to become the largest economy on the continent and the 26th largest in the world with a 2014 GDP of US$568.5 billion. Furthermore, the country has enjoyed sustained economic growth from 2005 - 2015 averaging a growth rate of 6%[5]. The main driver of growth has been the non-oil sector, contributing c.92% to GDP in 2015, whilst the oil sector contributed c.8% over the same period. Despite the low contribution to GDP, the oil and gas sector remains critical to the development of the country and according to the IMF it represents c.95% of exports earnings and c.70% of government revenue.

Nigeria offers the largest market in West Africa, comprising of c.50% of the West African population making it an attractive destination for foreign investment. However, the business environment is often hampered by country's worsening infrastructural deficit and high level of bureaucracy. In 2016, Nigeria ranked 169 out of 189 countries on the Ease of Doing Business Index, according to the World Bank.

1 *World bank country profile 2015*
2 *The World fact book, www.cia.gov*
3 *BP, Statistical Review of World Energy 2015*
4 *BP, Statistical Review of World Energy 2015*
5 *African Development Bank*

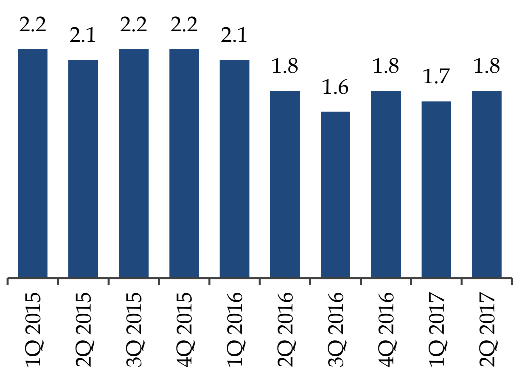
MACRO-ECONOMIC OVERVIEW OF NIGERIA

Gross Domestic Product

In 2016, Nigeria's real GDP growth declined by -1.5% from an average growth rate of c.6% over the last decade (2005 -2015) thus marking the first full year of negative growth in more than two decades. The recession was driven largely by the global crash in commodity prices including the continuous decline in crude oil prices (which fell to a 13-year low in January 2016) as well as the decline in the country's oil production following increased levels of vandalism and incessant militant attacks on oil installations in the Niger Delta. As a result, production averaged 1.6 million barrels per day (mbpd) in Q3 2016 compared to 2.2 mbpd in 2015.

Figure 1. Global Crude Oil Prices (US$ /Barrel)

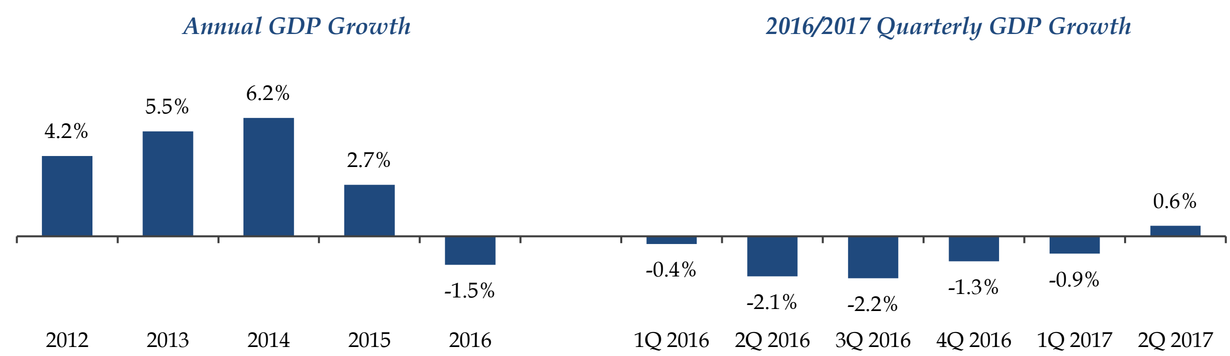
Figure 2. Nigeria's Oil Production (in mbpd)



Source: Nigerian Bureau of Statistics

On a quarterly basis, Nigeria's GDP contracted by -0.4% in 1Q 2016, -2.1% in 2Q 2016, -2.2% in 3Q 2016 and -1.3% in 4Q 2016.

Figure 3. Real GDP Growth (%)

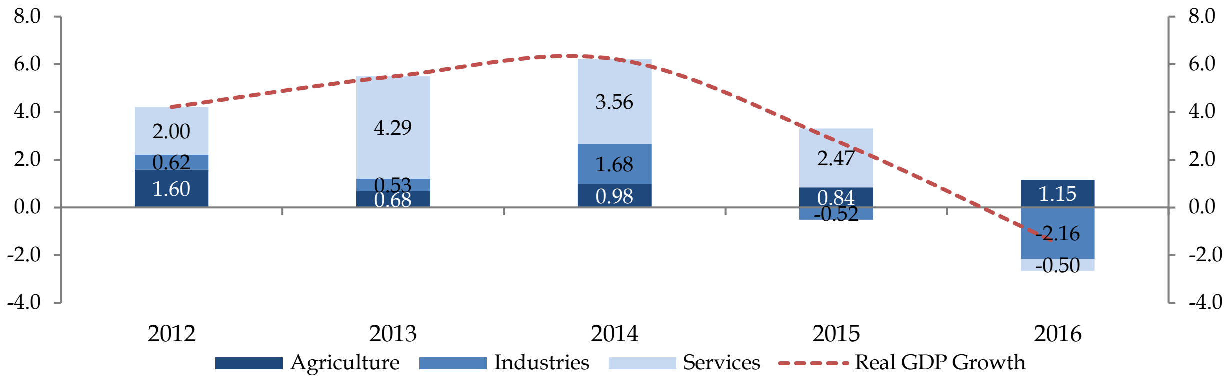


Source: Nigerian Bureau of Statistics

Across the economy, the oil sector witnessed the largest decline in growth, contracting by -13.65% versus non-oil sector which contracted by -0.22%. While the sector only contributed 8.4% to GDP, it accounts for 95% of the Governments' foreign exchange earnings and c.70% of the total revenues Thus, the lower foreign exchange earnings from oil exports had significant spillover effect on non-oil sectors which are dependent on imports of input and raw materials, notably the manufacturing and trade sectors.

Furthermore, lower government earnings reduced public and private consumption, aggregate demand, and further negatively affected other non-oil sectors, especially real estate and other services. These negative spillover effects were magnified by uncertainty around the Government's exchange rate policy and foreign exchange restrictions, which created severe foreign exchange shortages at the interbank market.

Figure 4. Sectoral Contribution to GDP Growth



Source: Nigerian Bureau of Statistics

As a result, manufacturing contracted by 4.3% in 2016, with a particularly sharp drop at the beginning of the year in 1Q 2016. Construction contracted more gradually, with quarterly declines oscillating around the 2016 average of -5.9%. Services, the largest sector of the Nigerian economy (53.6% of GDP) and normally the strongest driver of economic growth (as shown in Table 2), also recorded negative growth (-0.8%) in 2016. However, performance among its sub-sectors was varied: for example, trade (17.2% of GDP) contracted by 0.2%, real estate declined by 6.9%, finance and insurance shrunk by 4.5%, while ICT grew by 2%. Agriculture, which contributes 24.4% to GDP recorded solid and accelerating growth, driven by strong crop performance in favorable weather conditions and also reflecting the impact of Government's strong support to the sector.

Table 1. Summary of Real GDP Growth by Sector and Selected Sub-sector (YoY, %)

Activity Sector	Annual			Quarterly			
	2014	2015	2016	Q12016	Q22016	Q32016	Q42016
Total GDP	**6.2**	**2.8**	**(1.5)**	**(0.4)**	**(2.1)**	**(2.2)**	**(1.3)**
Oil GDP	**(1.3)**	**(5.4)**	**(13.6)**	**(1.9)**	**(17.5)**	**(22.0)**	**(12.4)**
Non-Oil GDP	**7.2**	**3.7**	**(0.2)**	**(0.2)**	**(0.4)**	**0.0**	**(0.3)**
Agriculture	**4.3**	**3.7**	**4.1**	**3.1**	**4.5**	**4.5**	**4.0**
Industry	**6.8**	**(2.2)**	**(8.5)**	**(5.5)**	**(9.5)**	**(12.2)**	**(6.7)**
- Oil & Gas	-1.3	(5.4)	(13.6)	(1.9)	(17.5)	(22.0)	(12.4)
- Manufacturing	14.7	(1.5)	(4.3)	(7.0)	(3.4)	(4.4)	(2.5)
- Construction	13.0	4.4	(5.9)	(5.4)	(6.3)	(6.1)	(6.0)
Services	6.8	4.8	(0.8)	0.8	(1.3)	(1.2)	(1.5)
- Trade	5.9	5.1	(0.2)	2.0	0.0	(1.4)	(1.4)
- Acc. & Food Services	18.3	2.3	(5.3)	(7.4)	(6.4)	(4.9)	(2.7)
- ICT	7.0	6.2	2.0	4.1	1.4	1.1	1.4
- Arts & Entertainment	14.9	9.4	3.7	8.4	1.8	2.0	2.0
- Finance & Insurance	8.1	7.1	(4.5)	(11.3)	(10.8)	2.6	2.7
- Real Estate	5.1	2.1	(6.9)	(4.7)	(5.3)	(7.4)	(9.3)
- Public Administration	2.5	(12.3)	(4.6)	(4.4)	(6.1)	(3.6)	(4.1)

Source: Nigerian Bureau of Statistics

Table 2. GDP Contribution by Sector and Selected Sub-sector (%)

Activity Sector	Annual	Quarterly

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	2014	2015	2016	Q12016	Q22016	Q32016	Q42016
Total GDP	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Oil GDP	**10.4**	**9.6**	**8.4**	**10.3**	**8.3**	**8.2**	**7.2**
Non-Oil GDP	**89.6**	**90.4**	**91.6**	**89.7**	**91.7**	**91.8**	**92.8**
Agriculture	**22.9**	**23.1**	**24.4**	**20.5**	**22.5**	**28.7**	**25.5**
Industry	**24.9**	**23.7**	**22.0**	**24.3**	**22.6**	**21.1**	**20.3**
- Oil & Gas	10.4	9.6	8.4	10.3	8.3	8.2	7.2
- Manufacturing	10.0	9.5	9.3	9.5	9.4	9.2	9.0
- Construction	3.8	3.9	3.7	4.1	4.3	3.1	3.4
Services	52.2	53.2	53.6	55.2	54.8	50.2	54.2
- Trade	16.6	16.9	17.2	18.2	17.6	16.4	16.7
- Acc. & Food Services	1.0	0.9	0.9	1.1	0.7	0.9	1.0
- ICT	10.8	11.2	11.6	12.0	12.7	10.1	11.6
- Arts & Entertainment	0.2	0.2	0.2	0.3	0.2	0.2	0.2
- Finance & Insurance	3.0	3.1	3.0	3.1	3.0	2.9	2.9
- Real Estate	7.7	7.6	7.2	6.5	7.6	7.2	7.6
- Public Administration	2.8	2.4	2.3	2.3	2.4	2.1	2.4

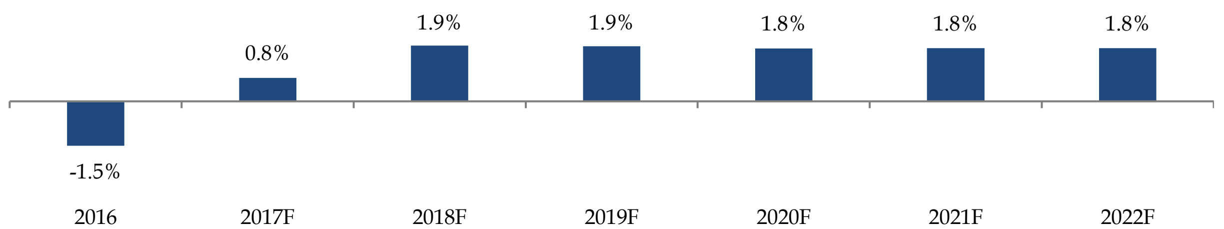
Source: Nigerian Bureau of Statistics

Economic Outlook

The Nigerian Economy is expected to start recovering from the recession and other macroeconomic imbalances in 2017. Economic growth is projected to return to positive territory in 2H 2017 off the back of sustained recovery in the crude oil prices and increased oil production. As a result, fiscal revenue accruing to the Government are expected to increase, thus spurring public sector spending and investment into infrastructure. Similarly, the current account of the Government's balance of payments are expected to strengthen, thus reducing pressure on the currency.

Furthermore, economic growth is expected to recover to above 1% in 2017, driven mainly by restoration of oil production to levels above 2.0mbpd and supported by continued strong growth in agriculture. However, recovery of the industry and services sector will be hinged on the sustained supply of foreign exchange to the interbank market. In line with its new foreign exchange policy measures unveiled in February 2017, the CBN has significantly increased its supply of foreign exchange to the market (supplying over US$2 billion between February and March). In addition, the recently created Investors & Exporters Window by the CBN in April 2017 has improved foreign exchange supply and price discovery in the market and has facilitated over US$2.2 billion of transactions.

Figure 5. Nigeria's GDP Growth Forecast



Source: Nigerian Bureau of Statistics

Monetary Policy

MACRO-ECONOMIC OVERVIEW OF NIGERIA

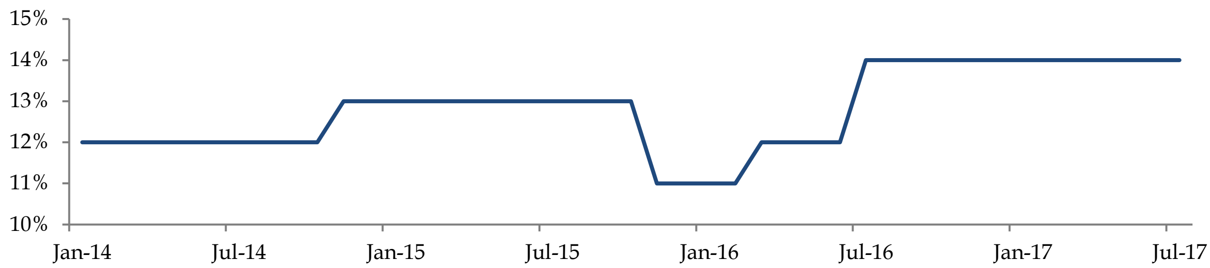
Nigeria's monetary policy is carried out by the Central Bank of Nigeria through its Monetary Policy Committee (MPC). The committee is responsible for managing the country's inflation rate by controlling money supply. The MPC achieves its objectives by modifying benchmark interest rates (such as the Monetary 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 12% for the period of 2011-2014 until it was raised to 13.0% towards the end of 2014. As part of its effort to control money supply, ease liquidity in the financial sector especially following the implementation of the Single Treasury Account (TSA) and generally spur lending activities to the real sector, the MPC at its November 2015 meeting decided to reduce the monetary policy rate (MPR) to 11.0% from 13.0%, adjust the corridor around the MPR to +200 basis points (bps) / -700bps from ± 200bps, and reduce the cash reserve requirement (CRR) to 20.0% from 25.0%.

However against the backdrop of rising inflation and declining foreign currency reserves, at its second Monetary Policy Committee (MPC) meeting of 2016 held on the 22nd of March, the CBN opted to tighten money supply by increasing the MPR from 11% to 12%. In addition, the Asymmetric Corridor for Standing Lending and Deposit Facilities were narrowed from +200 and -700 basis points to +200 and -500 basis points. The Cash Reserve Ratio was also increased from 20% to 22.5%.

To further curb expanding inflation (which was cost driven following currency depreciation), and maintain a positive real interest rate environment sufficient to attract dollar supply from foreign investors, the CBN during its July 2016 MPC meeting opted to increase MPR from 12% to 14%. The latest information from NBS showed a slow down in inflation

Figure 6. Historical Monetary Policy Rate (%)



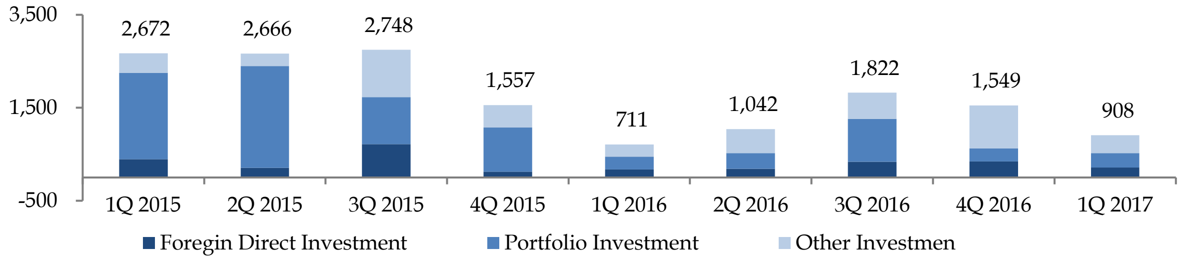
Source: Central Bank of Nigeria

Foreign Capital Importation

Over the last 9 quarters Nigeria has experience a decline in foreign capital importation from US$2.7bn in 1Q2015 to US$0.9bn in 1Q2017. On a quarterly basis, capital important reduced by c.60% from US$1.5bn in 4Q2016. Loans from foreign investors and entities accounted for over 40% of capital important in the quarter followed by portfolio investors which accounted for 35% of capital importation while foreign direct investments accounted for 25%. Of the three groups, only capital from portfolio investors 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, typical 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 7. Capital Importation by Type of Investment ($bn)



Source: Nigeria Bureau of Statistics

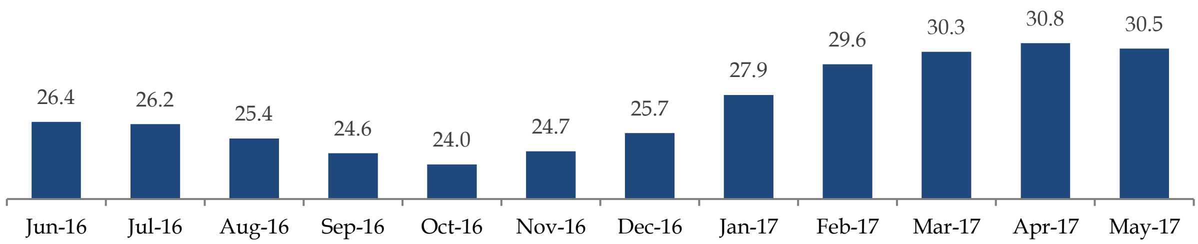
Foreign Exchange and Currency Reserves

Up until the month of June, 2016 Nigeria operated a fixed exchange rate regime with the naira fixed at NGN196/US$. Following increased pressure on the naira resulting from reduced Government FX earnings and declining FX reserves, the CBN adopted a floating exchange rate regime in June 2016 which resulted in a sharp depreciation of the currency from 197/US$ to NGN282/US$ and progressively to NGN305/US$ by September 2016. Since then, the interbank rate has remained flat at around NGN305/US$

To shore up its foreign exchange reserves, which had steadily been declining from August 2015 to US$24 billion in October 2016, the CBN limited its supply of foreign exchange into the interbank market and imposed several foreign exchange allocation/utilization rules. Furthermore, the CBN retained the restriction on foreign exchange access to 41 import products. However, the shortage of supply of foreign exchange to the interbank and other official channels increased demand for foreign exchange on the parallel market, which in turn increased the NGN/US$ rate on the parallel market to above NGN500/US$ in February 2017 thus creating significant roundtripping opportunities and distortions in the market

In the same month, the CBN's foreign exchange reserve recovered to c.US$30 billion which allowed it intervene using more aggressive measures to improve dollar liquidity at the interbank market and narrow the gap between the parallel and official market rate. Some of the measures used included increased supply of dollars to the banks for transactions such as personal and business travel, medical and education fee. Between February and March 2017, the CBN supplied over US$2 billion to the interbank market. In April 2017, the CBN created the Investors & Exporters Window for investors and companies looking to repatriate dividend, capital gains or import fresh capital into the country at a market determined rate (willing buyer and willing seller). This newly created window has helped improved foreign exchange supply and price discovery in the market and has facilitated over US$2.2 billion of transactions

Figure 8. Foreign Currency Reserves (US$ bn)



Source: Central Bank of Nigeria

Inflation

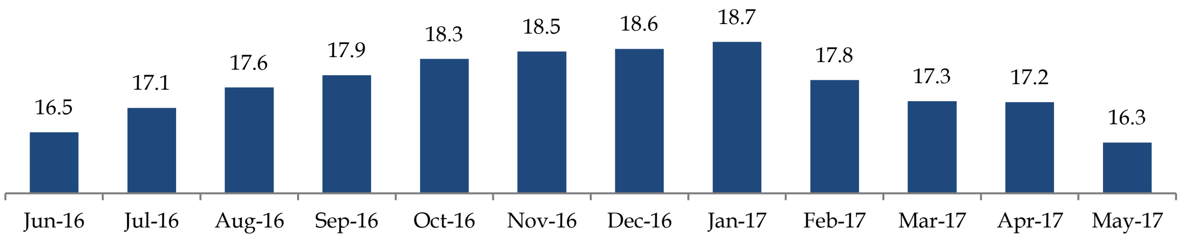
MACRO-ECONOMIC OVERVIEW OF NIGERIA

The Consumer Price Index (CPI) which tracks inflation in the country increased by 16.25% (YoY) in May 2017 which is 0.99% lower than the rate recorded in April 2017 (17.24%). On a month on month basis, the headline index increased by 1.88%, which is 0.28% higher than 1.60% recorded in April 2017.

Non-food index, which slowed to 13.00% (down 1.80% from April 2017) was the major driver of the decline in inflation as food index increased by 19.27% (down 0.03% from April 2017). Furthermore, it is worthy of note that as the imported food inflation slowed on a Year to date basis, overall food inflation increased thus suggesting that food price pressures stem from locally produced food. The slowdown in imported food inflation may also reflect the impact of a stronger naira on the parallel market

Overall, inflationary pressures are expected to slow in 2H17 off the back of stable exchange rates and strong harvest season in 3Q2017

Figure 9: Annual Inflation rate (%)



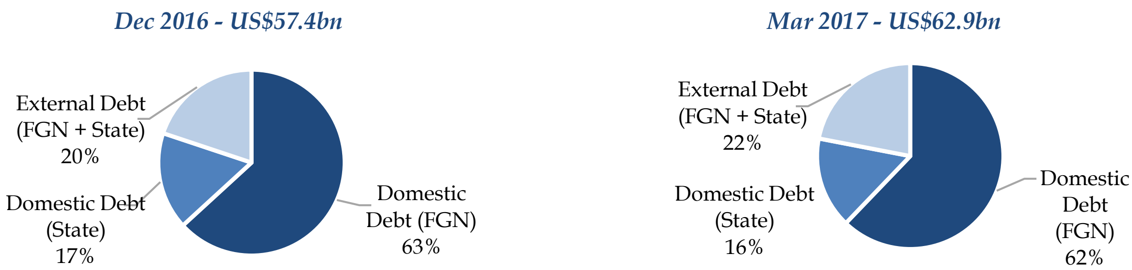
Source: National Bureau of Statistics

External Debt

According to the Debt Management Office (DMO) Nigeria's total public debt as at March 2017 was US$62.9 billion, a 9.5% increase compared to US$57.4 billion in December 2016. Domestic debt accounted for 77.9% of public debt stock while external debt accounted for 22.1%. As at March 2017, federal government bonds represent 68.3% of total domestic stock with Nigerian Treasury Bills and Treasury Bonds representing 30.1% and 1.6% respectively

External public debt of the federal and state governments increased by 21.0% from $11.4bn in December 2016 to US$13.8bn in March 2017. The majority of external public debt was from multilaterals (64.1%) with the World Bank Group supplying 78% of multilateral credit. Bilateral sources represented 14.1% of the total with Exim Bank of China being the main bilateral contributor (85.0%). Eurobond issuances represented 21.7% of the total external debt. Given the shortfall in government revenues and efforts to bridge revenue shortfalls, the Government successfully tapped into the international bond market in March 2017 recording significant investor interest as it raised US$1.5bn 15 year bonds in two tranches under its Global Medium term programme. These efforts have also been complemented by the recent issuance of a $300m Diaspora Bond in June 2017 which was oversubscribed by 130%.

Figure 10: Public Debt Profile



Source: Debt Management Office

Recent Reforms

MACRO-ECONOMIC OVERVIEW OF NIGERIA

Upon being elected into office in 2015, the Buhari led administration set out to pursue a number of reforms in order to transform the economy. The focus mainly was on the eradication of corruption, stimulation of the private sector economy and a reduction of dependence on the importation of petroleum products. In order to achieve its objectives, the government focused on implementing the following reforms:

Treasury Single Account (TSA)

The introduction of the Treasury Single Account is a public accounting system using a single account, or a set of linked accounts by the government to ensure all revenue receipts and payments are done through a Consolidated Revenue Account (CRA) at the CBN. Deposit Money Banks (DMBs) are allowed to maintain revenue collection accounts for Ministries, Department and Agencies (MDAs), but all collections must be remitted to the CRA at the end of every banking day.

The purpose of the TSA is to improve the accountability of government revenue, transparency and avoid misappropriation of funds. Although concerns were raised about the effect of the TSA on the liquidity of the banking system, the policy has been so far successful with the Federal Government collecting up c.N3 trillion as revenue accruals since the TSA's implementation.

Oil & Gas.

In 2008 the Nigerian government set out to restructure the Oil and Gas industry through the implementation of the petroleum industry bill (PIB). However prolonged failure to pass the initial bill through National Assembly has resulted in a call by industry stakeholders to break up the bill into smaller fragments that can be acted into law independently. Currently in circulation is an executive sponsored bill called the Petroleum Industry Governance Bill. The new and improved bill sets out to achieve the following;

- The promotion of transparency and accountability in the petroleum industry;
- The creation of efficient and effective governing institutions with clear and separate roles for the petroleum industry; and
- Establishment of a framework for the creation (out of existing government-owned entities) of commercially oriented and profit driven entities that will ensure value-add and internationalization of the petroleum industry.

Following months of debate, the Nigerian senate passed the Petroleum Industry Governance Bill in May 2017 and is now expected to be passed by the House of Representative, after which the bill will be harmonized and signed into law by the President

The Nigeria Economic Recovery and Growth Plan (ERGP) 2017 - 2020

In recognition of the deep weaknesses of the economy and the potential for further weakening, the Federal Government developed an Economic Recovery and Growth Plan (ERGP) for the period 2017–2020 which was unveiled in March 2017. The ERGP has three broad strategic objectives namely (i.) restore growth; (ii.) invest in human capital; and (iii.) build a globally competitive economy. The strategic priorities of the plan which are categorized into 5 groups include:

1. **Stabilizing the macroeconomic environment**
   - Align monetary, trade and fiscal policies
   - Accelerate non-oil revenue generation
   - Drastically cut costs
   - Privatize selected public enterprises/assets
2. **Achieving agriculture and food security**

- Deliver on agricultural transformation

3. Ensuring energy sufficiency (power and petroleum products)

- Urgently increase oil production
- Expand power sector infrastructure
- Boost local refining for self-sufficiency

4. Improving transportation infrastructure

- Deliver targeted high priority transportation projects
- Enable private sector financing of infrastructure

5. Driving industrialization, with a focus on small and medium-size enterprises

- Improve the ease of doing business
- Accelerate implementation of the National Industrial Revolution Plan.

The Nigeria Power Sector Recovery Program

In response to the urgent need to address the challenges in the power sector, the Ministry of Power developed the Power Sector Recovery Program (PSRP) which was approved by the Federal Executive Council in March 2017. The PSRP is aimed at restoring financial viability of the sector, improving power supply reliability to meet growing demand; strengthening the sector's institutional framework and improve transparency; improving investor confidence in the sector and establishing a viable contract based electricity market

Key components of the recovery program and specific strategies to be implemented notably include:

- Eliminate of cash deficits that have accumulated in the past through to December 2016, including through the full disbursement of the Central Bank's Nigerian Electricity Market Stabilization Facility ("NEMSF")
- Implement an end user tariff trajectory that ensures cost reflective tariffs in the next 5 years
- Funded payment of future sector deficits
- Ensure DISCO performance and accountability, including through the enforcement of commitments made in Performance Agreement signed with the Bureau of Public Enterprises (BPE) and reflected in the tariffs at privatization
- Ensure grid stability by attaining effective and dependable generation and distribution of at least 4,000MW in order to build confidence with consumers
- Ensure that accumulated MDA electricity debts are paid and implement payment mechanism for future bills, including through the introduction of a system where bills are paid centrally on behalf of MDAs and deducted from their budgetary allocations
- Improve sector governance, including through the appointment of vacant boards in all the sector institutions
- Increase electricity access by implementing off grid renewable solutions
- Develop and implement an FX policy for the power sector
- Make contracts effective where penalties are imposed on sector participants that fail to fulfill their contractual obligations
- Implement a comprehensive communication strategy that results in buy-in of all sector stakeholders and Nigerians into the PRSP

OVERVIEW OF THE NIGERIAN POWER SECTOR

The Information in this section has been extracted from publicly available data obtained from organizations such as the Federal Ministry of Power, Nigerian Electricity Regulation Commission "NERC", BMI Nigerian Power Sector Report, KPMG Nigerian Power Sector Report and other sources believed to be reliable. The Issuer, the Issuing Houses and their respective advisers have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.

Power Sector Overview

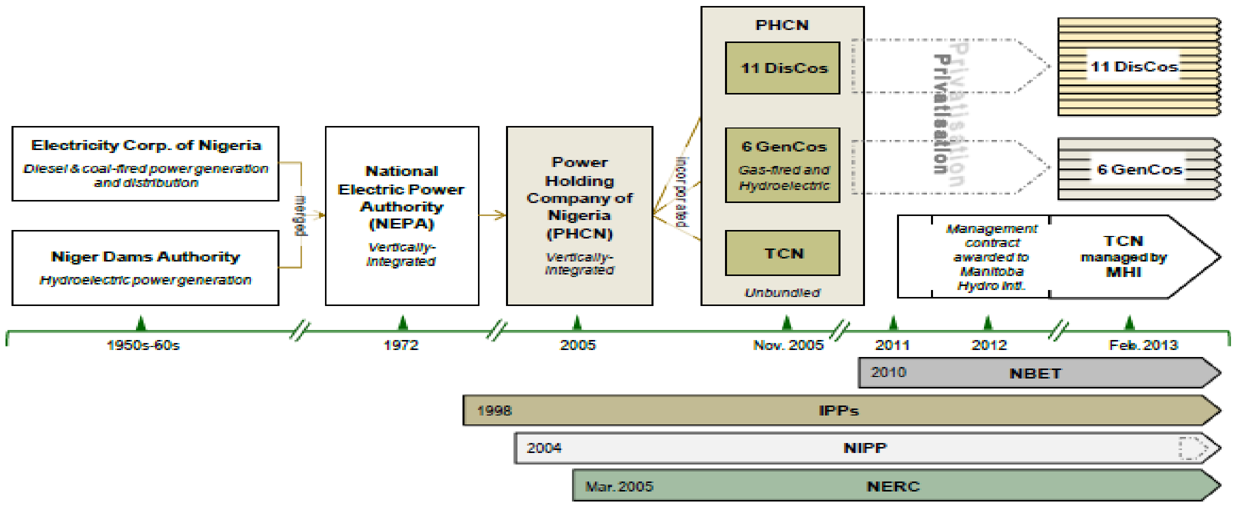
The Nigerian power sector has suffered from neglect, lack of investment and lack of adequate regulation in the past few decades. The country's electricity market is severely undersupplied and it suffers frequent power shortages/outages with electrification rates estimated to be 20%. Since 1972, the Nigerian power sector was managed by the state-owned monopoly, National Electric Power Authority ("NEPA") however, electrification in the country performed poorly during that time period in the hands of the government and by late 1990s it became clear that the Nigerian electricity system was failing to meet Nigeria's power needs. As a result, in 2001, the National Electric Power Policy of 2001 kicked-off the power sector reform in Nigeria, leading to numerous other reforms over the last decade and a half.

In 2005, the Nigerian Government passed the Electricity Reform Act which led to the introduction of NERC (Nigerian Electricity Regulatory Commission) to transform the electricity supply industry into a market-based industry in line with the Federal Government's reform agenda for the country's economic, industrial and social development. Thus, the NERC was established to facilitate the introduction and management of competitive, safe, reliable and fairly-priced electricity in the country. Over the ensuing 18 months, a number of key steps were taken on the road to privatization including:

- The creation of the Power Holding Company of Nigeria (PHCN) to assume the assets, liabilities and employees of NEPA
- Subsequently, the unbundling of PHCN into 18 separate entities and the partial transfer of pertaining assets, liabilities and employees to the newly-created companies consisting of:
  - 6 generation companies (GenCos)
  - 11 distribution companies (DisCos)
  - A bulk-buyer (and re-seller) of electricity, the Nigerian Bulk Electricity Trading Company (NBET) - semi-autonomous but ultimately owned by the FGN
  - A transmission company, the Transmission Company of Nigeria (TCN), which was also to remain government-owned, to manage market and system operations

In 2012, 15 of the 18 unbundled PHCN assets were sold through a competitive privatisation process managed by the Bureau of Public Enterprise, (BPE).

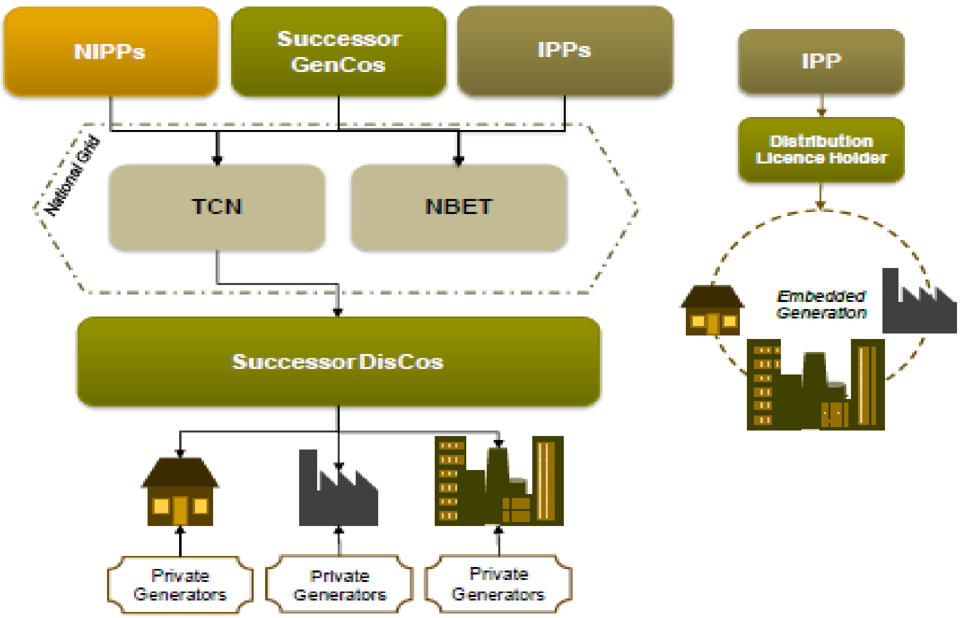
Figure 11. Evolution of Nigeria's Electricity Supply Industry



The completion of these transactions happened in November 2013 after which PHCN ceased to exist and ownership of the 15 successor companies were handed to the private sector. In addition, the Federal Government retained ownership of the Transmission Company of Nigeria,

Following the privatisation exercise, the Nigerian electricity market has gradually evolved and poised to be private sector driven with oversight from key industry regulators such as the NERC and Federal Ministry of Power. Furthermore, recent reforms in the industry has elicited high investment interest from the private sectors with many developers securing generation licenses from NERC to develop Independent Power Plants to complement generation operation of Successor GenCos and NIPP assets.

Figure 12. Nigerian Electricity Market



Nigeria's Electricity Demand Supply Gap

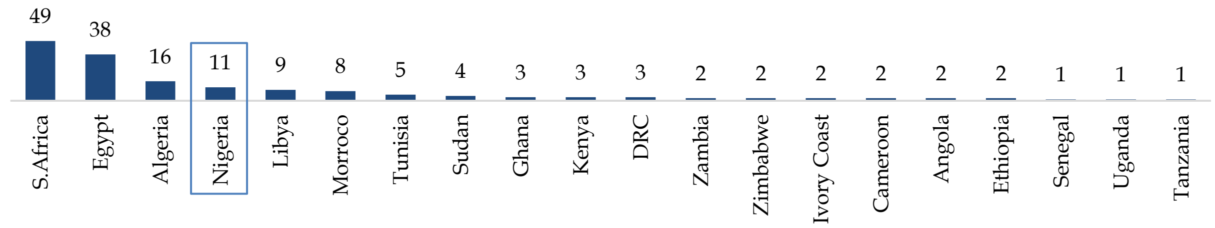
Despite recent privatisation efforts, the Nigerian power sector remains in need of significant investments as its utility-scale electricity generation capacity continues to fall short of meeting domestic demands. Currently, Nigerian has an installed electricity generation capacity for supply to the national grid of c.11,165MW, with available capacity fluctuating between 3,000MW and 4,000MW, to meet the needs of Nigeria's vast and growing population of 180 million people and GDP of US$481m as of December 2015. This compares poorly with South Africa with an installed electricity generation capacity for supply to the national grid of approximately 49,000MW with a population of only about one-third the size of Nigeria's. Furthermore, on a per capita basis, South Africa generates c.875W per capita versus Nigeria which currently generates 60W per capita

At the end of 2016, the demand for electricity in Nigeria was estimated to be 17,520 MW[6] compared to peak generation of 5,000 MW thus resulting in over 90 million Nigerians not having access to electricity. The historic gap between the demand for power in Nigeria and the electricity available from the grid has led to widespread self-generation of power in the commercial, industrial and residential sectors; many individuals and businesses own their generators to compensate for lack of access to and supply of energy. Businesses' reliance on self-generation via diesel-powered generators has resulted in not only environmental impacts that using cleaner fuels could reduce, but also in an increase of the price of goods and services. This is because, typically, self-generation accounts for a significant portion of most

[6] The Nigerian Power Sector Investment Opportunities and Guidelines, June 2016

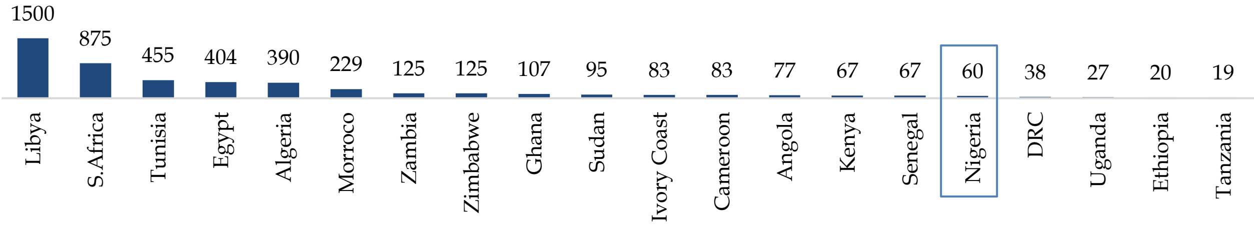
businesses' recurrent expenditure; such significant overhead costs are clearly being passed onto consumers. The historically low level of investment in Nigeria's power sector has been a significant barrier to private investment in the country.

Figure 13. Installed Industry Power Generation Capacity (GW)



Source: EIA& World Bank

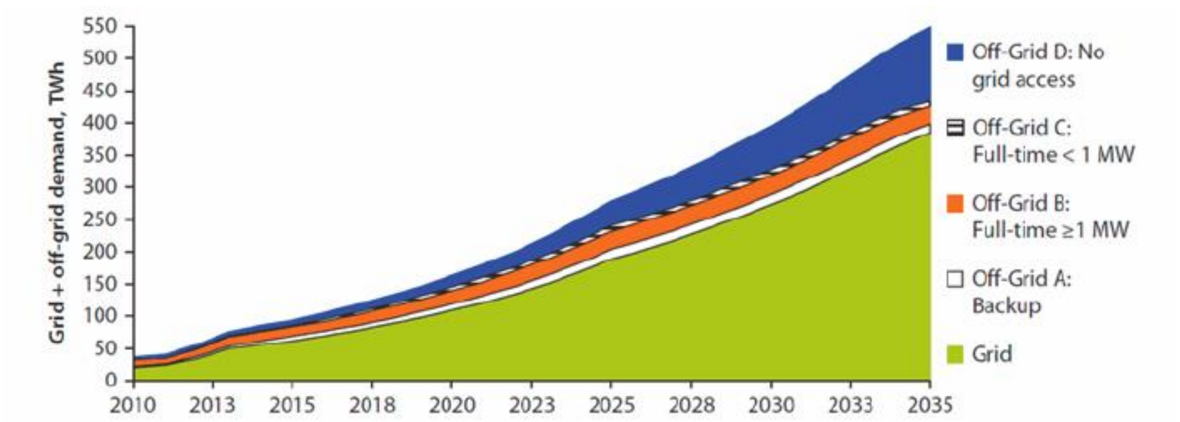
Figure 14. Installed Generation Per Capita (W)



Source: EIA& World Bank

In terms of electricity consumption, Nigeria recorded total electricity consumption of c. 25.50 TWh in 2014 with per capita consumption estimated at c. 0.14MWh/capita[7]. Residential demand accounts for the bulk of electricity consumption at 57.8% while industry and other sectors account for 15.8% and 26.3% respectively. According to the World Bank, electricity consumption is expected to increase significantly in the future driven mainly by increased population, rapid urbanisation and a growing economy unpinned by increased industrialisation and manufacturing activities across various sectors.

Figure 15. Nigeria's Projected Grid and Off-Grid Electricity Demand (TWH)



Source: EIA& World Bank

The chart above shows a strong increase in yearly electricity demand, mainly driven by on-grid demand, and also from off-grid demand from 2020 onwards (blue area, no grid access). According to the World Bank's projection, electricity demand is to grow by a factor of over 5 until 2035 up to almost 530 TWh. This demand could be satisfied by generators with a capacity of ~63 GW, which would have to run throughout the year at maximum output level. Since 100% utilization of all power plants is unrealistic and transmission losses as well as peak power demand are not taken into account yet, even higher generation capacity is necessary for ensuring sufficient supply, if the World Bank's scenario holds true. In summary, with power demand projected to increase significantly in the future, the Nigerian power sector requires significant

[7] International Energy Agency (IEA)

investments in generation, transmission and distribution capacity to bridge the demand supply gap and position the sector for future growth.

Industry Segments

The Power industry operates along 3 value chains:

(I) Generation

As at June 2017, there are 23 grid-connected generation plants operating in Nigeria, with total installed capacity of c.11,165.4 MW and available capacity of 7,139.6 MW[8]. The source of generation is primarily thermal based, with an installed capacity of 9,044 MW (81% of the total) and an available capacity of 6,079.6 MW (83% of the total). On the other hand, hydropower from three major plants account for 1,938.4 MW of total installed capacity, with available capacity of 1,060 MW[8]:

A. **Successor Generation Companies (Gencos):** There are 6 successor Gencos in Nigeria. Their names and installed capacities are:

Table 3. Successor Power Companies and Capacity

S/N	Generation Company	Plant type	Capacity (in MW)
1	Afam Power Plc (I-V)	Thermal	987
2	Egbin Power Plc	Thermal	1,320
3	Kainji/Jebba Hydro Electric Plc	Hydro	1,330
4	Sapele Power Plc	Thermal	1,020
5	Shiroro Hydro Electric Plc	Hydro	600
6	Ughelli Power Plc	Thermal	942

Source: Nigeria Electricity Regulatory Commission

B. **Independent Power Producers (IPPs):** Outside of the successor generation companies, power is generated though IPPs, which are power plants owned and managed by the private sector. IPPs had been running prior to the privatization process and have since spiked since the early 2000's: the NERC had issued about 70 licences between 2012 and 2013 to Independent Power Producers in the country. Some of the larger existing IPPs include Shell – Afam VI (642MW), Agip – Okpai (480MW) and AES Barges (270MW)[8]

C. **National Integrated Power Projects:** The National Integrated Power Project ('NIPP') is an integral part of Federal Government's effort to combat power shortages in the country. It was conceived in 2004 as a fast-track public sector funded initiative to add significant new generation capacity to Nigeria's electricity supply industry along with electricity transmission and distribution and natural gas supply infrastructure required to deliver additional capacity to consumers throughout the country. There are 10 National Integrated Power Projects (NIPPs), with combined capacity of 5,455 MM[7].

The Federal Government has set aside N50 billion in escrow accounts in 3 Nigerian Banks to serve as a buffer for losses that the Gencos may suffer in the course of power transmission. Draw-downs are only possible when the stipulated conditions are met while NBET will manage the accounts. Additionally, the Federal Executive Council recently approvd a N701 billion payment assurance guarantee for participants in the power sector which will be provided provided by the Central Bank of Nigeria

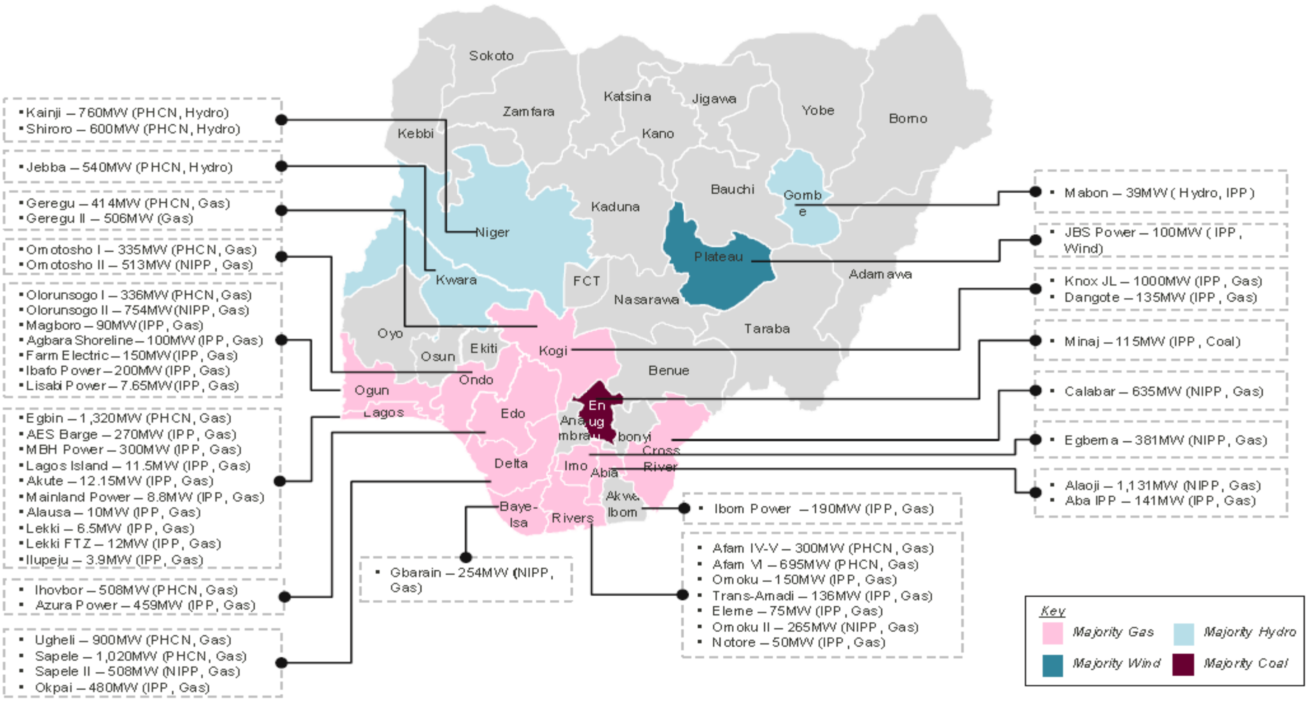
[8] *Nigerian Electricity Regulatory Commission*

Table 4. NIPPs in Nigeria: Capacity and state of completion

S/N	Generation Company	Capacity (in MW)	Status
1	Alaoji	1,131	Phase I completed, Phase II on-going
2	Benin	508	Completed
3	Calabar	634	Completed
4	Egbema	381	On-going
5	Gbarain	254	Completed
6	Geregu	506	Completed
7	Ogorode	508	Completed
8	Olorunsogo	754	Completed
9	Omoku	265	On-going
10	Omotosho	513	Completed

Source: Nigeria Electricity Regulatory Commission

Figure 16. Power Generation - Competitive Landscape Post Privatization



Source: Nigeria Electricity Regulatory Commission

(II) Transmission

The Transmission Company of Nigeria is a successor company of PHCN, following the unbundling of the sector, and until recently was managed by a Management Contractor, Manitoba Hydro International (Canada) under a 3 year management contract. Manitoba was responsible for revamping TCN to achieve technical and financial adequacy in addition to providing stable transmission of power without system failure. Currently, the transmission capacity of the Nigerian Electricity Transmission system is made up of about 5,523.8 km of 330 KV lines and 6,801.49 km of 132 KV lines. The TCN is made up of two major departments: System Operator and Market Operator. The Market Operator (MO) is a department under TCN charged with the responsibility of administering the wholesale electricity market, promoting efficiency and where possible, competition. The System Operator (SO) is focused on system planning, administration and grid discipline.

(III) Distribution

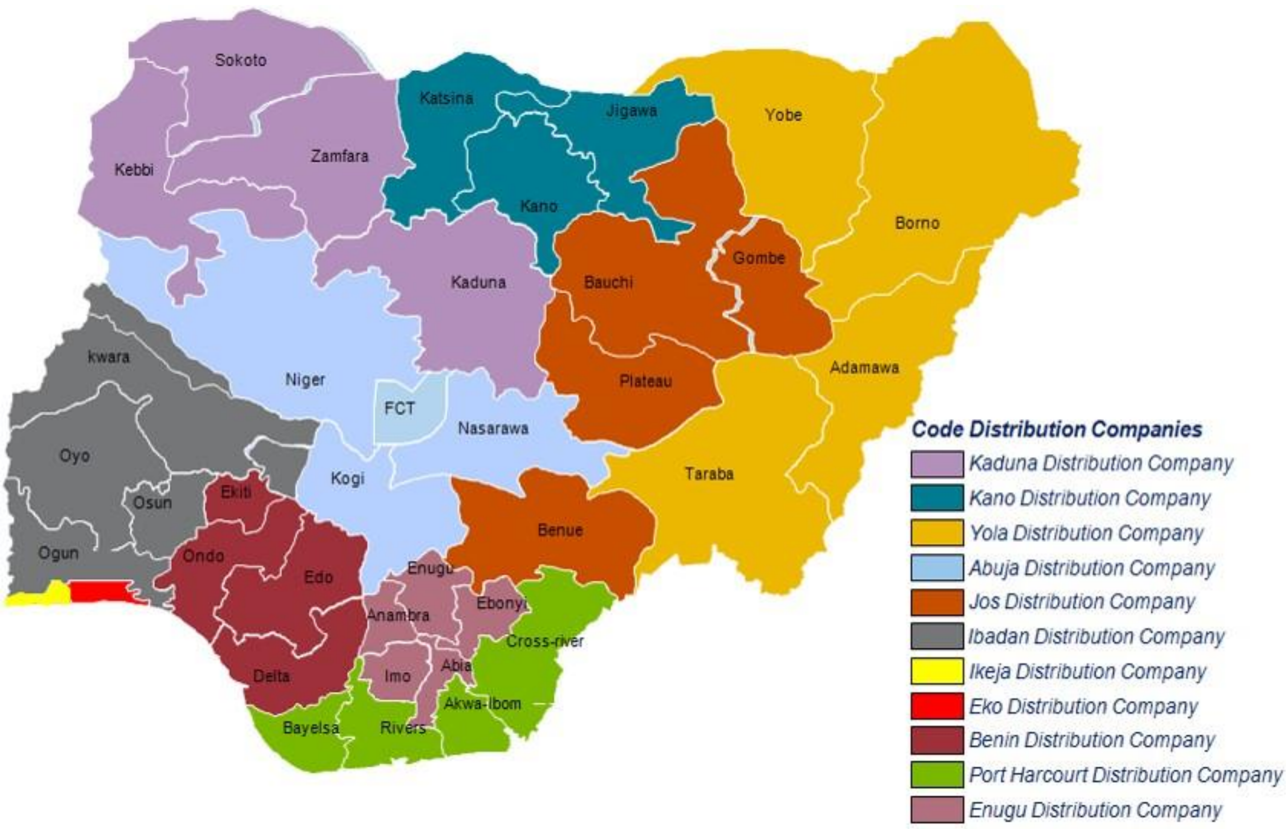
11 electricity distribution companies in Nigeria power the country and are spread across all regions of Nigeria. Each distribution company has an assigned power load allocated to serve the region it covers:

Table 5. Load Allocation to Distribution Companies in Nigeria

S/N	Disco	Load Allocation
1	Abuja Distribution Company	11.5%
2	Benin Distribution Company	9%
3	Eko Distribution Company	11%
4	Enugu Distribution Company	19%
5	Ibadan Distribution Company	13%
6	Ikeja Distribution Company	15%
7	Jos Distribution Company	5.5%
8	Kaduna Distribution Company	8%
9	Kano Distribution Company	8%
10	Port Harcourt Distribution Company	6.5%
11	Yola Distribution Company	3.5%

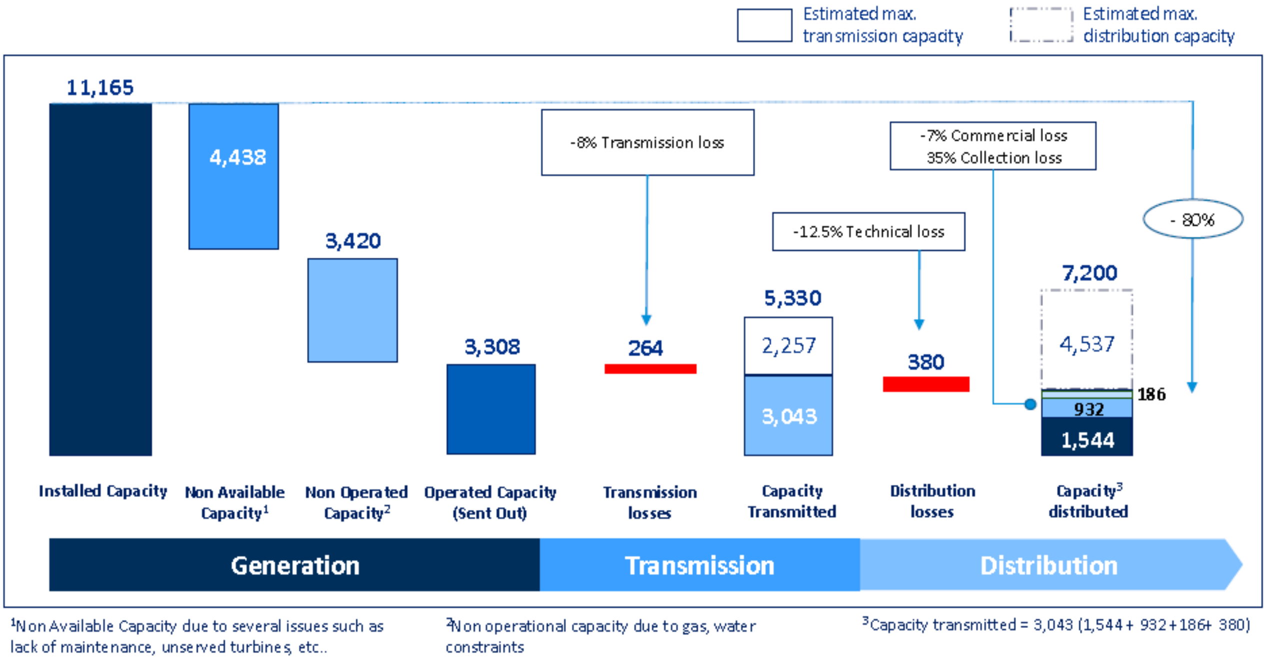
Source: Nigeria Electricity Regulatory Commission

Figure 17. Distribution Companies coverage in Nigeria



Source: *KPMG, A guide to the Nigerian Power Sector, September 2016*

Figure 18: Nigeria Power Sector Energy flow (MW) - *Only 20% of Nigeria's Installed capacity is distributed*



Source: KPMG, A guide to the Nigerian Power Sector, September 2016

Type of licenses

The power market participants (key players in the eco-system) are required by the NERC to obtain the appropriate licence to operate. There are a number of licenses issued per player depending on the company's role in the power value chain.

(I) Electricity Generation License

The electricity generation licence authorises its holder to construct, own, operate and maintain a generation station for purposes of generation and supply of electricity in accordance with the Electric Power Sector Reform Act, 2005. Subject to this Act, the holder of a generation licence may sell power or ancillary services to any of the classes of persons specified in the licence. An electricity generation licence is needed for any power generation activity, other than for self consumption, beyond 1MW.

(II) Distribution License

A distribution licence authorises the licensee to construct, operate and maintain distribution systems and facilities, including, but not limited to, the following activities as may be specified in the licence:

a) the connection of customers for the purpose of receiving electricity
b) the installation, maintenance and reading of such other distribution service equipment

A distribution licensee may also have the obligation to provide electricity to its distribution customers, pursuant to the terms of a trading licence issued by the NERC to the distribution licensee[8]

(III) Transmission License

A transmission licence authorises the licensee to carry on grid construction, operation, and maintenance of transmission system within Nigeria, or that connect Nigeria with a neighbouring jurisdiction, limited to the activities specified in the licence issued[8]

(IV) System Operator License

A system operation licence authorises the licensee to carry on system operation, including, but not limited to:

a) generation, scheduling, commitment and dispatch

b) transmission scheduling and generation outage co-ordination;
c) transmission congestion management;
d) international transmission co-ordination;
e) procurement and scheduling of ancillary services and system planning for long term capacity
f) administration of the wholesale electricity market, including the activity of administration of settlement payments, in accordance with the market rules; and
g) such other activities as may be required for reliable and efficient system operation

(V) Trading License

A trading licence authorizes the licensee to engage in the purchasing, selling, and trading of electricity. NERC determines the terms and conditions of trading licences as may be appropriate in the circumstances. NERC may also issue temporary bulk purchase and resale licence, giving the licensee, the ability to purchase electrical power and ancillary services from independent power producers and successor generation companies for the purpose of re-sale to one or more other licensees, or to an eligible customer. The NBET is a licensed trading entity in Nigeria[8].

Industry Update

The industry has faced a myriad of challenges since the handing over of the various power assets on the 1st of November 2013. In their current state, the core focus of investors has been to achieve business stability. The following summary below, highlights the 5 major challenges the industry has faced and is still facing:

(I) Liquidity & Financial Solvency

The entire sector value chain was plagued with intense liquidity challenges at the point of take-over. Studies revealed that the actual ATC&C losses are in many cases higher than the basis of the business plan for the take-over of these assets. Furthermore, it became apparent that the tariff was not sufficient to generate revenues to cover the costs of the entire value chain. Thus, there was a huge deficit in the sector.

This liquidity challenge has posed a serious threat to the growth of the sector. Considering that most of the assets acquisition was funded through loans from financial institutions with over-bearing interest rates, the huge revenue gap encountered at privatisation stalled additional investments. The misalignment of receivable and payable days further aggravated the liquidity challenge of the sector and underscored the need for working capital loan for most Gencos. The burden of higher actual transmission loss levels than permitted by the regulator stifled estimated profit levels. The revenue requirement needed to drive Capex investment was grossly unavailable and in the early days of privatisation, it was clear that government intervention in the form of subsidy, bail-out or grant was required to stimulate the sector and encourage further investment.

(II) Gas Infrastructure, Supply and Pricing

With natural gas reserve of more than 5 trillion cubic meters, Nigeria is the country with the 9th largest gas reserves in the world and the largest in Africa, however, the gas challenges in Nigeria cannot be overemphasized. Gas supply remained the most critical challenge the power sector faced at take-over. With an available capacity of 6,056MW at take-over, inadequate gas supply constrained generation to less than 4,000MW. The nature of the gas challenge is multi-faceted. The Nigerian National Petroleum Corporation estimates that about 12% of the gas produced in Nigeria do not end up in the market but are flared. This is because a lot of the major oil and gas producers have been reluctant to invest in gas production and processing facilities. One key reason is that the gas industry is highly regulated. Producers of gas, under the current regime, are given domestic supply quotas with a fixed price. Therefore, most producers have complained that, considering the prohibitive cost of investment required, they may not be able to recoup their investment unless the price regulation is lifted and off takers of the gas made to pay commercial rates.

In a quick move to address gas pricing issue, a revised gas-to-power price of $3.3/MMBtu was proposed, but investors continue to push for pricing that is at par with international market to spur investment. As long as this issue remains unresolved, the major oil and gas companies are unlikely to change their policy and will not make the required massive investment in gas production, processing and supply infrastructure for power generation. Also, the current Petroleum Industry Bill (PIB) before the National Assembly contains provisions that may be considered inimical to the growth of gas production. If the PIB is passed 'as is,' the incentives that are currently available to companies which invest in gas production may no longer apply. This may further discourage the production of gas with its attendant impact on the power sector since the country relies heavily on gas-fired plants. There is also the issue of gas transportation constraint as a result of the vandalism of gas pipelines. It is therefore clear that a lot still needs to be done to address the issues of gas production, supply and transportation if the reforms of the power sector are to succeed.

(III) Skilled Manpower

Another critical challenge encountered at take-over was the dearth of adequately skilled man-power in the sector. This hampered the immediate gains stakeholders expected to see. It was clear that the erstwhile PHCN did not make sufficient investment in the training and capacity building of adequate manpower, a direct consequence being that investors took over an over-bloated workforce with little technical competence and professionalism. The establishment of the National Power Training Institute of Nigeria (NAPTIN) by the government to ensure the availability of manpower equipped with the requisite skills and practical know-how required for engagement in the different fields and professions of generation, transmission and distribution sectors was not sufficient to guarantee skilled manpower at take-over. As a quick fix, some of the investors embarked on training programmes, both locally and internationally, with the help of the technical partners to bridge identified skills gap. However, this increased the operating cost for the utilities considering gas challenge and higher loss levels already made huge profit realization a far cry from reality.

(IV) ATC&C Losses

ATC&C loss sums up the challenges faced by the distribution segment of the power sector value chain at take-over. The success of the Discos' bids were based on agreed commitment from the bidders for a given loss reduction trajectory. However, the baseline ATC&C loss level assumed by the regulator to establish a loss reduction trajectory for the Discos was lower than actual at certain Discos. It was therefore evident that the setting of the loss level commitments, in many cases was rather too ambitious, in addition to the non-cost reflective nature of Disco tariffs. To meet the daunting loss level commitment, additional Capex investment was required for a sector with a huge revenue and funding gap.

(V) Declaration of Force Majeure

The operating environment for some investors subsequent to the take-over was a complete deviation from the assumptions in the business plan and post-acquisition plans. The activities of insurgents and the fight against insurgency in three of the states serviced by Yola Electricity Distribution Company (YEDC) hampered the smooth operations of the Disco and led to declaration of force majeure by YEDC on six occasions. Collection losses skyrocketed and critical distribution network and infrastructure were sabotaged. The inability of the Disco to fulfil its contractual obligation finally resulted in a take-over by the government in June, 2015 for operations and maintenance. There was limited visibility on management of external stakeholders and contractors, absence of linkage between events in the firm with their impact on profitability, decision making was largely without deference to data, absence of coordination for target setting, limited investment planning & budgeting exercise. To realise the gains of privatisation, the new investors introduced a commercial approach to business. Despite the current challenges, a number of measures are being deployed to create a path to a strong recovery in the industry. A two-prong approach - commercial and government – is being deployed to address the respective challenges stated above:

Commercial solutions

(I) Leakage Plugging

Lack of appreciation for commercial orientation and its linkage with profitability was the bane of the privatized power firms in Nigeria. Prior to privatisation, most power firms were run as cost centres with allocation from the Federal Government. Management Information Systems (MIS)/ Business Planning functions have been created across various firms to monitor and report on business performance. Processes and procedures have been reviewed to enhance efficiency and effectiveness of business functions, key resources have been exposed to intensive capacity building interventions, and rigorous budgeting and planning process have been practised prior to approval and disbursement of funds. In addition, many of these firms have adopted various initiatives targeted at plugging revenue loopholes

(II) Operational Efficiency

At the point of take-over, it was evident that the existing level of efficiency across the power utilities would result in significant losses and poor returns on investors' funds. Part of this was addressed in the performance targets set for utilities. A key requirement for success of the privatisation bid was evidence of partnership with technical Operations and Maintenance (O&M) contractors and a commitment to improve efficiency levels to set targets. Most Gencos have hit the ground running on this directive with several initiatives such as plant overhauls, repairs, and availability of mandatory and non-mandatory spares. Discos investment in transformer and metering installations, improved turnaround time for repairs and maintenance, prompt response to customer complaint were some of the initiatives undertaken by Discos to improve the efficiency of their respective operations and network.

(III) Customer Service Focus/ Engagement

Power firms were faced with severe operational challenges at take-over. Power-theft, inadequate power supply, customer dissatisfaction, collection losses, limited gas supply, stranded capacity, inadequate revenue were some of the issues requiring immediate attention. It was incumbent on investors to adopt a strategic approach at targeting investments to address these shortfalls. The regulator was equally firm on its position for required investment levels aimed at stimulating growth in the sector. Immediate investments were largely focused on meter procurement to reduce power theft and collection losses, investment in distribution facilities (transformers and distribution lines) to increase distribution capacity, rehabilitation of stranded units to increase generation capacity, investment in gas meters for accuracy in gas consumption and investments in strengthening the transmission capacity.

Government Response

(I) Pipeline Infrastructure Security

Pipeline vandalism remains one of the most critical challenges facing the sector. In a country with inadequate pipeline infrastructure and about 81% of generation being gas-based, the far-reaching effects of vandalism cannot be over emphasized. The activities of pipeline vandals had led to a colossal cost of over N174bn in product losses and repairs of pipelines within the last 10 years. Successive governments have implemented various policies and tried various approaches to tackle this menace.

The amnesty policy of government, engagement of local communities, and sensitization of the public through the media have failed to achieve a hundred percent result in the fight against vandalism. The government has however renewed efforts in the fight against vandalism adopting a collaborative approach between the military, the police force and local community to secure pipeline infrastructure in the country.

(II) CBN-Nigeria Electricity Market Stabilisation Facility: (NEMSF)

Following privatisation, the power sector was fraught with liquidity challenges arising from several factors including insufficient gas supply, legacy gas debt and higher baseline ATC&C loss level than what was assumed under the current MYTO 2. In a quick move to correct these market anomalies, CBN partnered with other players, Ministry of Petroleum Resources, Ministry of Power, Nigerian Electricity Regulatory Commission and Deposit Money Banks (DMBs) to put in place N213bn NEMSF fund to address shortfalls in power sector revenues due to lower tariff. The facility was also to help settle basic gas debt that accrued during the Interim Rules Period (IRP) and in the process reset the economics of the power sector. The objective was to ensure the power sector delivers tangible improvements in power supply and position the market on a route to economic viability and sustainability. The facility would be repaid over a ten-year period at an all-inclusive charge of 10% per annum with a moratorium period of 12 months on the principal amount

(III) Strengthening of Transmission Network

In the light of rising levels of generation in the country since privatisation, TCN has shown renewed commitment to ramp up the transmission facilities to evacuate more power from the grid as part of initiatives to ensure a rounded development of the sector and avoid transmission being the weakest link in the industry chain. TCN embarked on several projects to upgrade equipment and infrastructure as well as strengthen the transmission network. The installation and commissioning of the transmission substation in Calabar, power transformer Ibadan North and Suleja transmission substations are some of the projects targeted at strengthening the wheeling capacity of TCN. Efforts are also underway to build a robust supergrid network. Some of the efforts by TCN have yielded immediate results. In September 2015, the system attained a new peak energy of 104,794MWh wheeled across the TCN network

(IV) Declaration of Transitional Electricity Market (TEM)

The TEM, which is expected to introduce competition into the market, was initially envisaged to commence upon the handover of the PHCN in November 2013 but some of the conditions precedent to the declaration of TEM were still in the process of implementation. The lack of a cost reflective tariff and the much needed reset of the Discos baseline losses needed to be resolved before the declaration of TEM. It wasn't until February 2015 that TEM was announced. This market stage is the intermediate step to move the electricity market from an integrated whole utility to a full competitive market structure with more differentiated market participants, and is characterized by contract based arrangements for electricity trading. Some of the conditions precedent which were satisfied before the declaration of TEM include:

- Passage of the Electric Power Sector Reform Act
- Formalisation and effectiveness of trading arrangements (contracts) between participating companies
- Development, implementation and testing by the SO and MO of the systems and procedures to implement the grid code and market rules respectively
- Effectiveness of a cost reflective tariff

With the declaration of TEM, it is expected that:

- All electricity trading arrangements will be consummated through PPAs, vesting contracts and gas sale agreements (GSAs) which were executed during the privatization process
- Market Operator shall develop a market procedure for the management of inadequate supply and shortage conditions during the transitional stage.
- The System Operator, on the other hand, will allocate generation shortages proportionally among loads and will be tested and improved during the transitional stages, and shall become part of the grid code at the start of the medium term market
- NERC's codes and rules would not only be effective but be operational amongst market participants and service providers. The codes and rules include: the grid code, metering code, distribution code, health and safety code and market rules
- Multi buyer model proposed in the roadmap to the power sector reforms will take effect and bilateral agreements between successor Gencos, IPPs and Discos will become operational

(V) Cap on Estimated Billing
Prior to the privatisation, the Nigerian power sector was characterised by huge metering gap with less than 50% of electricity consumers having active billing meters. A direct implication of this was increased commercial and collection losses for Discos, a huge revenue gap in the sector and sometimes outrageous billing for customers when Discos fail to adhere to methodology initiated by NERC for estimated billing. NERC, in furtherance of its mandate to ensure an efficient and fair electricity market that ensures an adequate, reliable and affordable supply of electricity consumers, had initiated several programmes and schemes to stimulate metering of unmetered customers. The Credited Advance Payment for Metering Implementation (CAPMI), whereby willing customers can advance money for purchase and installation of meters which should mandatorily be installed within 45 days by the Discos, was one of such. This initiative was taken in recognition of the fact that the Discos are heavily burdened with lots of challenges and may not have enough funds to deploy meters at once to all customers. However, a lot of Discos were non-compliant with CAPMI. In another move to de-incentivize estimated billing, the regulator set in motion consultations and actions that could eventually lead to its capping of the revenues that Discos can generate from their customers through the estimated billing method. The cap at a level will protect unmetered customers and provide sufficient incentives for the Discos to quickly meter such customers. The NERC has also directed Discos to exempt customers from the estimated billing system if they are not metered within 60 days of payment.

(VI) Restriction on Importation of Meters
The Nigerian electricity market regulator had always emphasized its strong commitment to promote local content, ensuring that the growth in the electricity sector contributes to the improvement in job creation and household income as well as growth in the economy. In a move to give bite to the local content obligation in metering of customers, the regulator imposed restrictions on certification of meter importers and mandated Discos to patronise local meter manufacturers. Importation of meters would only be permitted if local manufacturers could not meet demand. Many importers reacted to this move and requested for a lift on the ban and the issuance of interim licences to establish meter manufacturing plants in Nigeria

General Sector Updates since privatization

Some of the key updates in the sector from privatization till date are presented below:

(I) Promotion of Bilateral Trading
With the declaration of TEM and gradual migration towards market maturity, the regulator has maintained a strong position to encourage increased competition among market players. At this stage of the market, the concept of bilateral trading is nascent, but the regulator is resolute in its bid to permit Gencos and Discos to directly contract with one another for power purchase without recourse to the national grid. Embedded generation regulation also enables short term provision of electricity with an objective to make power available in a reliable and quickest possible approach. The regulator in collaboration with key stakeholders initiated the process of creating a framework for industrial embedded generation and successfully issued regulations for Mini Grids in 2016

(II) Planned Unbundling of TCN
The limited capacity of Nigeria's transmission infrastructure has remained a major challenge in the sector and the need to ensure an effective and efficient transmission sector is critical to realization of the objectives of the EPSR Act. In keeping with the goals of the power sector reforms, NERC commenced consultations with relevant stakeholders with a view to determining the operational structure of TCN to make it more efficient. It is essential that the final unbundling into separate units be carefully worked out in line with models obtainable in similar and different electricity markets in other jurisdictions. In this initiative, the various models available in unbundling TCN into two separate entities (System Operator and

Transmission System Provider), are those of an independent system operator, which is like a Non-Governmental Organisation jointly owned by Gencos and Discos; another option is the initiation of a regional system operator while TSP will remain in the hands of the government.

(III) Federal Government Guarantee for Azura-Edo IPP

Attracting more private sector investments, and establishing supporting institutions that are critical to the reforms is key to realizing the gains of privatisation. The need to drive accelerated investment in the power sector through IPPs was further underscored by the signing of $237Mn guarantee between Federal Government (through the FMF and NBET) and the World Bank in August 2015 to bring additional 450MW to the national grid by 2018 through the Azura-Edo IPP. Other gains from the Azura-Edo IPP project is the setting of the contractual framework for the development of other large-scale IPPs. This is equally expected to drive other projects with the World Bank Partial Guarantee Scheme.

License Review

Over 124 generation licences that ought to have brought about an additional 30,000MW to the national grid had been issued by the regulator between 2006 and now. However, the envisaged additions to the grid from these projects are yet to be realised. In a move to sanitize these developments, the regulator commenced an audit/ review process for issued licences. Following this exercise, licensees were requested to provide justification for non-cancellation of their licences. Licensees were placed in the following five categories after the review:

- Category 1 with about 63 firms that are currently in operation and have no issues with the regulator
- Category 2 with about 3 firms that have ceased operations
- Category 3 with about 13 firms that are not in operations but have substantially satisfied their milestones
- Category 4 with about 5 firms which are not in operations but have not substantially satisfied their milestones
- Category 5 with about 19 firms not in operation and have not been submitting quarterly reports to the Commission

Periodic review of these licences is important for accountability, record, and monitoring purposes within the sector to check against the gaming of the provisions of the various orders and rules by the operators.

DESCRIPTION OF VIATHAN FUNDING PLC

The Information in this section has been extracted from documents and publications available and released by the Issuer. Neither the Issuer nor its advisers are able to ascertain if facts have been omitted that would render the reproduced information inaccurate or misleading.

Introduction

Viathan Funding Plc "the Issuer" was incorporated in Nigeria on the 13th of June 2017 (registered number 1418760) as a public limited company under the name of Viathan Funding Plc. The registered office of the Issuer is at 17B Chibo Ofodile Close, Off Ladipo Latinwo Crescent, Lekki Phase 1, Lagos. The Issuer has no subsidiaries.

The Issuer is a special purpose funding vehicle of the Viathan Companies with no business operations (or subsidiaries) of its own, other than borrowing, advancing / passing through funds to, and receiving funds from the Viathan Companies.

The authorized share capital of the Issuer is N1,000,000 divided into 1,000,000 divided ordinary shares of N1.00 each, all of which have been issued at par, and are held by each of the Viathan Companies as follows:

Name	Shareholding	Percentage (%)
Akute Power Limited	100,000	10%
Gasco Marine Limited	200,000	20%
Island Power Limited	100,000	10%
Lisabi Power Limited	50,000	5%
Marine Power Limited	200,000	20%
PIPP LVI Genco Limited	100,000	10%
Tofu Energy and Power Company	50,000	5%
Viathan Engineering Limited	200,000	20%
Total Shareholding	**1,000,000**	**100%**

The principal objectives of the Issuer, a special purpose vehicle, are set out in clause 3 of its Memorandum of Association and, amongst other things, are to raise or borrow money to lend and to grant security over its assets for such purposes and to enter into arrangements for such purpose

Principal Activities

The principal activities of the Issuer will be to borrow or raise money in such manner as the Issuer shall think fit and to lend such monies to the Viathan Companies and where applicable grant any security over its assets for such purposes subject to and in accordance with the terms of the Transaction Documents. The applicable assets include the Issuer's rights, title, benefits and interest present and future, which have been granted to the Issuer pursuant to the terms of the Trust Deed and/or Master Intercompany Loan Agreement (where applicable) and all the other Transaction Documents to which the Issuer is a party.

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 authorisation 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 the terms of the Trust Deed, and other related Transaction Documents.

Directors and Secretary

The Directors of the Issuer and their respective business addresses and other principal activities are:

Name	Business Address
Adewale Adeosun	17B Chibo Ofodile Close, Lekki, Lagos
Akintoye Akindele	17B Chibo Ofodile Close, Lekki, Lagos
Ayodele Arogbo	17B Chibo Ofodile Close, Lekki, Lagos
Olayinka Odeleye	17B Chibo Ofodile Close, Lekki, Lagos
Richard Okello	17B Chibo Ofodile Close, Lekki, Lagos
Oladimeji Sanni	17B Chibo Ofodile Close, Lekki, Lagos
Kunle Falola	17B Chibo Ofodile Close, Lekki, Lagos
Irunna Ejibe	17B Chibo Ofodile Close, Lekki, Lagos

Company Secretary	Business Address
Ikaar Corporate Services	21, Boyle Street, Onikan, Lagos Island, Lagos

Indebtedness

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

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.

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.

Financial Information

Since the date of incorporation, the Issuer has not commenced operations and save for the statement of affairs, and financial projections no financial statements have been made up as at the date of this Shelf Prospectus.

Litigation

The Issuer is not and has not been since its incorporation engaged in any litigation or arbitration proceedings which may have or have had during such period a significant effect on its respective financial position and, as far as the Issuer is aware, no such litigation or arbitration proceedings are pending or threatened.

Description of the Viathan Companies

For the purpose of the contemplated transaction, Akute Power Limited, Gasco Marine Limited, Island Power Limited, Lisabi Power Limited, Marine Power Limited, PIPP LVI Genco Limited, Tofu Energy and Power Company Limited and Viathan Engineering Limited are herein referred to as "the Viathan Companies" or "the Group"

Overview of Viathan Companies (also referred to as "the Group")

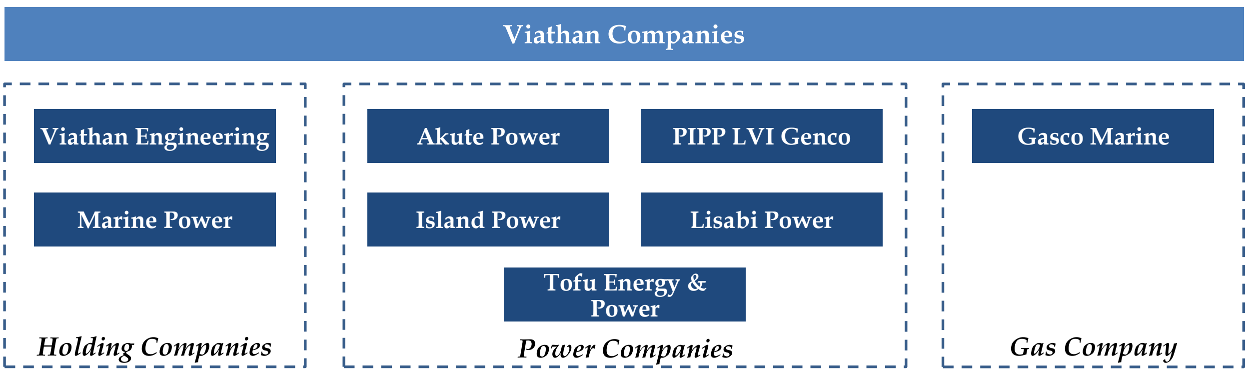
The Viathan Companies (also referred to as "the Group") through the various operating entities are involved in:

i. The development of independent power solutions and management of long term agreements for power distribution to governmental (B2G), commercial (B2B) and bulk residential (B2C) clients in the Lagos metropolis and key cities across Nigeria, using natural gas (CNG or piped gas) as fuel; and

ii. The development and operation of gas infrastructure such as pipelines and compression tanks to facilitate end to end supply to the Group's power assets and other third-party customers

The Group currently consists of seven operational entities notably Viathan Engineering Limited ("VEL"), Akute Power Limited ("Akute"), Lisabi Power Limited ("Lisabi"), Island Power Limited ("IPL"), PIPP LVI Genco Limited ("PIPP"), Tofu Energy and Power Company Limited ("TEPCO"), and Gasco Marine Limited ("GML") and a holding company, Marine Power Limited. While VEL is the largest among the entities with majority shareholdings in both Akute and Lisabi, it is not legally a consolidated unit and other companies are also not consolidated in VEL. Rather, the Group is united by common ownership across the various entities, all under the holding company, Viathan Power Mauritius Limited ("VPML").

The premier Group company("VEL") was incorporated in 2011 and has since evolved to become a leading domestic captive power company that offers power and gas infrastructure solutions to individuals and entities across major cities in Nigeria. The Group currently operates 5 captive power plants (*an additional plant is expected to be completed imminently*) with combined installed capacity of c.42MW, with ongoing plans to expand capacity to c. 50MW by end of 2017, servicing a distribution network of over 110km. In addition, the Group has developed gas supply capacity of c.45,000 standard cubic meter per day (SCM/day) which it uses to supply gas to its various power plants except for PIPP LVI Genco which is powered by CNG. The following chart shows the Group's operational structure.



Viathan Engineering Limited

Established in 2011 to house investments in the power industry and successfully acquired Akute Power Limited in 2015. VEL also holds 60% and 100% interest in the Lisabi and Ilupeju plants respectively. It is the largest of the Viathan companies and given its operational control of other entities, will serve as sponsor for the bond programme

Akute Power Limited

Acquired into the Group in 2015 and houses a 12MW gas-fired plant located in Ogun State. The plant is currently being run under a Build, Operate, Own and Transfer ("BOOT") agreement with the Lagos State Government. The initial contract term is for ten years, with two successive renewable terms of five years each. The agreement also incorporates the construction of a 13km natural gas pipeline, which delivers natural gas to the facility. The plant provides uninterrupted electricity supply to the Lagos State Water Corporation's Iju and Adiyan water treatment plants.

DESCRIPTION OF THE VIATHAN COMPANIES

Lisabi Power Limited

Incorporated in 2016, construction of the Lisabi plant was only completed in May 2017, and expected to be operational by Sept 2017. The plant has an installed capacity of 7.65MW, with the potential to expand to 25MW as civil infrastructure has been completed for the anticipated expansion. The Lisabi plant is part of an agreement with the Ogun State Government, which aims to build and manage scalable, modular and efficient power plants through Independent Power Producers ("IPPs") that will reduce the state's power supply deficit. The plant will power the State Secretariat complex, Governor's Office, Street lights, Waterworks and other government assets in Abeokuta. In addition, discussions have been finalized with the State government to develop IPPs for the following State Government assets, including Olabisi Onabanjo University in Ago-Iwoye, OPIC Industrial Estate in Agbara, Makun City, Sagamu, among others.

Ilupeju Plant

Built by VEL with current capacity of 3.88MW, the Ilupeju Power plant became operational in April 2017. It is located within the Spar Mall facility to provide power to commercial customers within and around the Ilupeju Industrial Estate and other commercial establishments within the Ilupeju-Mushin axis of Lagos State. The plant currently provides power to commercial customers.

Island Power Limited

Acquired into the Group in 2016. The Island power plant has a capacity of 11.5MW, providing uninterrupted power supply to crucial Lagos State facilities (health, education, water, judicial, sports and public lighting installations on Lagos Island) via its75km underground distribution network.

PIPP LVI Genco Limited

Incorporated in 2013 and operates a 6.5MW gas fired plant which powers critical public infrastructure and social amenities in Lekki, Victoria Island and Ikoyi axis of Lagos, through a 25km distribution network.

Tofu Energy and Power Company Limited

Incorporated to house the UniBen plant with planned installed capacity of 7.5MW located in Benin, Edo State. Preliminary civil works for the plant development have commenced with expected completion in Q1 2018.

Gasco Marine Limited

Operates as a subsidiary of Gasco Marine Mauritius (a direct subsidiary of the Viathan Power Mauritius Limited). It represents the Group's gas operations and diversifies revenue streams away from power sales only. . Gasco Marine also assures consistent gas supply to the Viathan Group which is expected to drive efficiency in their operations.

Additional information of the Group including shareholding structure and information on other non-operating entities within the Group is provided on page 62

Synergy Private Equity

The Viathan Group is not a legally consolidated unit; rather, the Viathan Companies are ultimately owned by Synergy Viathan Holdings through direct and indirect ownership; combined by common directorship and operational reliance of group companies along the value chain

Synergy Private Equity ("SPEF") is one of the beneficial owners of Viathan Group through Synergy Viathan Holdings. SPEF is private equity fund domiciled in Mauritius and focused on making investments in select high growth sectors in Nigeria and Ghana. SPEF has committed capital of over US$100m and has invested in 10 companies in Nigeria and Ghana across various sectors

SPEF's partners and investors are leading Developmental Finance Institutions (DFIs), US, European and African institutional investment firms that are identified below:

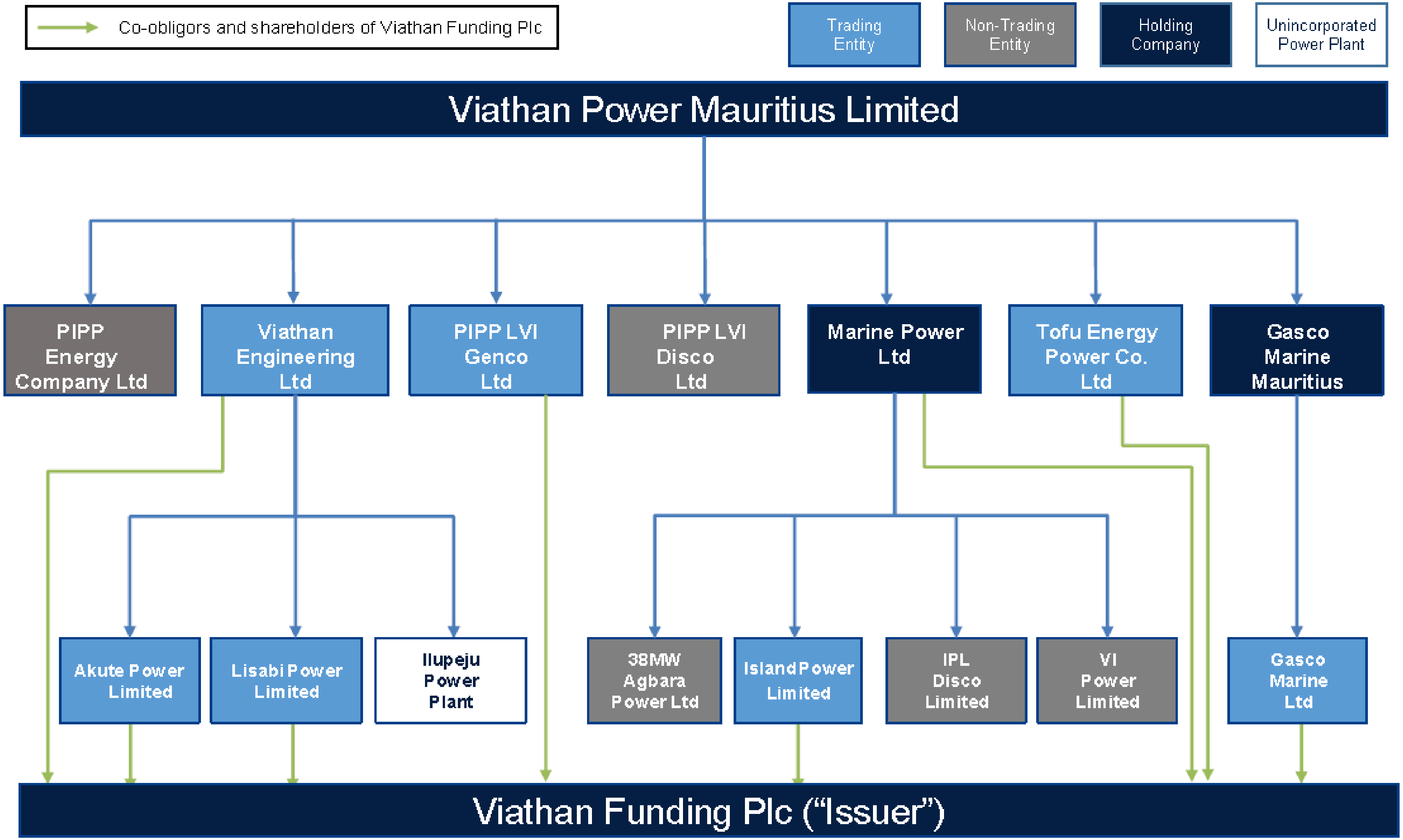
- **International Finance Corporation (IFC)** – IFC is the private sector arm of the World Bank and has deployed over US1 billion in Africa, supporting investment funds such as ours. IFC believes, as we do, that capital invested in growing businesses have a significant impact on company growth, job creation and supporting families.

- **European Investment Bank (EIB)** – EIB is the investment and finance bank of the European Union with a balance sheet of over EUR242 billion. EIB prides itself in supporting funds that provide capital to small and medium sized businesses in emerging and frontier markets such as Nigeria.
- **Kuramo Capital Management** – Kuramo is a New York-based fund of funds that invests on behalf of prominent US and European endowments, pension funds and foundations. Kuramo's principals are fellow Africans with a vested interest in the economic development of their continent. In addition to its New York base, Kuramo has staff on the ground in Lagos and imminently in Nairobi.
- **Grinnell College** – Grinnell College is a private liberal arts college with an endowment fund of $1.83 Billion located in Grinnell, Iowa, United States of America.
- **IDI Emerging Markets** - IDI Emerging Markets ("IDI EM") is an independent growth-capital specialist in emerging markets since 2004. IDI EM has built a unique track record with more than US$400 million deployed across Asia, Latin America, Middle East and Africa.
- **Sango Capital** – Sango is a Johannesburg –based fund of funds that invests on behalf of US institutional investors, including several University endowments and pension funds. Sango's principals are also fellow Africans with a passion for Africa's economic development.
- **CDC Group** – is the developmental finance institution of the UK government and has been making meaningful investments since 1948. CDC provides patient capital to fund businesses only in Africa and South Asia.
- **Swiss Investment Fund for Emerging Markets (SIFEM)** – SIFEM is the developmental finance institution (DFI) of the Swiss government focused on institutions investing in the small and medium enterprise (SME) sector. SIFEM has deployed USD 567million in over 16 years of investing.
- **Nigeria Sovereign Investment Authority (NSIA)** – NSIA manages the Nigeria Sovereign Wealth Fund (SWF) into which the surplus income produced from Nigeria's

DESCRIPTION OF THE VIATHAN COMPANIES

Operational Track Record of the Viathan Companies

Group Shareholding Structure



DESCRIPTION OF THE VIATHAN COMPANIES

Power Operations

The Group's operating model is focused on acquiring and/or building scalable and modular power plants that are captive or embedded, to provide power as a service to local authorities, state-owned entities, corporate, industrial and residential clusters. Through the various Viathan companies, the Group has over the last few years successfully deployed generating assets for the benefit of public institutions such as hospitals, schools and waterworks under a 90% guaranteed availability service level agreement, thus allowing its clients to focus on their core operations.

The Group operates a Distribution Generation ("DG") model for its various power plants, encapsulating the captive and embedded generation policy. As such, its operating license enables the construction of scalable and modular power plants with a capacity range of 1.5-20MW. Power is therefore provided directly to end users, without the requirement to transmit power generated to the national grid. This insulates the Group from the operational bottlenecks (dealing with many parties) and minimizes business risks associated with inefficient collection of receipts from offtakers and other players in the power supply value chain. The Group's relationship with end users is strictly guided by executed Purchase Agreements ("PPAs"), stipulating of the obligations of each party. Also beneficial, is the relatively lower cost of building and operating the plants, compared to plants with higher generation capacity. Moreover, the modular plants can be in the middle of the cities and closer to its offtakersbringing power closer to end users and reducing transmission costs.

To ensure minimal downtime and optimal operation efficiency, the Group has developed a strong culture of maintenance and servicing across all its operating plants. Specifically, the Group has developed strong in-house operation and maintenance (O&M) capabilities with the leading MWM-certified engineer serving as the technical lead for the Group. In addition, the Group is committed to best-in class health, safety and environment compliance and is on track to achieve ISO certification across all operating plants by Q3 2017. Furthermore, the Group ensures employees undergo bi-monthly health, safety and environment (HSE) training and annual assessments in line with global best practices.

The Group continues to seek opportunities to diversify its power asset base across different energy sources including gas, solar and hydro. Overall, the Group plans to expand its power capacity to 200MW by 2022 and double its distribution ring over the next 2 years. To support future expansion plans, the Group has developed strong in-house project management capabilities to drive its engineering, procurement process and is poised to achieve power delivery below US$700,000 per MW. These efforts are complimented by strategic partnerships with some of the leading global power and engineering firms, notably:

Technical Partners

i. Caterpillar/MWM GmbH

One of the world's leading suppliers of environmentally friendly systems for energy production based on gas and diesel engines. The company has over 140 years' experience in the development and optimization of gas engines for natural gas, special gases, and diesel. Caterpillar/MWM natural gas fired engines are designed to meet the challenges of a dynamic market environment such as Nigeria. Currently, the Group has 200MW worth of engine orders agreed with Caterpillar/MWM for delivery over the next 5 years.

ii. GE Jennbacher

Began production of gas engines in 1957 and now specializes in the manufacturing of lean burn gas engines and containerized power generator sets. GE Jennbacher has been operating in Nigeria for over 20 years through its sole distributor Clarke Energy Nigeria. Its engines are renowned for being able to operate on gases with extremely low and high calorific value, low methane number.

iii. Akkon AG

The Group is in co-operation with TG-German Group and AKKON, global leading solar panel/renewable energy producers. AKKON Solar panels are easily expandable with land availability and they adopt a photo voltaic technology which in a photoelectric phenomenon, produce electricity in a direct electricity generation way. The operating and maintenance costs for AKKON PV panels are significantly lower compared to costs of other renewable energy systems

DESCRIPTION OF THE VIATHAN COMPANIES

Despite the known operational challenges and bottlenecks in the sector, the Group has been able to achieve significant execution track record in the market off the back of its flexible and superior business model which is designed to limit its exposure to industry transmission challenges and ATC&C losses.

Viathan Companies' Power Model Versus Industry

Market Characteristics	Grid Supply	NIPP	Viathan Companies
Transmission Challenges	●	●	○
High Capital Barrier	●	●	◐
Stronger Regulator	●	●	●
ATC & C Losses	●	●	○

● High Impact ◐ Medium Impact ○ No Impact

Target Market and Pipeline Development

Presently the Group has c.50MW of contracted power supply agreements and has executed additional 18MW of Power Purchase Agreements (PPAs) which are ready to be connected over the next two quarters. In terms of pipeline development, the Group is in various stages of discussions with potential clients with aggregate demand of c.200MW. Some of the Group's target clients include banks, commercial buildings, shopping malls, industrial clusters and residential housing estates.

Gas Operations

The Group's gas operation is carried out thorough Gasco Marine Limited ("GML"). GML is engaged in the supply and distribution of piped and compressed natural gas to Viathan's power assets and other third party customers. GML's target market includes captive power plants and industries such as manufacturers and foundries as well as automobiles such as trucks and forklift. Presently, GML has capacity to deliver 45,000 SCM/day to its various power plants and other third-party customers and plans to achieve delivery capacity of 210,000 SCM/day by 2018

GML's operations consist of three complementary business segments notably GML Gas; GML Trading and GML Logistics.

- **GML Gas** is involved in the development and operation of a CNG mother station which serves as a storage facility for the CNG gas stock. GML Gas has plans to establish two of these CNG mother stations with combined capacity of 314,000 SCM/day with the first plant expected to come onstream by fourth quarter of 2017.
- **GML Trading** is involved in the marketing of gas (Natural, Industrial and Domestic) to wholesale and retail end users in various sectors of the economy. GML trading strategically targets clusters of customers such as companies in heavy industries, power plants FMCG companies, commercial buildings and residential estate clusters, who collectively have an aggregate gas demand of c.700,000 SCM/day across the country
- **GML Logistics** is involved gas transportation and distribution infrastructure to facilitate gas supply to industrial, commercial and private consumers. GML logistics currently has gas distribution capacity of 62,400 SCM/day

Some of the GML's strategic technical partners include SAFE, SinoTruck and Luxi.

Technical Partners

i. SAFE

Designs and manufactures turnkey solutions with the possibility of installation in metal transportable containers referred to as "all-in-one". These containers include both the compressor unit equipped with all the accessories and the dispensing unit, making fast and easy transferring the station from an area to another, depending on the needs of CNG.

ii. SinoTruck

Leading manufacturers of commercial vehicles in China and actively expanding into overseas markets with branches currently in Sudan, Nigeria, Angola, Burkina Faso, Tanzania, Congo (DRC), Ghana and other countries. Its products range from general- purpose trucks with a gross vehicle weight of 7.5tons to 44tons and special- purpose vehicles with a gross train weight of up to 250tons.

iii. Luxi

Primarily manufactures vehicle-mounted LNG and CNG cylinders, low temperature liquid storage tanks and tankers, as well as the design, manufacture and installation of gas stations, skid-mounted stations, liquidation stations, and storage and transport stations. The light weight, mixed-material skids by Luxi are beneficial as they decrease transportation costs

Medium Term Strategic Growth Plans

Key highlights of the Group's growth plans over the next 5 years include:

- **Grow Power Generation Capacity**

  Plans underway to grow its installed capacity from c.50MW to a minimum of 200MW by 2022. With over 200MW of PPAs at various stages of negotiation with commercial clients, immediate market demand is assured as new power plants come on stream. As part of the steps to achieve its growth plans, the Group is already engaging with OEMs and has made down payments for engines to grow capacity up to 80MW by end of 2018

- **Assure Gas supply independence**

  Finalize construction of CNG compression plant which is expected to come on stream by the fourth quarter of 2017 accompanied by ongoing plans to double current CNG logistics fleet by the fourth quarter of 2017. Other plans include activating the medium term plan to develop gas fields for CNG, LNG and LPG production which is expected to further improve margins

- **Diversify Client Base**

  Diversify customer base into a more balanced ratio of 75%:25 % (public to commercial) by end of 2017 and expand client base out of Lagos state to other states notably Ogun and Edo States, while intensifying efforts on commercial off-takers where the Group can optimize existing distribution network infrastructure to increase margins

- **Diversify Inputs Sources**

  Diversify input model from gas-only to other renewables, including solar and hydro over the next 5 years with solar power pilot projects expected to be activated in the fourth quarter of 2017

- **Accelerate Transition to Group-Led Engineering Procurement and Contracting (EPC) process**

  Ongoing plans to accelerate internally-driven EPC process at sub US$700,000 per MW, below comparable power companies in Nigeria. This will strengthen local competencies in engineering, operations and project management to further lower EPC and operation & maintenance (O&M) costs

Profiles of Board of Directors and Key Management Team

Profiles of Board of Directors of Issuer

Wale Adeosun, CFA – Non-Executive Director

He is the Founder & CIO at Kuramo Capital and has over 30 years experience investing globally. He pioneered the multi-asset class approach to investing institutional capital in Africa. Wale is the former Chair of the Investment Advisory Committee of the US$180 billion New York State Common Retirement Fund. Prior to founding Kuramo, he was CIO at Rensselaer Polytechnic Institute managing over $1 billion in endowment assets and at the MacArthur Foundation where he managed $2 billion in public equities & hedge fund assets. He obtained a BSc from Coe College in 1984and served on President Obama's Advisory Council on Africa.

Richard Okello – Non-Executive Director

Richard co-founded and manages Sango Capital, an institutional private equity business backed by leading global investors that takes a 360-degree approach to African private equity. Prior to Sango, he was a Principal at Makena Capital, a US$20 billion private endowment managing assets for sophisticated global institutional clients. Prior to Makena, he spent 9 years at Bridgewater Associates, a US$150 billion global hedge fund. Richard graduated from Swarthmore College in 1998 and earned an M.B.A. from the Lubin School of Business at Pace University in 2003

Akintoye Akindele, DBA, CFA – Non-Executive Director

Akintoye is a Co-founding Partner of Synergy Capital Managers and fund manager of the Synergy Private Equity Fund. He has over 20 years experience in corporate banking, principal investments and private equity at Guaranty Trust Bank, Bond Bank and African Capital Alliance before co-founding Synergy Capital. He obtained a bachelor's degree in Chemical Engineering from the University of Ife in 1996, Nigeria (now Obafemi Awolowo University) and a DBA from the International School of Management, Paris in 2016. He is a CFA Charterholder and a trustee of the CFA Society of Nigeria.

Ayodele Arogbo, CFA – Non-Executive Director

Ayodele is a Co-founding Partner of Synergy Capital Managers and fund manager of the Synergy Private Equity Fund. His experience spans over 25 years in commercial banking, financial advisory and private equity. Prior to Synergy Capital, Ayodele worked at FSB International Bank and African Capital Alliance (ACA). Ayodele graduated from the University of Lagos with a bachelor's degree in Finance in 1991. He is a CFA Charterholder and a trustee of the CFA Society of Nigeria

Yinka Odeleye, CFA – Non-Executive Director

Yinka Odeleye is a Partner of Synergy Capital Managers and fund manager of the Synergy Private Equity Fund. He has over 15 years' experience in capital markets, financial advisory and corporate finance. Prior to Synergy, Yinka worked at Union Capital, Citigroup, Lehman Brothers & GTBank. Yinka obtained an MBA from Rutgers Business School in 2004 and is a CFA Charterholder.

Ladi Sanni – Managing Director

Ladi has over 20 years experience across oil & gas services, consulting and financial services. Prior to his current role, he worked at Shell, Accenture, Fidelity Bank and Diamond Bank. Ladi obtained a BSc in Chemical Engineering from University of Ife in 1996 and a Masters in HR Management 2007 from Robert Gordon University in 2007

Kunle Falola – Executive Director

Kunle has over 15 years experience in energy and financial services sectors. He previously worked at Marine Power Limited, Fidelity Bank, Access Bank, GTBank and Ecobank. Kunle earned a bachelor's degree in Geography from the University of Lagos in 1999, and a Masters degree in Finance & Management from Loughborough University, U.K in 2007

Irunna Ejibe – Executive Director, Shared Services, Viathan Engineering Limited

Irunna has over 20 years experience across human resource development, organizational design, process and cost improvement, change management, strategic planning, business development and marketing. Prior to her current role, she worked with international institutions notably Citibank. Irunna earned her first degree in Chemical Engineering from Enugu State University in 1994 and a Master's degree in International Human Resource Management from Cranfield University, UK in 2014

Profiles of Board of Directors of Sponsor

Wale Adeosun, CFA – Non-Executive Director

He is the Founder & CIO at Kuramo Capital and has over 30 years experience investing globally. He pioneered the multi-asset class approach to investing institutional capital in Africa. Wale is the former Chair of the Investment Advisory Committee of the US$180 billion New York State Common Retirement Fund. Prior to founding Kuramo, he was CIO at Rensselaer Polytechnic Institute managing over $1 billion in endowment assets and at the MacArthur Foundation where he managed $2 billion in public equities & hedge fund assets. He obtained a BSc from Coe College in 1984and served on President Obama's Advisory Council on Africa.

Richard Okello – Non-Executive Director

Richard co-founded and manages Sango Capital, an institutional private equity business backed by leading global investors that takes a 360-degree approach to African private equity. Prior to Sango, he was a Principal at Makena Capital, a US$20 billion private endowment managing assets for sophisticated global institutional clients. Prior to Makena, he spent 9 years at Bridgewater Associates, a US$150 billion global hedge fund. Richard graduated from Swarthmore College in 1998 and earned an M.B.A. from the Lubin School of Business at Pace University in 2003

Akintoye Akindele, DBA, CFA – Non-Executive Director

Akintoye is a Co-founding Partner of Synergy Capital Managers and fund manager of the Synergy Private Equity Fund. He has over 20 years experience in corporate banking, principal investments and private equity at Guaranty Trust Bank, Bond Bank and African Capital Alliance before co-founding Synergy Capital. He obtained a bachelor's degree in Chemical Engineering from the University of Ife in 1996, Nigeria (now Obafemi Awolowo University) and a DBA from the International School of Management, Paris in 2016. He is a CFA Charterholder and a trustee of the CFA Society of Nigeria.

Ayodele Arogbo, CFA – Non-Executive Director

Ayodele is a Co-founding Partner of Synergy Capital Managers and fund manager of the Synergy Private Equity Fund. His experience spans over 25 years in commercial banking, financial advisory and private equity. Prior to Synergy Capital, Ayodele worked at FSB International Bank and African Capital Alliance (ACA). Ayodele graduated from the University of Lagos with a bachelor's degree in Finance in 1991. He is a CFA Charterholder and a trustee of the CFA Society of Nigeria

Habeeb Alebiosu – Non-Executive Director

Habeeb is Partner at Vista Advisory Partners (VAP) where he is involved in various corporate finance and sell & buy-side advisory mandates. Under Habeeb's leadership, Vista successfully managed the project lifecycle and implementation of PIPP LVI Genco, an 8.5MW independent power plant in the Lekki area of Lagos. He is also a Director at Petra Trust, an Accra-based pension fund administrator. Habeeb graduated with a bachelor's degree in Computer Science from University of the West of England, and an MSc in Economics from Bristol Business School, UK

Profiles of Management Team of Sponsor

Ladi Sanni – Chief Executive Officer, Viathan Engineering Limited

Ladi has over 20 years experience across oil & gas services, consulting and financial services. Prior to his current role, he worked at Shell, Accenture, Fidelity Bank and Diamond Bank. Ladi obtained a BSc in Chemical Engineering from University of Ife in 1996 and a Masters in HR Management 2007 from Robert Gordon University in 2007

Kunle Falola – Chief Finance Officer, Viathan Engineering Limited

Kunle has over 15 years experience in energy and financial services sectors. He previously worked at Marine Power Limited, Fidelity Bank, Access Bank, GTBank and Ecobank. Kunle earned a bachelor's degree in Geography from the University of Lagos in 1999, and a Masters degree in Finance & Management from Loughborough University, U.K in 2007

Irunna Ejibe – Executive Director, Shared Services, Viathan Engineering Limited

Irunna has over 20 years experience across human resource development, organizational design, process and cost improvement, change management, strategic planning, business development and marketing. Prior to her current role, she worked with international institutions notably Citibank. Irunna earned her first degree in Chemical Engineering from Enugu State University in 1994 and a Master's degree in International Human Resource Management from Cranfield University, UK in 2014

Corporate Governance Structure

Commitment to Corporate Governance

The Group remains committed to institutionalizing corporate governance principles as part of the Viathan Companies structures and continues to ensure adherence to the implementation of corporate governance principles in line with industry best practices.

Corporate Governance Framework

The Group's corporate governance framework provides an overview of the corporate governance structures, principles, policies and practices of the Board of Directors of the Viathan Companies, which together enables the Group meet governance expectations of regulators. To serve the interests of shareholders and other stakeholders, the Group's corporate governance system is subject to ongoing review, assessment and improvement. The Board of Directors proactively adopts governance policies and practices designed to align the interests of the Board and management with those of shareholders and other stakeholders and to promote the highest standards of ethical behavior and risk management at every level of the organization

- **Ethical Culture**

  Trust, integrity and good governance are hallmarks of the Board's governance approach. By setting the tone at the top, the Board champions the values of trust, integrity and good governance that are well entrenched in the culture of the Viathan Companies, and reinforces the ethical principles on which the Group's reputation and success are founded.

- **Strategic Oversight**

  The members of the Board are the key advisors to management, advising on strategic direction, objectives, and action plans, taking into account both the opportunities and the Group's risk appetite. In carrying out this oversight role, the Board actively engages in setting the long term strategic goals for the organization, reviews and approves business strategies, corporate financial objectives and financial and capital plans that are consistent with the strategic goals, and monitors the performance of the various Viathan Companies' in executing strategies and meeting objectives.

- **Risk Oversight**

The Board oversees the frameworks, policies and systems to identify and manage risks to the businesses and seeks to entrench a strong risk management culture throughout the Group's operations. The Board actively monitors the organization's risk profile relative to risk appetite and seeks to ensure that management's plans and activities provide an appropriate balance of return for the risks assumed and are prudently focused on generating shareholder value.

- **Independence**

  Independence from management is fundamental to the Board's effective oversight and mechanisms are in place to ensure its independence. All direct and indirect material relationships with the Viathan Companies are considered in determining whether a member of the Board is independent.

- **Accountability**

  Transparency is a key component of good governance. The Board is committed to clear and comprehensive financial reporting and disclosure, and constructive shareholder engagement. The Board has carefully defined the expectations and scope of duties of the Board, its committees and management.

- **Continuous Improvement**

  The Board is committed to continuous improvement of its corporate governance principles, policies and practices, which are designed to align the interests of the Board and management with those of shareholders, to support the stewardship role of the Board, and to enhance the Board's ability to safeguard the interests of shareholders through independent supervision of management.

Group's Social Impact

The Viathan Companies' operations continue to have significant social impact in Lagos state where it powers majority of its social infrastructure including water infrastructure, streetlights, hospitals, schools and courts. Some of its notable social impacts include:

8 of 10

cups of water produced in Lagos state is powered by Viathan Companies

100km

of streetlights are powered by Viathan Companies, providing security and night time trading

24/7

Island Maternity and other hospitals powered by Viathan companies enabling emergency services and diagnostics

>55

Schools, courts, industrial and housing estates powered by Viathan companies

USE OF PROCEEDS

Unless otherwise stated in the applicable Pricing Supplement/Supplementary Shelf Prospectus, the net proceeds from each issue of the Bonds will be used to refinance existing commercial bank loan obligations of the Viathan Companies and finance the Group's power asset expansion strategy.

The applicable Pricing Supplement/Supplementary Shelf Prospectus for each Tranche or Series under tehe Programme will specify details of the use of proceeds of the particular Tranche

EXTRACTS FROM THE ISSUER'S RATINGS REPORT

The following information is an extract from the Ratings Report prepared by Global Credit Rating Co.

GLOBAL CREDIT RATING CO.

GCR | GLOBAL CREDIT RATING CO.
Local Expertise • Global Presence

Viathan Funding PLC

Nigeria Corporate Analysis **June 2017***

Rating class	Rating scale	Rating	Rating Outlook	Expiry date
Long term	National	BBB-(NG)	Stable	May 2018
Short term	National	A3(NG)		

Financial data:

(USD'm comparative)

	31/12/15	31/12/16
N/USD (avg.)	193.1	253.2
N/USD (close)	197.0	305.7
Total assets	127.7	115.7
Total debt	55.0	66.6
Total capital	48.9	17.7
Cash & equiv.	1.3	0.9
Turnover	23.7	21.3
EBITDA	2.4	(3.0)
NPAT	6.8	(3.8)
Op. cash flow	2.9	(17.2)
Contractual income^	39.3	34.4
Adjusted EBITDA^	17.2	14.9

^Computation is per recurring contractual income (provided by management), which differs from the IFRS treatment applied by the auditors to some items of revenue in the Audited Financials.

Market share: c.1%*
Market cap: n.a
*Based on the total generation of 5,000MW across Nigeria

Viathan Funding PLC. ("VFP" or "the Group")

Rating history:

Initial/Last rating (June 2017)
Long term: BBB-(NG)
Short term: A3(NG)
Outlook: Stable

Rating methodologies/research

Criteria for rating corporate entities (updated February, 2017)
Glossary of terms/ratios, February 2017

GCR contacts:

Primary Analyst:
Kunle Ogundijo
Credit Analyst
kunle@globalratings.net

Committee Chairperson:
Dave King
king@globalratings.net

Analyst location: Lagos, Nigeria
+23 41 462-2545
Website: http://www.globalratings.com.ng

^Additional information is provided in Table 8
*Please see page 10 for an update on the structure of Viathan Funding Plc post the June 2017 release of the GCR report.

Summary rating rationale

- Viathan Funding Plc ("VFP" or "the Group") is a Special Purpose Vehicle ("SPV") incorporated to raise funds from the debt capital market, to be used to procure power generation and distribution, as well as gas supply facilities. The SPV presently comprises eight entities with common shareholders, which will use the funding raised to expand their existing capacity and to better position their operations in a rapidly evolving domestic industry.
- The underlying corporates have relatively short track records, but have built up combined generation capacity of 50MW across six plants (in three states) in just two years, leveraging extensive technical expertise, linkages with well-established international partners, and off-take agreements with, state-owned entities/utilities and various commercial entities (*inter alia*).
- Revenue advanced at a CAGR of 45% between FY12 and FY16 as new plants were acquired, or built and commissioned, and the distribution network expanded. That said, FY16 turnover of N5.4bn was 39% behind budget, as capacity build-up planned lagged internal targets. If other contractual income streams are considered, FY16 turnover would be in line with budget, registering at N8.7bn (FY15: N7.6bn), with an EBITDA of N3.8bn, translating to a margin of 43%.
- Elevated production costs (mainly attributed to increased gas and diesel costs at the power plants) and higher overheads drove a N1.2bn operating loss in FY16 (FY15: N69m EBIT). Despite the impact of additional income, the sharp YoY increase in the net interest charge and a N1.1bn exchange loss on the translation of USD-denominated shareholder debt, resulted in a loss of N1.3bn at FY16 (FY15: N2.1bn income). Debt service ratios and margins based on contractual income are more defensive, a trend expected to be sustained through the cycle.
- Overall, the scale and relative novelty of VFP's underlying operations currently constrain the ratings, although achieving the aggressive operational budgets, in conjunction with the conservative credit protection metrics forecast, would be supportive of ratings progression in the medium term.
- Specifically, management expects a ramp-up in capacity will underpin a 542% increase in turnover in FY17, and compound top line annual growth of 43% through to FY21. Economies of scale and efficiencies derived from the scalable distribution and generation model are also projected to support an average operating margin of c.44% over the five years.
- The capital-intensive expansion drive has seen a marked elevation of debt, from just N2.2bn at FY12 to N20.4bn at FY16. As such, and in view of the contraction in capital arising from the integration of Akute Power Limited (and the FY16 loss), net gearing deteriorated to 371% at FY16 (FY15: 110%). Earnings based gearing and debt service metrics have historically been volatile, a trend that will stabilise with the attainment of critical mass. While Global Credit Rating ("GCR") follows the conservative view per its Criteria, treating shareholder loans as equity reduces net gearing to 54%.
- GCR has considered the strong latent demand amidst the sizeable deficit in electricity supply and state support (*via* policy and legislative changes). That said, and despite the relatively low cost of building and operation of VFP's plants, strategic execution may be curtailed by adverse currency movements, delays in rolling out enabling regulatory changes, construction/performance risk and structural macroeconomic challenges (*inter alia*).

Factors that could trigger a rating action may include

Positive change: The successful ramp-up in utilised capacities, contributing to the attainment of set revenue targets, growth in profitability and accompanied by a material improvement in current gearing metrics.

Negative change: Earnings underperformance combined with further deterioration in gearing and other credit protection metrics could likely lead to a downgrade.

Nigeria Corporate Analysis | Public Rating

Letter from the Auditor Confirming Going Concern Status of the Sponsor and Co-Obligors

pwc

30 August, 2017

The Directors
Viathan Engineering Limited
17B, Chibo Ofodile Close,
Off Ladipo Latinwo Crescent,
Lekki Phase 1, Lagos

Renaissance Securities (Nigeria) Limited
5th Floor, Plot 1B,
Keystone Bank Crescent,
Victoria Island, Lagos

Dear Sirs,

CONFIRMATION OF GOING CONCERN STATUS OF VIATHAN ENGINEERING LIMITED AND ITS RELATED ENTITIES IN RESPECT OF THE FUND RAISING ACTIVITIES OF VIATHAN FUNDING PLC

We have audited the financial statements of Viathan Engineering Limited ("the Sponsor") and its related parties namely Akute Power Limited, Lisabi Power Limited, Island Power Limited, PIPP LVI Genco Limited, Marine Power Limited and Gasco Marine Limited (jointly referred to as "the Co-Obligors") for the year ended 31 December 2016 prepared in accordance with International Financial Reporting standards, Companies and Allied Matters Act, and Financial Reporting Council of Nigeria Act.

Based on our audit of the financial statements of the Sponsor and Co-Obligors for the year ended 31 December 2016 on which we expressed our opinion on 13 June 2017 and the representation received from Directors of the Sponsor and Co-Obligors, nothing has come to our notice that makes us believe that the Sponsor and Co-Obligors will not continue in operation as a going concern for at least 12 months from 31 December 2016.

Yours faithfully,

Pedro Omontuemhen
Engagement Partner

PricewaterhouseCoopers Chartered Accountants
Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria
T: +234 1 271 1700, www.pwc.com/ng TIN: 01556757-0001

Partners: S Abu, O Adeola, W Adetokunbo-Ajayi, UN Akpata, O Alakhume, C Azobu, E Erhie, I Ezeuko, D McGraw, P Obianwa, T Ogundipe, C Ojechi, O Oladipo, P Omontuemhen, T Oputa, T Oyedele, AB Rahji, O Ubah

RISKS FACTORS

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 Bond. The risks in the following section are provided as general information only. Prospective investors should refer to and carefully consider the risks described below and the information contained elsewhere in this Shelf Prospectus, which may describe additional risks associated with the Bond. ***Investors should also seek professional advice before making investment decisions in respect of the Corporate Bond.***

Risks Relating to Nigeria

Emerging markets such as Nigeria are subject to greater risks than more developed markets, and financial turmoil in any emerging market could cause the price of the Securities to decrease

The Group's operations are based in Nigeria and as such face the same risks typical of an emerging market. These risks included greater political risk, changes to the economic environment and underinvestment in infrastructure. Emerging markets are also more likely to experience higher instances of corruption, fraud, bribery and criminal activity. Failure to prevent any of the aforementioned risk may result in criminal penalties and reputational damage that may materially affect the Company's financial condition or operations. Although the Company has a sound governance structure it may not be possible to detect or prevent all instances of fraud, criminal activity, bribery or corruption.

In addition, generally, investment in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved in, and are familiar with, investing in emerging markets. Investors should also note that emerging markets such as Nigeria are subject to rapid change and that the information set forth in this Prospectus may become outdated relatively quickly.

Moreover, financial turmoil in any emerging market country tends to adversely affect prices in equity markets of all emerging market countries as investors move their money to more stable, developed markets. As has happened in the past, financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the Nigerian economy. In addition, during such times, companies that operate in emerging markets can face severe liquidity constraints as foreign funding sources are withdrawn. Thus, even if the Nigerian economy remains relatively stable, financial turmoil in any emerging market country could adversely affect the Issuer's business, as well as result in a decrease in the price of the Securities.

Despite Nigeria's emerging market challenges, the country has seen sustained capital inflow over the past decade as a result of the country's expanding economy driven largely by its significant population size and large and growing economy. This growth has also been accompanied by economic stability driven by Nigeria's 18 years of uninterrupted democracy. During this period the country has experienced a growth in investor confidence as well as generally positive investor sentiment with Nigeria often being the investment destination of choice for several Africa focused investors. The country's recent renewed drive against graft and corruption has also served to bolster investor confidence in the economy

Global prices of oil have a significant impact on the Nigerian economy:

The Nigerian economy is almost solely dependent on its oil sector to provide FX earnings for the Government. Oil accounts for 95% of the country's total export earnings. Any changes in oil production or global price of oil will have wide reaching impact on all other sectors of the Nigerian economy. The effect of the recent global shock in oil prices impacted Nigeria's economy significantly, causing a substantial withdrawal of portfolio capital and a corresponding decline in the stock market, fall in government revenues, weakening of the currency and a substantial drop in foreign currency reserves. A further decline in global oil prices may have an adverse effect on the Nigerian economy which in turn might have an impact on the operations and profitability of the Company. However, the present administration remains committed to economic reforms aimed at diversifying Nigeria's economy and increasing macroeconomic stability whilst promoting a private sector market-driven economy. In addition, the government's annual budget is pegged at a rate lower than the average trading price of crude oil. This reduces the country's exposure to the volatility in oil price.

RISK FACTORS

Political and regional instability in the Niger Delta region:

Oil exportation is the major source of government revenue to Nigeria and Nigeria's major oil producing area is the Niger Delta region. Militant groups have been known to kidnap expatriates and vandalise pipelines both of which have caused not only a decline in production but also a reduction in operation in the region by major international companies. Despite continuous attempts by the government to halt militant activity in the Niger Delta, such as the 2009 amnesty programme, there continues to be instability in the region. Continued attacks in the region may have an adverse effect on the company's operations.

However, although the political and regional instability in the Niger Delta region has had a material negative effect on investment and confidence in, and the performance of, the Nigerian economy, the Federal Government has embarked on a number of additional initiatives to address the instability and unrest in the region. Part of these initiatives include increased spending in the region with the inauguration of a US$10bn infrastructural development programme as well as a US$1bn clean up programme

Risks Related to The Industry And The Power Sector

Regulatory Risks:

The main industry-related risk the Company faces is potential changes in government regulation. The company is currently operating in a heavily regulated industry. The current Government has outlined few details with regards to power sector policy. Whilst Viathan operates as a private operator, the Government may, at any time in the future, change sector regulation or implement new regulation that may adversely affect the company

The Nigerian government has intensified efforts to create an enabling environment for investors in the power sector. In recent times, the government has taken steps to ensure the financial viability of the Nigerian power sector with its favourable policies such as tax holidays to power companies as well as sector funding

Risks Related to the Issuer

Change in Law

The Terms and Conditions of the SPV are based on 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 a likelihood that the Issuer may not be able to repay outstanding Principal and Interest on the bond on a payment date. Where applicable according to the Final Terms, there shall be a provision in the structure of the Bond for a Minimum Reserve Account which shall be initially funded on the Closing Date with such amount specified in applicable Final Terms or structure of the bond. The Viathan Companies shall under the Trust Deed and/or the Master Intercompany Loan Agreement, jointly and severally, irrevocably and unconditionally undertake, not merely as a surety but also as a primary obligor and co-debtor, joint and several liability with the Issuer in respect of the Bond.

Risks Related to the Viathan Companies

The Viathan Companies, listed on page 56 herein, are exposed to various risks which impact on their operations, assets and overall financial performance. These risks are enumerated below:

Offtaker Risks:

The company's business model is dependent on production being purchased by its offtakers. The company may be unable to find buyers for some of its generated power. Additionally, power generated is sold to various offtakers under agreed pre-contract terms. Offtakers are under no obligation to and may refuse to renew their existing contracts with Viathan. The continued renewal of these offtaker agreements or the execution of equivalent offtake agreements is required to ensure that the continued successful operations and profitability of the company.

The Nigerian power sector is a grossly undersupplied with power and thus there is excess demand for power meaning that the Viathan companies should be able to renew their power supply contracts or execute new contracts with relative ease in the future

Losses resulting from operational downtime

The Viathan companies' business model is reliant on its generating plants being operational to generate power. Unforeseen challenges may however cause these plants to have operational downtimes which will have significant adverse effects on the Viathan companies' business model. An example of such unforeseen challenges includes an interruption of the company's gas supply. The Viathan companies' operations are reliant on a steady gas supply to function and as such an uninterrupted gas supply is required to ensure the smooth running of the gas plants

The Viathan companies have strong gas supply arrangements with dedicated pipeline infrastructure in place that supplies gas to the plant. The plant also has back-up diesel power generation systems to work in the unlikely event of a gas supply interruption. The Viathan companies also have a strong maintenance culture which will likely prevent any unforeseen operational downtime

The loss of key management personnel could adversely affect the business.

The loss of key management personnel or inability to hire and retain qualified employees could have an adverse effect on the company's business, financial condition and results of operations. Operations depend on the continued efforts of executive officers and senior management. The Company is not able to guarantee that any member of management at the corporate or subsidiary level will continue in his or her capacity for any particular period of time. If the company were to lose one or more key personnel, its operations could be adversely affected.

Risk management activities might not prevent losses

The company is exposed to commodity risk, interest-rate risk and foreign exchange risk arising from operating, financing and investment activities. Although there is a risk management system in place that uses various methodologies to quantify risk, these systems might not always be followed or might not always work as planned. Further, such risk measurement systems do not in themselves manage risk, and adverse changes involving volatility, adverse correlation of commodity prices and the liquidity of markets might still adversely affect earnings and cash flows and the Company's balance sheet, even if such risks have been identified.

Claims against the Issuer could have a material impact on the revenue or business of the Issuer.

To date, claims against the Company have not had a material impact on the revenue or business of the Company, although there can be no assurance that the it will not, in the future, be subject to a claim which may have a material impact upon its revenue or business, with associated reputational damage.

No protection against all potential losses and damages caused by natural disasters, operational catastrophes and deliberate sabotage

The company has many business activities that are characterized by substantial investments in complex generation facilities and distribution equipment. The production process, equipment and output are highly hazardous and dangerous in uncontrolled circumstances, including fires, explosions, accidents, major equipment failures, etc. Despite insurance coverage, the Company could incur uninsured losses and liabilities arising from such events, including damage to reputation, and/or suffer substantial losses in operational capacity, which could negatively affect the operating results and financial condition of the company

RISK FACTORS

Risks Relating to the Bonds

Change in interest rates may affect the price of the Bonds

Where bonds are offered with a fixed rate of interest they are subject to price risk. Consequently, the price of the bond may vary inversely with changes in prevailing interest rates. That is, a rise in interest will cause the price of a fixed rate bond to fall and when interest rates fall, the price increases. Accordingly, the extent of the fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of the prevailing interest rates. Increased interest rates which frequently accompany inflation and/or a growing economy are also likely to have a negative effect on the price of the Bond

Independent Review and Advice

Each prospective investor in the Bonds must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Bonds is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Bond. A prospective investor may not rely on the Issuer(s) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Bond or as to the other matters referred to above.

Liquidity risk for the Bonds

There is a risk that the bonds may not have an established trading market when issued. There is no guarantee that a secondary market for bonds or liquidity will exist upon issuance. Consequently, investors may not be able to readily sell their bonds or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities is influenced by economic and market conditions, interest rates and currency exchange rates. Global events may lead to market volatility which may have an adverse effect on the price of the Bonds

Early redemption of bonds

Where permissible under the applicable Final Terms, the Issuer may choose to redeem the Bonds at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Bonds.

Exchange rate risks and exchange controls

Payments of principal and interest on the Bonds will be made in Naira. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency other than the Naira. These include the risk that exchange rates may significantly change (including changes due to devaluation of Naira or revaluation of the investor's currency). An appreciation in the value of the Investor's Currency relative to Naira would decrease (1) the Investor's Currency-equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds. The government may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Legality of Purchase:

Neither the Issuer, the Book Runners nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Change of Law:

The Terms and Conditions of the Bonds are based on 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.

Modification, waivers and substitution:

The conditions of the Bonds contain provisions for calling General Meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all bondholders including Bondholders who did not attend and vote at the relevant General Meeting and Bondholders who voted in a manner contrary to the majority.

Credit ratings may not reflect all risks:

The Bonds have been assigned a rating by GCR, and any independent rating agencies 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 agency at any time.

EXTRACTS OF THE PROGRAMME TRUST DEED

The following section shows relevant clauses from the Programme Trust Deed.

2. Appointment of Note Trustee

2.1 The Issuer hereby creates and establishes a Trust for the benefit of the Bondholders.

2.2 Subject to the terms and conditions of this Deed, the Issuer hereby appoints the Note Trustee to act on behalf of the Bondholders, to hold the benefit of the covenants and other obligations of the Issuer on behalf of the Bondholders and itself. Any sums received by the Note Trustee from the Issuer shall be received on trust in accordance with the provisions of this Deed.

2.3 By execution of this Deed, the Note Trustee has accepted and agreed to enforce the powers and perform the duties and obligations of the Note Trustee specifically set out in this Deed and generally provided for in the Trustees Investment Act.

2.4 The Note Trustee shall have no duty, responsibility or obligation for the issuance of the Bonds or for the validity or exactness of the same, or of any documents relating to such issuance.

3. Declaration and Duration Of Trust

3.1 The Note Trustee hereby declares itself trustee for the Bondholders with effect from the date of this Deed to hold the benefit of the Issuer's covenants and other obligations in this Deed in trust for the Bondholders according to their respective interests and subject to the terms of this Deed.

3.2 The Trust shall remain in full force and effect until the date all Bonds issued pursuant to the Programme are redeemed and the:

i. Note Trustee receives an unconditional confirmation in writing from the Registrar that there is no principal amount or Coupon outstanding in respect of the Bonds; and/or

ii. the Issuer receives an unconditional release in writing from the Note Trustee from all of its obligations under this Deed.

3.3 The Issuer shall use the net proceeds from the issue of a Series (after deduction of the costs and expenses incurred in connection with the issuance of such Series) in accordance with the provisions of the Final Terms.

4. Programme Trust Deed Binding

4.1. The provisions of this Deed or any supplemental deed created pursuant to this Deed shall be binding on the Issuer, the Co-Obligors, the Note Trustee and the Bondholders and all persons claiming through them respectively as if such Bondholders and persons are parties to this Deed.

4.2. Subject to the provisions of this Deed and Section 176 (2) of CAMA, a Bondholder or a person claiming through a Bondholder shall have no right to sue the Issuer or the Note Trustee (either jointly or severally) for the enforcement of any benefit conferred on a Bondholder by virtue of this Deed or any Series Trust Deed.

5. Issuance of Bonds

5.1 The Issuer shall issue and offer the Bonds in Series in an aggregate nominal amount from time to time up to and not exceeding the Aggregate Principal Amount in accordance with the terms of this Deed. Any Bond issued in accordance with this Deed 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 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.

5.3 The Bonds constitute an irrevocable obligation of the Issuer and Co-Obligors.

5.4 The Bonds shall be issued by way of an offer for subscription, auction or private placement through a book building process and or any other such methods as set out more particularly in the relevant Supplementary Shelf Prospectus or Pricing Supplement.

5.5 Each issue of Bonds shall form a separate Series. The provisions of this Deed shall apply *mutatis mutandis*, separately and independently to the Bonds of each Series. Each Series shall be constituted by a separate trust created by a Series Trust Deed under which the Note Trustee shall hold the benefit of the covenant in Clause 7.3 (*Covenant to Repay and to Pay Coupon on the Bonds*) in this Deed in trust for the Bondholders of the particular Series. The provisions contained in any other Series Trust Deed shall apply only in relation to the Series to which it relates.

5.6 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.

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 The Bonds shall be listed on FMDQ and issued in denominations as specified in the Series Trust Deed relating to the relevant Series. The tenor of the Bonds for each Series shall be specified in the relevant Series Trust Deed.

5.9 The Bonds shall be issued and transferable in units or amounts to be determined by the Issuer and stated in the relevant Conditions.

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

5.11 *Purpose of the Bonds*

5.11.1. The purpose for which the proceeds of the Bonds are to be utilized shall be specified in the Final Terms.

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

5.12 *Form and Delivery of the Bonds*

5.12.1 The Bonds will be delivered in dematerialised form and held in separate CSCS accounts.

5.12.2 Title to the Bonds passes only upon registration in the Register.

5.12.3 Statements issued by the CSCS as to the aggregate number of Bonds standing to the CSCS account of any Bondholder shall be conclusive and binding for all purposes except in the case of manifest error and such person (or his/her legal representatives) shall be treated by the Issuer, the Note Trustee and the Registrar as the legal and beneficial owner of such aggregate number of Bonds for all purposes.

5.12.4 The Bondholders shown in the records of CSCS (or their legal representatives) are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of this Deed and any relevant Series Trust Deed.

5.13 *Transfer of Bonds*

Transfers of Bonds will be effected through the records of the CSCS and the respective participants in accordance with the rules and procedures of the CSCS and title to Bonds shall pass when such transfer is recorded in the Register.

5.14 *Conditions of the Bond*

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

5.15 *Ranking of the Bonds*

The ranking of the Bonds as and when issued shall be as specified in the relevant Final Terms.

5.14. *Status of the Bonds*

Each Bond in a Series constitutes a direct and unsubordinated (without prejudice to Condition 6) obligation of the Issuer and of the Guarantor and or Co-Obligors under the Guarantee (where applicable) and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and in respect of principal and any interest on the Bonds shall at all times rank at least equally with all unsecured obligations of the Issuer, present and future except for obligations mandatorily preferred by law applying to companies generally.

5.15. *Rights of Bondholders*

The Bondholders shall not have or acquire any right against the Note Trustee in respect of the Bonds except as expressly conferred upon them by this Deed or by law, regulation or court order and no person shall be recognized as a Bondholder except in respect of Bonds registered in his name in the Register.

6 Establishment of Transaction Accounts

6.1. Subject to the applicable Final Terms, the Issuer shall, not later than the Issue Date for each Series, open with the Account Bank, a Account (where applicable) and a Payment Account for each Series in the name of the Note Trustee. The Note Trustee shall be the sole signatory to the Payment Account and Minimum Reserve Account (where applicable) and shall have access to such account for the purpose of making all payments due on the Bonds to Bondholders.

6.2. The Issuer shall pay or procure to be paid all sums or monies due on the Bonds into the Payment Account no later than 3.00pm on the day that is ten (10) Business Days before the next Interest Payment Date or the Redemption Date (as the case may be).

6.3. The Note Trustee shall ensure that the Account Bank utilizes funds in the Payment Account for purposes of effecting payments on the Bonds to Bondholders as and when due.

7 Issuer's Lending and Borrowing Powers

7.1. The Issuer covenants with the Note Trustee that until such time when all outstanding Bonds have been fully redeemed and the Issuer's liability has been discharged, the Issuer shall:

7.1.1 lend, advance or pass through the proceeds of all Bonds issued under this Programme Trust Deed and any Series Trust Deed, exclusively for the benefit of the Co-Obligors.

7.1.2 not borrow or raise funds or procure any person to borrow or raise funds on its behalf, by any means whatsoever except by the issuance of bonds under this Programme Trust Deed or any Series Trust Deed.

8 Covenants of the Issuer

The Issuer covenants to the Note Trustee that it shall:

8.1 comply with and perform all the obligations expressed to be undertaken by it under this Deed and the Bonds. The Note 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 Deed, which shall be read and construed as one document with the terms of the Conditions;

8.2 to the extent that any Bonds are constituted under the relevant Series Trust Deed and issued, be indebted to the Bondholders up to the principal amount of the Bonds specified in such Series Trust Deed in respect of the relevant Series and undertakes to the Note Trustee that the Bonds, to the extent constituted and issued, shall be redeemed together with any outstanding interest and other monies on the Redemption Date in the relevant currency (or earlier on an amortised basis) provided for in the relevant Final Terms or such earlier date as the same or any part may become due and repayable;

8.3 pay to the Note Trustee in immediately available funds, the full principal amount of the Bond and or such part of the Bonds as ought to be redeemed on the Redemption Date 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 unconditionally to or to the order of the Note Trustee, interest (which shall accrue from day to day) on the principal amount of the Bonds;

8.4 in the event the Issuer fails to make payment to the Note Trustee on or before the due date or improperly withholds or refuses to make such payment, interest shall continue to accrue on the principal amount 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 payment is eventually made to the Bondholders;

8.5 every payment of principal and or interest on the Bonds will 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;

8.6 obtain and keep in full force and effect all authorisations required for the validity and enforceability of the Issue Documents against the Issuer;

8.7 promptly inform the Note Trustee of any Event of Default or as soon as it becomes aware of such event;

8.8 comply in all respects with all Applicable Laws, permits, and licences to which it may be subject and which in each case is material to its business and its obligations under the Issue 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 Issue Documents;

8.9 furnish the Note Trustee with a copy of its quarterly financial statements and the Co-Obligors quarterly financial statements within ten (10) Business Days of sending the same to the SEC, or where the Co-Obligor is a private company, within ten (10) business days from the end of the relevant quarter;

8.10 furnish the Note Trustee with five (5) copies of its and the Co-Obligors audited financial statements, including their Statements of Financial Position as at the close of that fiscal year and the Statements of Financial Position and statements of sources and application of funds for that fiscal year, prepared in accordance with IFRS and confirmed by the Auditors as fairly representing the financial condition of the Issuer and the Co-Obligors as at the close of that fiscal year, at the same time as such statements are being sent to the Issuer and each of the Co-Obligors respectively;

8.11 for as long as any Bonds are outstanding, subject to obtaining the prior written consent of the Note Trustee (such consent not to be unreasonably withheld), be entitled to enter into any amalgamation, de-merger, merger, consolidation or corporate restructuring or enter into any transaction which effect would be similar to that of a merger, consolidation or corporate reconstruction, provided that:

8.11.1 no consolidation, corporate restructuring, merger or other change in the status of the Issuer shall be interpreted to avoid the Issuer's obligations imposed by this Deed and in the event of any change in status of the Issuer, the successor or successors-in-title of the Issuer shall be held and deemed responsible for the due performance of the obligations intended by this Deed;

8.11.2 immediately before and after giving effect to such consolidation or merger, no Event of Default shall have occurred and be continuing; and

8.11.3 the Issuer or its successor-in-title, as the case may be, shall have delivered to the Note Trustee, a certificate signed by two (2) of its directors stating that the consolidation or merger complies with the provisions of subparagraphs (i) and (ii) above.

8.12 unless with the prior written consent of the Note Trustee first had and obtained (which consent shall not be unreasonably withheld), not reduce its issued share capital or otherwise amend or change its share capital in a manner which, in the Note Trustee's reasonable opinion would adversely affect its ability or obligation to pay the principal and or interest on Bonds and or any monies payable under this Deed except such amendment is required by an Applicable Law;

8.13 in any other case of alteration of capital, and or amendment of its Memorandum and Articles of Association, it shall, inform the Note Trustee in writing no later than ten (10) Business Days upon completion, giving full particulars of the status of its share capital as altered, and or amendment of its Memorandum and Articles of Association accompanied with a formal representation by the Issuer confirming that such alteration or amendment shall not adversely affect its ability or obligation to pay principal and or interest on the Bonds issued under this Deed. In addition, the Issuer shall give answers to any reasonable queries of the Note Trustee in respect of such alteration or amendments;

8.14 retain a reputable firm of auditors as its auditors at all times;

8.15 duly and punctually pay and discharge all Taxes for which: (a) 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:

8.15.1 such payment is being contested in good faith;

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

8.15.3 such payment can be lawfully withheld;

8.16 bear and pay any Stamp Duties and charges (including interest and penalties, payable or imposed by any authority or government agency in Nigeria), in connection with the execution, delivery and performance of this Deed, and shall indemnify each Bondholder against any claim, demand, action, liability, damages, cost, loss or expense (including, without limitation, any properly incurred legal fees and any applicable value added tax) which it incurs as a result or arising out of or in relation to any failure to pay or delay in paying any of the same;

8.17 ensure that it maintains its legal status and complies with all Applicable Laws required to maintain such status;

8.18 ensure the information it makes available to the Bondholders directly or through any of its directors, officers, employees, or representatives in connection with the transactions contemplated by this Deed shall be complete and correct in all material respects; and not contain any untrue statement of a material fact or omit to state a material fact;

8.19 keep proper books of account and, at any time after an Event of Default has occurred or if the Note Trustee reasonably believes that an Event of Default may have occurred or may be about to occur, allow the Note Trustee and the Auditor free access to such books of accounts at all reasonable times during normal business hours, until such Event of Default ceases;

8.20 for as long as any Bonds are outstanding and, without the prior written consent of the Note Trustee (such consent not to be unreasonably withheld), procure that its holding company (where applicable) does not divest its majority interest in the Issuer and or any of its Affiliates;

8.21 notify the Note Trustee of any divestment or restructuring of its parent company or any of its Affiliates;

8.22 establish a Minimum Reserve Account in a manner as may be provided for under the relevant Final Terms;

8.23 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 a Potential Event of Default or an Event of Default has occurred and is continuing;

8.24 use its best endeavours to maintain the quotation or listing on the relevant securities market or exchange on which the Bonds 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 such other stock exchange or securities market as the Issuer may decide and upon obtaining a quotation or listing of such Bonds issued by it on such other stock exchange or exchanges or securities market or markets, enter into a deed supplemental to this Deed or the relevant Series Trust Deed to effect such consequential amendments as shall be necessary to comply with the requirements of any such stock exchange or securities market. Provided that the Issuer shall be able to delist the Bonds from any exchange for any reason whatsoever with the prior approval of the Majority Bondholders;

8.25 provide the Note Trustee with all documents and information the Note Trustee may reasonably require in connection with the performance of its obligations under this Deed, within fifteen (15) Business Days of receipt of a written request from the Note 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 Note Trustee; and

8.26 by 31st December in each year in which any part of the principal amount on the Bonds and accrued interest are outstanding, issue a certificate stating that:

a.) all arrangements required during the next financial year to meet the payment obligations of the Issuer have been put in place by the Issuer; and

b.) to the best of its knowledge, it is not aware of any facts or circumstances in the ordinary course of its business that will affect its ability to meet its payments obligations as and when due.

8.27 ensure that all payments due to the Bondholders shall be paid to the Payment Account(s) as provided in the relevant Final Terms.

8.28 where the day on which a payment is due to be made is not a Business Day, that payment shall be effected on or by the next succeeding Business Day unless that succeeding Business Day falls in a different month in which case payment shall be made on or by the immediately preceding Business Day.

9 Creation of Additional Series

9.1 Subject to Clause 5.1, the Issuer shall be at liberty from time to time without the consent of the Bondholders, to create and issue additional Series pursuant to the Programme either: (i) ranking *pari passu* in all respects (except for the first payment of Coupon, issue price, issue dates and principal amount) with outstanding Series, or (ii) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may at the time of issue determine. For the avoidance of doubt, any further issuance of Bonds may have the same terms and conditions as the Bonds of any Series (except for the amount and date of the first payment of interest, issue price, issue dates and Principal Amount) so that the same shall be consolidated and form a single class with the outstanding Bonds of a particular Series.

9.2 Any Series created pursuant to the provisions of Clause 8.1 shall be constituted by a trust deed supplemental to this Deed ("a **Supplemental Trust Deed**"). In any such case the Issuer, may make such consequential modifications to this Deed as the Note Trustee shall require in order to give effect to such issue of a Series.

9.3 The Note Trustee shall hold the benefit of the payment obligations of the Issuer in trust for the Bondholders of a Series in accordance with the terms and conditions of the applicable Series Trust Deed.

9.4 Every Supplemental Trust Deed as well as counterparts of this Deed shall be executed by the Issuer, the Co-Obligors, and the Note Trustee and a memorandum of any Supplemental Trust Deed shall be attached to this Deed and any counterparts of the same.

9.5 A memorandum of every Series Trust Deed shall be endorsed by the Note Trustee on this Deed and by the Issuer on counterparts of this Deed.

9.6 The provisions of this Deed except as otherwise varied in the relevant Series Trust Deed shall be incorporated by reference in the Series Trust Deed relating to any Series created pursuant to this Deed.

10 Guarantee of Co-Obligors

10.1 The Parties agree that all the obligations of the Co-Obligors shall be joint and several of each other without preferences or distinction among them (**the "Obligations**").

10.2 Each Co-Obligor, jointly and severally, guarantees to the Note Trustee:

10.2.1 the due and punctual payment of the principal and interest on the Bonds and of any other amount payable by the Issuer under this Deed (in immediately available funds, without any deduction, set-off, counterclaim or withholding of any kind (including without limitation, on account of taxes); and

10.2.2 the due and punctual performance and observance by the Issuer of its obligations which it may from time to time be obliged to perform under or pursuant to this Deed.

10.3 The obligations of the Co-Obligors shall include monetary damages arising out of any failure by the Issuer to perform its obligations under this Deed or any other Issue Document, to the extent that any failure to perform such obligations gives rise to monetary damages.

10.4 Where any of the Co-Obligors fails to make any payment with respect to any of the Obligations as and when due, or to perform any of the Obligations in accordance with the terms of this Deed, then, in each case the other Co-Obligors will make such payment with respect to, or perform, such Obligation.

10.5 The Obligations of each of the Co-Obligors under the provisions of this Clause 9 constitute the full Obligations of each Co-Obligor and is enforceable against each Co-Obligor to the full extent of its properties and assets, irrespective of the reliability or enforceability of this Deed or any other Transaction Document, or any other circumstance whatsoever.

10.6 For as long as any Bonds are outstanding under this Deed and any Series Trust Deed, the Co-Obligors shall not issue debt securities by any means whatsoever except through the Issuer under the Programme.

10.7 The Obligations of each Co-Obligor under this Deed are continuing obligations and shall extend to the balance of all sums payable by the Issuer under this Deed and the Bonds, regardless of any intermediate payment or discharge in whole or in part.

10.8 Payments

10.8.1 Any payment made by any Co-Obligor shall be in satisfaction of the relevant covenant to pay by the Issuer pursuant to Clause 8.3 (except to the extent where there is a default in a subsequent payment). Interest shall accrue on any payment made after the due date, up to and including the date payment is made. All payments made by any of the Co-Obligors under this Deed shall be subject to Clause 8.5.

10.8.2 Each Co-Obligor agrees that the payment of any amounts due with respect to any indebtedness owed by the Issuer or any Co-Obligor to any other Co-Obligor is hereby subordinated to the prior payment of the Obligations in full.

10.8.3 Each Co-Obligor agrees that after an Event of Default has occurred and during its continuance, such Co-Obligor will not demand, sue for or otherwise attempt to collect any indebtedness of any other Co-Obligor or the Issuer, owed to such Co-Obligor until the Obligations shall have been paid in full. Where, notwithstanding the above, any Co-Obligor collects, enforces or receives any amounts in respect of such indebtedness, such amounts collected, enforced and or received by such Co-Obligor would have been collected, enforced or received as trustee for the Note Trustee and be paid over to the Note Trustee to be applied to repay the Obligations.

10.9 Indemnity

As an independent and primary obligation, each Co-Obligor unconditionally and irrevocably agrees to indemnify, and keep the Note Trustee indemnified, from and against all and any cost and liabilities suffered or incurred by it arising from any failure of the Issuer to pay any sum due and payable by it on the due date and in the manner prescribed in this Deed, or through any payment obligation of the Issuer becoming unenforceable, invalid or illegal on any grounds, whether known to the Note Trustee or not.

10.10 *Waiver of Defenses*

10.10.1 Each Co-Obligor waives all defences that may be available to it by virtue of any valuation, stay, moratorium law or other similar law now or effective in the future, any right to require the ranking of assets of the Co-Obligors and any other entity or person primarily or secondarily liable with respect to any of the Obligations, and all suretyship defences generally.

10.10.2 Each Co-Obligor agrees that its Obligations shall not be released or discharged, in whole or in part, or otherwise affected by, the adequacy of any rights which the Note Trustee may have against any security or other means of obtaining repayment of any of the Obligations.

10.10.3 The Obligations of each Co-Obligor under this Clause 9 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding regarding any reconstruction or similar proceeding with respect to any other Co-Obligor. The joint and several liability of the Co-Obligors shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, ownership, membership, constitution of any Co-Obligor, the Issuer or the Note Trustee.

10.10.4 The provisions of this Clause 9 are made for the benefit of the Note Trustee and its respective permitted successors and assigns, and may be enforced by it or them from time to time against any or all of the Co-Obligors and without requirement on the part of the Note Trustee or any of its agents first to exercise any of its rights against the other Co-Obligors or to exhaust any remedies available to it against any other Co-Obligor or to resort to any other source or means of obtaining payment of any of the Obligations or to elect any other remedy.

10.10.5 The provisions of this Clause 10 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied.

10.11 *Addition and or Substitution of Co-Obligors*

10.11.1 The Note Trustee may without the consent of the Bondholders agree to the addition of one or more direct or indirect Affiliates of the Issuer to become an additional Co-Obligor under this Deed (the "Additional Co-Obligor"), and or, the substitution of any Co-Obligor as a Co-Obligor under this Deed, and any other agreement in respect of the Bonds, of any successor of any Co-Obligor (the "Substitute Co-Obligor") subject to such conditions as the Note Trustee may require, provided that:

10.11.1.1 the prior approval of the Commission shall first be obtained ;

10.11.1.2 a supplemental trust deed between the Issuer, the Note Trustee, and the Co-Obligors shall be executed by the Substitute Co-Obligor and or Additional Co-Obligor in a form and manner satisfactory to the Note Trustee, agreeing to be bound by the terms of this Deed, the Bonds and any consequential amendments which the Note Trustee may deem appropriate, as if the Substitute Co-Obligor and or Additional Co-Obligor had been an initial party to this Deed, the

Transaction Documents and on the Bonds as a Co-Obligor to the Issuer;

10.11.1.3 any authorised officer of the Issuer or (as the case may be) the Substitute Co-Obligor and or Additional Co-Obligor shall certify to the Note Trustee that the Substitute Co-Obligor and or Additional Co-Obligor will be solvent immediately after the said substitution and or addition is to be effected;

10.11.1.4 In the case of a substitution of Co-Obligor, the Issuer shall demonstrate to the satisfaction of the Note Trustee that by virtue of the assets, business, financial condition and any other relevant circumstance of the Substitute Co-Obligor, the substitution sought will be more advantageous to the interest of Bondholders than otherwise;

10.11.1.5 the Note Trustee shall be satisfied that the Substitute Co-Obligor and or Additional Co-Obligor has obtained all necessary consents necessary for its assumption of liability as a Co-Obligor under this Deed and such approval are at the time of substitution and or addition in full force and effect;

10.11.1.6 the Rating Agency must have notified the Note Trustee in writing that such substitution and or addition shall not result in the withdrawal or reduction of its rating(s) with respect to any Series; and

10.11.1.7 the Issuer and the Substitute Co-Obligor and or Additional Co-Obligor (or any previous Substitute Co-Obligor and or Additional Co-Obligor under this clause) shall execute any relevant Issue Documents, and instruments as the Note Trustee may require in order that such substitution and or addition is fully effective and comply with such other requirements in the interest of the Bondholders as the Note Trustee may direct.

10.11.2 On the execution of the supplemental trust deed referred to in Clause 9.9.1.2, the Substitute Co-Obligor and/or Additional Co-Obligor shall be deemed to be named in this Deed as a Co-Obligor in addition to the existing Co-Obligors, and this Deed shall be deemed to be amended to give effect to the substitution and or addition. References to the Co-Obligors in this Deed shall be deemed to be references to the Substitute Co-Obligor and or Additional Co-Obligor where applicable.

11 Credit Enhancement

There may be, in respect of the Bonds issued in each Series, credit enhancement measures to be specified in the applicable Final Terms instruments), collateral, insurance policies and third party guarantees.

12 Representations and Warranties

Representations and Warranties of the Issuer

12.1 The Issuer hereby undertakes, represents and warrants to the Note Trustee that, as of the date of this Deed and to the Note Trustee and the Bondholders of the relevant Series as at the Issue Date of any Series that:

12.1.1 it is a public limited liability company duly incorporated under the laws of Nigeria and has full power and authority to issue the Bonds;

12.1.2 it will give full effect to the Bonds when issued as provided under the Issue Documents;

12.1.3 it has obtained all government licences, authorisations, registrations, consents and approvals, to enter into, execute, deliver and perform its obligations under the Issue Documents;

12.1.4 its execution and delivery of the Issue Documents and its performance of this Deed:

12.1.4.1 have been duly authorised by all necessary corporate action;

12.1.4.2 will not contravene any Applicable Law;

12.1.4.3 will not contravene or constitute a default under any contractual obligation, judgment, injunction, order or decree binding upon it or its assets; and

12.1.4.4 will not contravene other agreements and any of the provisions of the Issuer's constitution documents;

12.1.5 each of the documents required to be executed and delivered in connection with the issue of the Bonds has been or will be duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it (subject to corporate insolvency and similar exceptions) in accordance with its terms;

12.1.6 it is in material compliance with all Applicable Laws including those in relation to its obligations under the Programme;

12.1.7 neither the Issuer nor any of its assets has any right of immunity on the ground of sovereignty or otherwise, from any jurisdiction, attachment (before or after judgment) or execution in respect of any action or proceeding relating in any way to the Issue Documents that may be brought in the courts of the Federal Republic of Nigeria or any relevant jurisdiction and where any such right is conveyed while the Bonds are outstanding, the Issuer hereby waives such right;

12.1.8 the obligations of the Issuer under the Issue Documents are direct, general and unconditional obligations of the Issuer and rank *pari passu* with all other present and future unsecured Financial Indebtedness of the Issuer;

12.1.9 it is able to pay its debts as they fall due and has not suspended making payments on any of its debts or, by reason of actual financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;

12.1.10 the value of its assets is not less than its actual liabilities; and

12.1.11 except as may be otherwise disclosed in the Shelf Prospectus, no litigation, arbitration or administrative proceedings before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief) been commenced or threatened against it or any companies within its Group.

Representations and Warranties of the Note Trustee

12.2 The Note Trustee undertakes, represents and warrants to the Issuer that, as of the date of this Deed and as at the Issue Date of any Series of the Bonds:

12.2.1 it is a company duly registered under the laws of the Federal Republic of Nigeria;

12.2.2 it is duly registered and authorised by the Commission to act as a trustee in connection with capital market transactions;

12.2.3 it has the full power, consent and authority to enter into this Deed, exercise its rights and perform its obligations under this Deed and such authorisations and consent are in full force and effect;

12.2.4 it has the resources, capacity and expertise to act on behalf of the Bondholders with regard to every issue of Bonds under the Programme and it shall comply with the provisions of the ISA, the Trustees Investment Act, this Deed and the relevant Series Trust Deeds in the performance of its obligations;

12.2.5 the obligations expressed to be assumed by it under this Deed are legal and valid obligations binding on it in accordance with their terms;

12.2.6 it shall provide any information that the Commission or the Issuer may require in connection with its obligations to act on behalf of the Bondholders;

12.2.7 it shall not allow any conflicts to occur between its obligations in connection with the Bonds and its commercial interests;

12.2.8 it does not have any subsisting and undisclosed fiduciary relationship with the Issuer; and

12.2.9 it shall comply with its obligations under this Deed and the terms and conditions specified in this Deed.

13 Enforcement

The rights and duties of the Note Trustee and Bondholders, in respect of recovery of amounts owing on the Bonds and the Coupons are set out in Condition 15 (*Events of Default*) of the Second Schedule.

14. Trust of Receipts

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

14.1.1. 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 Note Trustee with interest on such sums as provided in Clause 13.2 of this Deed;

14.1.2. any sum due or owing upon the Bonds (other than principal sum) *pari passu* and without preference or priority; and

14.1.3. the principal sum owing upon the Bonds *pari passu* and without preference or priority.

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

14.2. The Issuer shall pay to the Note Trustee, its attorney, agent or other person appointed in writing by the Note Trustee pursuant to this Deed as and when due every sum of money which shall from time to time be payable to any such person under any provisions of this Deed. The Issuer will on demand pay and satisfy or obtain the release of such person from any liabilities incurred by him pursuant to this Deed.

15. Payment of Principal, Coupon and Premium

15.1. Payment of principal, Coupon and premium (if any) for the time being owing or due on all or any part of the Bonds will be credited electronically to the nominated bank account of the Bondholder made available to the Registrar, for this purpose (or in the case of joint registered Bondholders, by the joint Bondholders).

Provided that where a Bondholder has not nominated any bank account the Note Trustee will notify the Bondholder and pending the time the Bondholder provides the account details, the Note Trustee will withhold payment of such amount. For the avoidance of doubt, no coupon shall accrue from the period commencing on date of notification of the Bondholder to the date on which the Bondholder provides the account details.

15.2. Without prejudice to the provisions of the Final Terms, the receipt by each Bondholder or in the case of joint Bondholders by any one of such joint Bondholders of any principal or coupon payable in respect of Bond(s) held by such Bondholder or joint Bondholders shall constitute a discharge of the payment obligations of the Issuer to pay such principal or coupon.

16. Priority of Payments

16.1. Subject to the Final Terms of any Series, all moneys received by the Note Trustee in respect of the Bonds or amounts payable under such Series or the Guarantee (where applicable) shall be held by the Note Trustee on trust and shall be applied by the Note Trustee in the following order:

(a) payment in full of all costs, charges, expenses and liabilities incurred and payments made in or about the execution of the relevant Series trust deed (including remuneration of the Note Trustee);

(b) payment of the interest and premium (where applicable) owing on the Bonds pari passu, in proportion to the amount due to the Bondholders respectively, and without preference or priority;

(c) payment of the Principal Amount Outstanding on the Bonds pari passu in proportion to the amount of Bonds held by each Bondholder and without preference or priority; and

(d) the excess cash flow (if any) shall be paid to the Issuer, provided that the Minimum Reserve Account (where applicable) has been maintained in accordance with the applicable Final Terms.

16.2. If the Note Trustee holds any moneys in respect of Bonds which have become void, or in respect of which claims have become prescribed, the Note Trustee shall apply them in accordance with the order of payment set out above.

17. Trustee to act on Instructions of Bondholders

The Note Trustee is not bound to take any proceedings or any other action in relation to this Deed, the Bonds or any documents executed pursuant to the Deed or any of the other Issue Documents to which the Note Trustee is a party unless:

17.1. it is so directed by an Extraordinary Resolution of the Bondholders;

17.2. it is requested to do so in writing by the Majority Bondholders; or

17.3. in either case, the Note Trustee (and every attorney, delegate, manager, agent or other person appointed by the Note Trustee) shall be entitled to be indemnified by the Bondholders and or secured to its satisfaction in respect of all liabilities, proceedings, claims, demands, costs, charges and expenses to which the Note Trustee may become liable or which may be incurred by it (or any of the above-mentioned parties so appointed by the Note Trustee) in connection with this Deed, provided that the Note Trustee shall not be held liable for the consequence of taking any such action.

18. Exclusive Right of the Note Trustee

None of the Bondholders shall have any independent power to enforce any right or to exercise any rights, discretions or powers or to grant any consents or releases under or pursuant to any of the Issue Documents. Any power or right of the Bondholders under this Deed may be exercised only by the Note Trustee or any delegate appointed by the Note Trustee in accordance with the terms of this Deed.

19. Powers, Duties, and Indemnities of Note Trustee

19.1. Subject to the provisions of this Deed, the Note Trustee shall enjoy all powers, reliefs and indemnities granted to it, and perform the obligations imposed on it pursuant to the Trustees Investment Act and all Applicable Laws for the time being in force.

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

19.3. The Note Trustee shall have the following duties and responsibilities:

19.3.1. to act in accordance with the provisions of this Deed, the relevant Series Trust Deed, the ISA, the Trustees Investment Act and any Applicable Laws and safeguard the rights of the Bondholders for the Issuer's obligations under the Programme;

19.3.2. to summon, as and when necessary, meetings of all Bondholders of a Series where necessary matters and business will be presented to and determined by Bondholders; and

19.3.3. 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.

19.4. The Note Trustee shall make payments of coupon and principal in respect of the Bonds in accordance with the Conditions and this Deed and for so long as the Bonds are evidenced by records confirmed by the Registrar.

19.5. The Note Trustee shall not make any payment of coupon or principal in respect of any Series in an amount which is greater than the amount of interest or principal payable in accordance with the Conditions in respect of such Series and determined or calculated by the Note Trustee.

19.6. Prior to an Event of Default and after curing or waiving all Events of Default which may have occurred, the Note Trustee shall not be liable except for the performance of its duties as specifically set out in this Deed or as required under any Applicable Law or regulation which applies to the Note Trustee.

19.7. The Note Trustee shall make copies of this Deed and the latest consolidated audited financial statements of the Issuer and the Co-Obligors available for inspection by Bondholders between the hours of 10:00am and 4:00pm on any Business Day, at its specified office.

19.8. The duties and obligations of the Note Trustee shall be determined solely by the express provisions of this Deed, and no implied powers, duties or obligations of the Note Trustee, except as provided by the ISA or any other Applicable Law shall be construed into this Deed.

19.9. Upon the occurrence of an Event of Default, the Note 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.

19.10. The Note 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 Note Trustee, except where such liability arises from its negligence, default and or misconduct.

19.11. Notwithstanding any other provisions of this Deed, the Note Trustee shall have no liability for: (a) an error of judgment made in good faith by any officer or employees, unless it shall be proved that the Note Trustee was negligent in ascertaining the pertinent facts and in such instance, any resulting liability shall be borne by the Note Trustee; or (b) action taken or omitted to be taken by it in good faith in accordance with the lawful direction of the Majority Bondholders.

19.12. The Note Trustee may accept a certificate from the Issuer that the entire Bond has been redeemed or relating to any matter primarily within the knowledge of the Issuer as sufficient evidence of such matter and any such certificate shall be a complete protection to the Note Trustee acting upon such certificate.

19.13. It is hereby expressly agreed and declared as follows:

19.13.1. the Note Trustee may in relation to this Deed, act on the opinion or advice of or any information from any professional adviser(s), including solicitor, valuer, surveyor, broker, auctioneer, accountant, or other expert, whether obtained by the Issuer or by the Note Trustee, and shall not be responsible for any loss occasioned by so acting provided that (1) it has used its best efforts to ensure that such persons are competent; (ii) it has exercised due care and diligence in the selection of such professional adviser(s); 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; Provided that the Issuer shall bear the fees and reasonable costs and expenses incurred by the Note Trustee in the appointment of any solicitor, valuer, surveyor, broker, auctioneer, accountant or any other agent, expert or professional in respect of the trust and agreed in advance in writing by the Issuer. The Issuer hereby agrees to pay to the Note Trustee such fees and expenses within fifteen (15) working days on a full indemnity basis together with any VAT or similar tax payable in connection with the engagement of any such agent, expert or professional upon receipt of the Note Trustee's written request;

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

19.13.3. except as otherwise provided, the Note Trustee shall not be bound to take any steps to ascertain whether any event has happened upon the occurrence of which the Bond may be declared immediately repayable;

19.13.4. except as otherwise expressly provided, the Note Trustee in the exercise of all trusts, powers, authorities and discretions vested in it 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 of its powers, and in particular, the Note Trustee shall not be bound to act at the request or discretion of the Bondholders under any provision of this Deed unless the Note 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;

19.13.5. the Note Trustee shall not be responsible for the monies subscribed by applicants for the Bonds;

19.13.6. the Note Trustee shall be at liberty to accept:

19.13.6.1. a certificate signed by any two (2) Directors of the Issuer or as appropriate any two (2) Directors of an Affiliate 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 such Issuer's (or Affiliate's) purposes as sufficient evidence that they have that value or produce a particular income or are so suitable; and

18.13.6.2 the Note 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;

19.13.7. the Note Trustee shall not be responsible for having acted upon any resolution purporting to have been passed at any meeting of the Bondholders where minutes have been made and signed, even though it is subsequently 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 Note Trustee had knowledge of such defect prior to taking such action;

19.13.8. the Note Trustee shall not be bound to declare any Series immediately repayable or to take any steps to enforce payment 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 Note Trustee shall in any case inform the Bondholders of the happening of any Event of Default that comes to its knowledge;

without prejudice to the right of indemnity by law given to the Note Trustee, the Trustee and every attorney, manager, agent or other person appointed by it pursuant to this Deed, shall be entitled to be indemnified by the Issuer in respect of all liabilities and reasonable expenses incurred by the Note Trustee in the execution or purported execution of the powers and trusts or of any powers, authorities or discretions vested in it pursuant to this Deed. Provided that (a) the Note Trustee, its attorney, agent or manager or other person appointed by the Trustee has not acted 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; and

19.13.9. the Note Trustee shall not be liable for any thing except only a breach of trust committed by it. Provided nevertheless that nothing contained in this Clause 18 shall exempt the Trustee from indemnifying the Issuer or Bondholders against any liability for negligence or breach of trust where the Trustee fails to show the degree of care and diligence required of it having regard to the provisions of this Deed and any Applicable Law conferring on it powers, authorities or discretions.

19.14. *Power to Delegate or Appoint Agents*

19.14.1. Instead of acting personally, the Note Trustee may employ and pay an agent (whether a solicitor or other professional person), to transact or conduct or carryout all acts required to be done by the Note Trustee, including the receipt and payment of money, in connection with this Deed, provided however, that the Trustee shall not delegate all its powers to an agent before seeking the prior approval of the Issuer and notifying the Commission of such delegation.

19.14.2. It is hereby agreed that, for the purpose of liability, where the Trustee appoints:

a) professional adviser(s), it will not be liable for the acts or omissions of such professional advisers provided that the Trustee exercised due care and diligence in the selection of such professional adviser(s);

b) agents and has delegated its trust powers and functions to agent(s), the Trustee will be liable for the acts and omissions of such agent(s).

19.15. *Dealings with the Issuer and its Securities*

19.15.1. Subject to the provisions of the ISA, and Section 188 of CAMA, the Trustee under this Deed shall be at liberty in the ordinary course of its business, and every director, other officer or servant of the Trustee shall be at liberty, to enter into contracts with or hold any office for 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 from such actions.

19.15.2. Without prejudice to the generality of sub-clause 17.15.1, it is expressly declared that such contracts, transactions or arrangements may include:

19.15.2.1. any contract for the purchase 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;

19.15.2.2. 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 an Affiliate or any contracts of insurance with the Issuer or any of its subsidiaries; and

19.15.2.3. the Trustee acting as trustee of any other securities or obligations of the Issuer, or its Affiliates.

19.15.3. The Trustee shall not be accountable to the Issuer, or any of its Affiliates 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 any Affiliate or to the Bondholder for any benefits or profits or any fees, commissions, discount or share of brokerage paid 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.

19.16. *Authorisation of the Trustee*

Each Bondholder authorises the Trustee (whether or not by or through employees or agents):

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

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

19.17. *Note Trustee's Authority to Execute Documents*

19.17.1. The Note Trustee is authorised to enter into and execute any further document(s), which is required to be executed with respect to the Bond.

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

19.18. *Covenant of Compliance*

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

19.19. *Note Trustee's Indemnity*

Nothing in this Deed shall, in any case in which the Trustee has failed to show the degree of care and diligence required of it as trustee, exempt the Trustee from indemnifying any party who has suffered any loss as a result of the act or omission of the Note Trustee against any liability for negligence, default, breach of duty or breach of trust in relation to its duties under this Deed.

20. Appointment of the Registrar

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

The Bond Register

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

20.2. The Note 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 Bond Register and to take copies of and extracts from the same or any part between the hours of 8.00am and 4.00pm on a Business Day. Provided that Bondholders shall only be entitled to information in relation to the Bonds, which they own. The 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) consecutive days in any year.

20.3. The Registrar shall maintain and update the Bond Register until such time when 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 Note Trustee on a quarterly basis during the period in which the Bonds are outstanding.

20.4. Only Bondholders whose names appear in 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.

21. 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.

22. Remuneration of Note Trustee

22.1. During the continuance of this Trust and until the Trust is determined, the Note Trustee's remuneration shall be as documented in an engagement letter executed between it and the Issuer.

22.2. The remuneration in the engagement letter referred to in Clause 21.1.1 may be reviewed at the end of each year, by the mutual agreement of the Parties.

22.3. The Issuer shall pay the Note Trustee a mutually agreed sign-on fee and an annual trustee fee.

22.4. The Note Trustee shall be reimbursed for all invoiced costs, charges and expenses reasonably incurred by the Note Trustee in connection with the performance of its duties under this Deed. The Note Trustee shall however not incur any expenses in excess of the aggregate sum of ₦1, 000, 000.00 (One Million Naira) without the Issuer's prior written approval.

23. Exit and Entry of the Note Trustee

23.1. *Appointment of a Note Trustee*

23.1.1. For as long as any Bond is outstanding, the Issuer is vested with the power, subject to the notification and approval of the Commission, to appoint a new trustee (up to a maximum of two (2) trustees acting jointly), provided that such appointment must have been approved by an Extraordinary Resolution of the Bondholders for the time being.

23.2. *Retirement of a Note Trustee*

23.2.1. The Note Trustee shall be required to retire from its position as Trustee in the event of any of the following happening:

23.2.1.1. except for voluntary liquidation for the purpose of amalgamation or reconstruction, if it goes into liquidation or if a receiver is appointed over the undertaking of the Note Trustee or if a public authority shall take over the undertaking of the Trustee or any substantial part of it; or

23.2.1.2. if the Note Trustee has been fraudulent or has acted with misconduct in the performance of its duties under this Deed; and if for good and sufficient reason the Issuer is of the opinion that a change of Trustee is desirable in the interests of the Bondholders and notifies the Note Trustee in writing accordingly;

23.3. In the event of the occurrence of any of the events stipulated in Clause 22.2 above, the Note Trustee's retirement shall take effect immediately the Issuer appoints a new trustee, provided that such appointment must have been approved by an Extraordinary Resolution of the Bondholders for the time being, subject to the approval of the Commission.

23.4. *Voluntary Retirement of a Note Trustee*

23.4.1. The Note Trustee shall have the right to voluntarily retire upon giving the Issuer ninety (90) days written notice of its intention to do so.

23.4.2. Where there is no other subsisting trustee at the time of the Note Trustee's retirement, the said retirement shall not take effect until the Issuer has, subject to the Commission's approval, appointed a successor note trustee and the Commission shall be promptly notified. In such event, the successor trustee shall cause notice of its appointment to be issued to the existing Bondholders.

23.4.3. The Note Trustee shall not be responsible for any cost occasioned by its retirement, except for the cost of physically transferring all documents related to this Deed to a new note trustee, and the cost of notifying the Bondholders of the appointment of a successor trustee.

23.4.4. In the event of the retirement of the Note Trustee in accordance with this Clause 22, the Note Trustee shall immediately account for and deliver up all of the Assets, to its appointed successor. In addition, the Note Trustee undertakes to refund the unearned portion of the annual fees for the year that it retires.

24. Indemnity Relating to Applications to the Court

The Issuer shall indemnify the Trustee in respect of all reasonable costs and expenses lawfully incurred by the Trustee in relation to or arising out of any application made to any court (either in Nigeria or any other country where any assets of the Issuer are situated) by the Trustee or any of the Bondholders for an order that the Trust may be carried out under the direction of the court or for an order of declaration relating to the administration of the Trust or the enforcement of the rights under this Deed or the construction of this Deed.

25. Power to Recoup Money Owed to the Note Trustee

25.1. Without prejudice to the right of indemnity by law given to trustees, the Trustee shall be entitled to be indemnified out of the property or assets of the Issuer in respect of:

25.1.1. all liabilities, costs, charges and expenses incurred by it in relation to this Deed or to the preparation and execution or purported execution of this Deed;

25.1.2. the performance of the trusteeship duties in accordance with the provisions of this Deed; and

25.1.3. the exercise of any trusts powers or discretion vested in it pursuant to this Deed.

25.2. In priority to any payments to the Bondholders, the Trustee may retain and pay out of any funds in its possession arising from the Trusts, all sums necessary to effect such indemnity and also the remuneration of the Trustee as provided in this Deed.

26. Modification of Terms of The Deed

26.1. Subject to the approval of the Commission, and without prejudice to the powers of the Bondholders exercisable by an Extraordinary Resolution, the Note Trustee and Issuer may at any time without the sanction of an Extraordinary Resolution make any modification to this Deed as may be agreed between the Parties where the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders or that the modification is intended to correct a manifest error or omission or that in its opinion, the modification is of a formal, minor or technical nature. Any such modification shall be binding on the Bondholders and any such modification shall be notified by the Trustee to the Bondholders as soon as possible.

26.2. The Issuer will not, without the prior written consent of the Note Trustee or an Extraordinary Resolution of the Bondholders, agree to any amendments to or any modification of, or waiver of the terms of any outstanding Bonds and will act at all times in accordance with any instructions of the Note Trustee from time to time with respect to any outstanding Bonds. Any such amendment, modification, waiver or authorisation made with the consent of the Note Trustee shall be binding on the Bondholders, and unless the Trustee agrees otherwise, any such amendment or modification shall be notified by the Issuer to the Bondholders in accordance with Condition 16 (*Notices*).

26.3. No consolidation, modification, alteration or addition shall impose any further payment on the Bondholders in respect of the Bonds held by them or any liability in connection with the Programme.

27. Issuer's Waiver of Defences

27.1. The obligations of the Issuer under this Deed shall not be affected by any act, omission, matter or thing which might operate to release or otherwise exonerate the Issuer from its obligations under this Deed in whole or in part, including, whether or not known to the Issuer or the Trustee:

27.1.1. any time, indulgence or waiver granted to or composition with the Issuer or any other person;

27.1.2. the taking, variation, compromise, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights, remedies or securities against the Issuer or any other person, non-observance of any formality or other requirement in respect of any instruments; or

27.1.3. any legal limitation, disability, incapacity or other circumstances relating to the Issuer or any other person.

28. Incorporation of Schedules

The provisions contained in the Schedules to this Deed shall have full effect in the same manner as if such provisions were set forth in the body of this Deed. The powers conferred upon the Trustee in the Schedules shall be in addition to any powers, which may from time to time be vested on it by any Applicable Law or by the Bondholders.

29. Notice of Breach to the Commission

The Trustee shall inform the Commission whenever it becomes necessary to enforce the terms of this Deed and of any breach of the terms and conditions of the Deed, not later than ten (10) Business Days after the Trustee has actual knowledge of the breach.

29. Compliance with the ISA

The Trustee in exercise of the powers and discretions vested in it pursuant to this Deed shall comply with the provisions of the ISA.

30. Notices

30.1. All notices required to be given in connection with this Deed shall be in writing, either delivered by hand, pre-paid post or courier to the respective Parties registered address, or by dispatching the same by electronic mail transmission, provided that in case of Bondholders of any Series, any notice given by way of publication in two Nigerian National Dailies will suffice as sufficient notice.

30.2. Service shall be deemed to have been made at the time of actual receipt, except in the case of any electronic mail transmission sent after 4.30 pm, it shall be deemed to have been served at 9.00 am on the next Business Day.

30.3. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, preparing and posting a letter containing the notice.

30.4. Registered address means, in the case of a Bondholder, an address supplied by him to the Registrar/Note Trustee/Issuer for the giving of notice to him.

30.5. A notice may be given by the Not Trustee to the persons entitled to the interest of a Bondholder in consequence of the death of such Bondholder by sending it through the post in a prepaid letter to representatives of the deceased, or by any like description, at the address, if any within Nigeria 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 the same might have been given if the death had not occurred.

30.6. In the case of joint registered Bondholders, a notice given to the holder whose name stands first in the Register in respect of such Bond shall be sufficient notice to all the joint holders of the Bond.

30.7. All notices shall be effective when received at the addresses specified for the service by the relevant Party or as amended from time to time in writing as set out below:

For the Issuer:
Name: Viathan Funding Plc
Address: 17B Chibo Ofodile Close, Off Ladipo Latinwo Crescent, Lekki
Attention: Managing Director
Telephone: 016312913
Email: info@viathan-ng.com

For the Note Trustee
Name**: UTL Trust Management Services Limited**
Address 2nd Floor, ED Building, 47 Marina, Lagos
Phone: 08122243847
Email:ooaiyepola@uniontrusteeslimited.com;
eaumossoh@uniontrusteeslimited.com
Attention: Olufunke Aiyepola (Mrs)

31. Miscellaneous

31.1. No failure or delay by the Trustee in exercising any right or remedy shall operate as a waiver of such right or remedy, nor shall any single or any partial exercise or waiver of any right or remedy preclude its further exercise or the exercise of any other right or remedy.

31.2. Each clause of this Deed is severable and distinct from the others and if at any time one clause is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining clauses shall not in any way be affected or impaired by such illegality or invalidity.

31.3. No amalgamation, reconstruction or other change in the status of the Issuer shall be interpreted to avoid the obligations imposed on the Issuer by this Deed, and in the event (if any) of any change in the status of the Issuer as earlier stated, the successor or successors-in-title of the Issuer shall be held and deemed responsible for the due performance of the obligations intended by this Deed.

32. Force Majeure

Neither the Issuer nor the Trustee shall be liable to the other for failure or delay in the performance of a required obligation under this Deed, if such failure or delay is caused by a "Force Majeure" event. Provided that such Party gives prompt written notice of such condition, the steps being taken or proposed to be taken in relation to such event, and resumes the performance of its obligations as soon as reasonably possible after the cessation of such condition, the said condition not extending beyond a period of thirty (30) days. Provided also that the other party is reasonably satisfied that such condition impedes the relevant party's ability to discharge its obligations under this Deed.

33. Governing Law and Jurisdiction

This Deed shall be governed by, and construed in accordance with laws of the Federal Republic of Nigeria.

34. Dispute Resolution

34.1. In the event of any dispute arising out of or in relation to this Agreement, such dispute shall be communicated by any of the Parties involved in the dispute to the SEC within 5 (five) Business Days of the onset of the dispute.

34.2. The Parties shall endeavour to resolve the same by mutual consultation with each other, within ten (10) working days of the declaration in writing of the dispute.

34.3. Any dispute, which is not mutually resolved by the Parties in accordance with Clause 34.2 above, shall be referred to arbitration in accordance with the provisions of the Arbitration and Conciliation Act Cap A18 Laws of the Federation of Nigeria 2004 or any statutory re-enactment or modification of the same.

34.4. The Arbitration Tribunal shall consist of three (3) Arbitrators, one appointed by the Trustee, a second appointed jointly by the Issuer and the Co-Obligors, and the third Arbitrator who shall preside over the Panel, shall be appointed by the two (2) Arbitrators so appointed. In the event that the two Arbitrators appointed by the Issuer and the Co-Obligors respectively do not agree on the appointment of such third Arbitrator, or if the Issuer or the Co-Obligors fail to appoint their respective Arbitrator within ten (10) Business Days after the declaration of a dispute, then such Arbitrator shall be appointed by the Chairman of the Chartered Institute of Arbitrators UK (Nigeria Branch) on the application of any Party and when appointed the third Arbitrator shall convene an arbitrators meeting and act as Chairman at the same. The arbitral proceedings shall be held in Lagos, Nigeria, and shall be conducted in English language.

34.5. The arbitration rules and procedures and award shall be binding on the parties to the dispute. The cost of the arbitration shall be borne as determined by the arbitral award. Each Party shall however, bears its lawyer's fees. The award shall include consequential, indirect or punitive damages.

34.6. The Arbitrators shall resolve the dispute within twenty-five (25) days after the exchange of pleadings by the Parties. In the event the Parties are not satisfied with the decision of the Arbitral Tribunal, the dispute shall be referred to the SEC for resolution.

34.7. Any Party aggrieved by the decision of the SEC, may then refer the matter to the Investment and Securities Tribunal established in accordance with the provisions of the ISA, for resolution.

35. Assignments and Transfers

35.1. The Trustee may assign or transfer any of its rights, interests or obligations under or in respect of this Deed to any successor as trustee subject to the provisions of this Deed, provided that it gives the Issuer prior notification of such transfer.

35.2. The Issuer may not assign or transfer any of its rights, interests or obligations under or in respect of this Deed to any person, without the express written consent of the Trustee.

36. Counterparts

This Deed may be executed simultaneously in any number of counterparts, each of which shall be deemed to be an original, but all of which taken together, shall constitute one and the same instrument.

TAX CONSIDERATIONS

The foregoing summary does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective investor in Bonds issued under the Programme. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Bonds issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Bonds issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Bonds may vary. Any actual or prospective purchaser of the Bonds who intends to ascertain his/her tax position should seek professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Bonds, bearing in mind his/her peculiarities. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Notes in any manner for placing reliance upon the contents of this section.

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the Programme are quite broad and extensive. These include exemption from Companies Income Tax, Value Added Tax and Personal Income Tax respectively, by virtue of the Companies Income Tax (Exemption of Bonds and Short Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011. For avoidance of doubt, this exemption has a lifespan of 10 years commencing on the effective date of 2nd January 2012.

In addition, the Bonds qualify for a waiver from Capital Gains Tax by virtue of the ten (10) year tax waiver approved by the Federal Government in March 2010.

STATUTORY AND GENERAL INFORMATION

Authorisation of the Programme

At the meeting held on 10 July 2017, the shareholders of Viathan Funding Plc passed a resolution approving the establishment of a N50 billion medium term note programme.

Incorporation and Share Capital History of the Sponsor

Viathan Engineering Limited ("VEL" or "the Company") was incorporated on 14 February 2011 in Nigeria under the Companies and Allied Matters Act, as a private limited liability company and is domiciled in Nigeria. It commenced operations in August 2015.

The principal activities of VEL is to hold investments primarily in the power industry. The principal activities of other members of the Viathan Group include the provision of power solutions and the generation and distribution of electricity to governmental (B2G), commercial (B2B) and bulk residential (B2C) clients in the Lagos metropolis and across Nigeria

Currently, VEL has authorized share capital of N10 million comprising of 10 million ordinary shares of N1 each, and it is issued and fully paid up capital is N10 million comprising of 10 million ordinary shares of N1 each

The following changes have taken place in VEL's authorized and issued capital since its inception:

Authorized Capital (₦)			Issued and Fully Paid Capital (₦)		
Date	**From**	**To**	**Date**	**From**	**To**
14/02/11	-	1,000,000	14/02/11	-	1,000,000
23/07/15	1,000,000	10,000,000	24/08/15	1,000,000	10,000,000

Shareholding Structure of Sponsor

As at 31 December 2016, the shareholders holding above 5% of the issued share capital of VEL:

Shareholders	No. of shares	% holdings
Viathan Power Mauritius Limited	9,999,999	100.0%

Directors' Beneficial Interests in the Sponsor

None of the directors of Viathan Engineering Limited holds any direct or indirect interests in issued share capital of the company

Subsidiaries of the Sponsor

VEL's effective interests in subsidiaries as at December 31st 2016 are shown below

Entity	Place of Incorporation	% holdings	Principal Activities
Akute Power Limited	Nigeria	99.99%	Electricity generation
Lisabi Power Limited	Nigeria	99.99%	Electricity generation

Related Companies

The following companies who are also co-obligors along with the Issuer and Sponsor are related and united by common ownership, as they are all under the holding company, Viathan Power Mauritius Limited

Entity	Place of Incorporation	Principal Activities
Gasco Marine Limited	Nigeria	Gas distribution
Island Power Limited	Nigeria	Electricity generation
Marine Power Limited	Nigeria	Investment Holding Company
PIPP LVI Genco Limited	Nigeria	Electricity generation
Tofu Energy & Power Company Limited	Nigeria	Electricity generation

Statement of Indebtedness
Details of all indebtedness of the Sponsor and Co-obligors at the time of issuance of any Bonds under the Programme will be disclosed in the Pricing Supplement relating to the series of Bonds to be issued.

Claims & Material Litigation
There are currently two (2) cases pending before the Courts in Nigeria in relation to the Co- Obligors, specifically, Akute Power Limited (APL) and PIPP LVI Genco Limited (PIPP). Based on the information provided to the Solicitor to the Issue, we note that APL has one pending litigation case instituted against APL as the 6th Defendant/Respondent, centred on a land dispute which is currently on appeal. In relation to PIPP, we note that PIPP commenced an action at the Federal High Court, challenging the right of the National Inland Waterways to demand returns on the property belonging to PIPP. There is no specific monetary claim against APL and PIPP based on the information made available to the Solicitor to the Issue in respect of the two (2) cases.

In the opinion of the Solicitor to the Issue therefore, the cases are not likely to have any material adverse effect on the Programme. However, we are unable to predict the outcome of the cases in relation to APL and PIPP

Declarations
Except as otherwise disclosed in this Shelf Prospectus:

(a) No share of the Company is under option or agreed conditionally or unconditionally to be put under option;
(b) No commissions, brokerages or other special terms have been granted by the Company to any person in connection with the Medium Term Note Programme or sale of any securities of the Company;
(c) Save as disclosed herein, the Directors of the Company have not been informed of any holding representing 5% or more of the issued share capital of the Company;
(d) There are no founders', management or deferred shares or any options outstanding in the Company;
(e) There are no material service agreements between the Company or any of its Directors and employees other than in the ordinary course of business;
(f) There are no long-term service agreements between the Company or any of its Directors and employees other than in the ordinary course of business;
(g) No Director of the Company has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Company in the five years prior to the date of this Shelf Prospectus;
(h) No prosecution has commenced against the Company or any of its subsidiaries in respect of any breach of any securities or banking laws or CAMA;
(i) No action has been taken against the Company by FMDQ in respect of any breach of the listing requirements of the Exchange.

Further declarations/information in respect of shareholders/key management staff
It is further declared that to the best of knowledge of Directors as at December 31 2016:

(a) None of the shareholders/key management staff is under any bankruptcy or insolvency proceedings in any court of law;
(b) None of the shareholders/key management staff has been convicted in any criminal proceeding;

(c) None of the shareholders/key management staff is subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

Material Contracts

The following agreements have been entered into and are considered material to this Programme:

- A Vending Agreement dated 15 December 2017 between Viathan Funding Plc on the one part and the Issuing Houses on the other part by which the latter have agreed to act as Issuing Houses to the ₦50billion Medium Term Note Programme
- A Programme Trust Deed dated 15 December 2017 between Viathan Funding Plc on the one part and the Note Trustee on the other part by which the latter has agreed to act as Note Trustee in connection with the ₦50 Billion Medium Term Note Programme.
- An Account Bank Agreement dated 15 December 2017

Other materials contracts in respect of any issuance of Bonds under the Programme will be disclosed in the applicable Pricing Supplement issued in respect of that Series of Bonds.

Costs & Expenses

Costs and expenses in respect of any issuance of Bonds under this Programme shall be payable by the Issuer and shall be disclosed in the applicable Pricing Supplement relating to the Bonds being issued.

Relationship between the Parties

The Company has contractual relationship with related companies in the ordinary course of business. The details of the outstanding amounts arising from the related party transactions are stated in Notes 29 to the financial statements

Mergers or Takeovers

As at the date of this Shelf Prospectus, the Directors were not aware of the following during the preceding financial year or current financial year:

- a merger or takeover offer by third parties in respect of the Company's securities; and
- A merger or takeover by the Company in respect of another Company's securities.

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:

Directors of the Issuer:	Adewale Adeosun Akintoye Akindele Ayodele Arogbo Olayinka Odeleye Richard Okello Oladimeji Sanni Kunle Falola Irunna Ejibe
Company Secretary:	Ikaar Corporate Services
Directors of the Sponsor:	Adewale Adeosun Richard Okello Akintoye Akindele Ayodele Arogbo Habeeb Alebiosu
Issuing Houses:	Renaissance Securities (Nigeria) Limited

Reporting Accountant	Ernst & Young Nigeria
Solicitors to the Issue:	Olaniwun Ajayi LLP
Solicitors to the Issuer:	Ikeyi & Arifayan
Solicitors to the Note Trustees:	TNP: The New Practice
Note Trustee:	UTL Trust Management Services Limited
Registrars:	Veritas Registrars
Rating Agent:	Global Credit Rating Co Limited
Issuer's Auditors	PricewaterhouseCoopers
Receiving Banks:	Zenith Bank Plc
Stockbroker	FCSL Asset Management Company Ltd

Documents Available For Inspection

The following documents will be available for inspection throughout the life of the Bonds at the principal offices of the Issuing Houses addresses as listed on page 13 between 8.00 a.m. and 5.00p.m. on any Business Day throughout the validity of the Programme.

- Certificate of Incorporation of the Issuer;
- Memorandum and Articles of Association of the Issuer;
- Reporting Accountants' Report on 12 months historical financials ended December 31, 2016 and ten years financial projections of the Sponsor and Co-Obligors ended December 31, 2021;
- Board Resolution of the Issuer dated 10 July 2017 authorising the ₦50 billion Medium Term Note Programme;
- Shareholder Resolution of the Issuer dated 10 July 2017authorising the ₦50 billion Medium Term Note Programme;
- Letter from the Securities & Exchange Commission approving the registration of the Programme;
- The Statement of Affairs of the Issuer as of August 2017
- Audited Financial Statement of the Sponsor and Co-obligors for the years ended 31st December 2016;
- Shelf Prospectus issued with respect to the Bond Issuance Programme;
- Consents of Parties referred to on pages 106 and 107;
- The Vending Agreement;
- The Programme Trust Deed;
- Master Intercompany Loan Agreement (where applicable);
- The Account Bank Agreement;
- The Schedule of Claims & Litigations involving the Co-Obligors, together with the opinion of Solicitors to the Issue prepared in connection therewith; and
- The Rating Reports issued by Global Credit Rating Co. Limited for in respect of the Issuer

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be prepared by the Issuer for each Series of Bonds issued under the Programme:

VIATHAN

VIATHAN FUNDING PLC

RC: 1418760

Offer for Subscription via Book Building of

Series [•]: [•] – Year [•] % Fixed Rate Bonds Due [•]

UNDER THE ₦50,000,000,000 MEDIUM TERM NOTE PROGRAMME

Issue Price: ₦ 1,000 per unit

Payable in full on Application

Book Building Opens: [•] Book Building Closes: [•]

THIS PRICING SUPPLEMENT HAS BEEN PREPARED FOR THE PURPOSE OF RULE 320 OF THE RULES AND REGULATION OF THE SECURITIES & EXCHANGE COMMISSION (THE "COMMISSION" OR "SEC") IN CONNECTION WITH THE ISSUANCE OF ₦10,000,000,000 BONDS UNDER THE ₦50,000,000,000 MEDIUM TERM NOTE PROGRAMME ESTABLISHED BY VIATHAN FUNDING PLC ("THE ISSUER"). THIS PRICING SUPPLEMENT IS SUPPLEMENTAL TO, AND SHOULD BE READ IN CONJUNCTION WITH, THE SHELF PROSPECTUS DATED [•] AND ANY OTHER SUPPLEMENTS TO THE SHELF PROSPECTUS AS MAY BE ISSUED BY THE ISSUER. TERMS DEFINED IN THE SHELF PROSPECTUS HAVE THE SAME MEANING WHEN USED IN THIS PRICING SUPPLEMENT.

TO THE EXTENT THAT THERE IS ANY CONFLICT OR INCONSISTENCY BETWEEN THE CONTENTS OF THIS PRICING SUPPLEMENT AND THE SHELF PROSPECTUS, THE PROVISIONS OF THIS PRICING SUPPLEMENT SHALL PREVAIL. THIS PRICING SUPPLEMENT MAY BE USED TO OFFER AND SELL THE BONDS ONLY IF ACCOMPANIED BY THE SHELF PROSPECTUS. COPIES OF THE SHELF PROSPECTUS CAN BE OBTAINED FROM THE ISSUING HOUSES.

THE REGISTRATION OF THE SHELF PROSPECTUS AND THIS PRICING SUPPLEMENT SHALL NOT BE TAKEN TO INDICATE THAT THE COMMISSION ENDORSES OR RECOMMENDS THE SECURITIES OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENTS MADE OR OPINIONS OR REPORTS EXPRESSED IN THE SHELF PROSPECTUS OR THIS PRICING SUPPLEMENT. NO SECURITIES WILL BE ALLOTTED OR ISSUED ON THE BASIS OF THE SHELF PROSPECTUS READ TOGETHER WITH THIS PRICING SUPPLEMENT LATER THAN THREE YEARS AFTER THE DATE OF THE ISSUE OF THE SHELF PROSPECTUS.

THIS PRICING SUPPLEMENT CONTAINS PARTICULARS IN COMPLIANCE WITH THE REQUIREMENTS OF THE COMMISSION FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE SECURITIES BEING ISSUED HEREUNDER (THE "SERIES 1 BONDS" OR "BONDS"). AN APPLICATION HAS BEEN MADE TO THE BOARD LISTINGS AND QUOTATIONS COMMITTEE OF THE FMDQ FOR THE ADMISSION OF THE BONDS TO ITS DAILY QUOTATION LIST. THE BONDS QUALIFY AS A SECURITY IN WHICH TRUSTEES MAY INVEST UNDER THE TRUSTEE INVESTMENTS ACT, (CAP T22) LAWS OF THE FEDERATION OF NIGERIA, 2004 AND ALSO QUALIFIES AS SECURITIES IN WHICH PENSION FUND ASSETS CAN BE INVESTED UNDER THE PENSIONS REFORM ACT NO 4 OF 2014.THE BONDS ALSO QUALIFY AS A SECURITY UNDER SECTION 20(1)G OF THE PERSONAL INCOME TAX ACT, CAP P8, LFN, 2004 AS WELL AS SECTION (19)(20) OF THE COMPANIES INCOME TAX ACT, CAP C21,LFN, 2004

THE ISSUER ACCEPTS FULL RESPONSIBILITY FOR THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT. THE ISSUER DECLARES THAT HAVING TAKEN REASONABLE CARE TO ENSURE THAT SUCH IS THE CASE, THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT IS, TO THE BEST OF ITS KNOWLEDGE, IN ACCORDANCE WITH THE FACTS AND DOES NOT OMIT ANYTHING LIKELY TO AFFECT THE IMPORT OF SUCH INFORMATION AND THAT SAVE AS DISCLOSED HEREIN, NO OTHER SIGNIFICANT NEW FACTOR, MATERIAL MISTAKE OR INACCURACY RELATING TO THE INFORMATION INCLUDED IN THE SHELF PROSPECTUS HAS ARISEN OR HAS BEEN NOTED, AS THE CASE MAY BE, SINCE THE PUBLICATION OF THE SHELF PROSPECTUS. FURTHERMORE, THE MATERIAL FACTS CONTAINED HEREIN ARE TRUE AND ACCURATE IN ALL MATERIAL RESPECTS AND THE ISSUER CONFIRMS THAT, HAVING MADE ALL REASONABLE ENQUIRIES, TO THE BEST OF ITS KNOWLEDGE AND BELIEF, THERE ARE NO MATERIAL FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT CONTAINED HEREIN MISLEADING OR UNTRUE.

Final Terms of Series [•] Bonds

1.	Issuer:	[•]
2.	Sponsor:	[•]

3.	Co-Obligors:	[•]
4.	Series Number:	[•]
5.	Aggregate Principal Amount of Series:	[•]
6.	1) Issue Price: 2) Issue Coupon: 3) Gross Proceeds:	[•] [•] [•]
7.	Subscription:	[•]
8	Denomination:	[•]
9.	1) Issue Date: 2) Interest Commencement Date (if different from Issue Date):	[•] [•]
10.	Maturity Date:	[•]
11.	Redemption / Payment Basis:	[•]
12.	Status:	[•]
13.	Listing:	[•]
14.	Method of Distribution:	[•]
15.	Use of Proceeds:	[•]
16.	Guarantor:	[•]
17.	Guarantee:	[•]
PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE		
18.	Fixed Rate Bond Provision: 1) Interest Rate: 2) Interest Payment Dates(s)/Payment Dates: 3) Interest Amount(s): 4) Business Day Convention: 5) Business Day: 6) Day Count Fraction: Other terms relating to method of calculating interest for Fixed Rate Bonds:	[•] [•] [•] [•] [•] [•] [•] [•]
PROVISIONS RELATING TO REDEMPTION		
19.	Optional Early Redemption (Call Option):	[•]
20.	Optional Early Redemption (Put Option):	[•]
21.	Scheduled Redemption /Amortization:	[•]
22.	Moratorium on Principal Repayment:	[•]
23.	Scheduled Redemption Dates:	[•]
24.	Final Redemption Amount:	[•]

25.	Redemption Notice Period:	[•]
GENERAL PROVISIONS APPLICABLE TO THE BONDS		
26.	Note Trustee:	[•]
27.	Registrar:	[•]
28.	Record Date:	[•]
29.	Other terms or special conditions	[•]
DISTRIBUTION, CLEARING AND SETTLEMENT PROVISIONS		
30.	Names of the Lead Issuing House/Bookrunner and the Joint Issuing House/Bookrunner (as defined in the Series Vending Agreement):	[•] [•]
31.	Underwritten / Book-building	[•]
32.	If Underwritten, names of Underwriters	[•]
33.	Clearing System:	[•]
GENERAL		
34.	Issuer Rating:	[•]
35.	Issue Rating	[•]
36.	Taxation:	[•]
37.	Governing Law	[•]
MATERIAL ADVERSE CHANGE STATEMENT		
Except as disclosed in this document and in the Shelf Prospectus dated [•], there has been no significant change or material adverse change in the financial or trading position or prospects of the Sponsor and Co-obligors since [insert date of last published annual accounts]		
RESPONSIBILITY		
The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Shelf Prospectus referred to above, contains all information that is all information that is material to the issue of the Bonds.		

Signed on [•]

____

Name:

Capacity

Parties to the Programme	Signature	Parties to the Programme	Signature
The Issuer: **Viathan Funding Plc** 17B, Chibo Ofodile Close, Off Ladipo Latinwo Crescent, Lekki Phase 1 Lagos	Oladimeji Sanni	**Issuing House:** **Renaissance Securities(Nig) Ltd** 5th Floor, Plot 1B Keystone Bank Crescent Victoria Island Lagos	Omosolape Sanusi
Sponsor: **Viathan Engineering Limited** 17B, Chibo Ofodile Close, Off Ladipo Latinwo Crescent, Lekki Phase 1 Lagos	Uche Nwaeluedike	**Trustee:** **UTL Trust Management Services Ltd** 2nd Floor, ED Building, 47, Marina, Lagos	
Issuer's Board of Directors **Adewale Adeosun** Non-executive Director		**Solicitor to the Issue:** **Olaniwun Ajayi** The Adunola, Plot L2, Banana Island Ikoyi, Lagos	OLUSEYE OPASANYA
Akintoye Akindele Non-executive Director		**Solicitor to the Issuer** **Ikeyi & Arifayan** 21, Boyle Street Onikan, Lagos	
Ayodele Arogbo Non-executive Director		**Solicitor to the Trustee:** **The New Practice** 49, Raymond Njoku Street, Ikoyi, Lagos	Babajimi Ayorinde
Olayinka Odeleye Non-executive Director		**Reporting Accountant:** **Ernst & Young Nigeria** 10th & 13th Floor, UBA House, 57, Marina, Lagos	
Richard Okello Non-executive Director		**Auditors:** **PricewaterhouseCoopers ~~Limited~~** Landmark Towers 5B, Water Corporation Road, Victoria Island,Lagos	Edafe Erhie
Oladimeji Sanni Managing Director		**Registrar to the Issue:** **Veritas Registrars Limited** 89a, Ajose Adeogun Street, Victoria Island, Lagos	David Boyo Ajibaye
Kunle Falola Executive Director		**Rating Agencies:** **Global Credit Rating Co. Ltd** New Africa House (17th Floor) 31 Marina Lagos	ABODUNRIN SEUN
Irunna Ejibe Executive Director		**Receiving Banks:** **Zenith Bank Plc** Plot 87, Ajose Adeogun Street Victoria Island Lagos	MICHAEL OTU
Issuer's Company Secretary **Ikaar Corporate Services** 21 Boyle Street Onikan, Lagos Island Lagos		**Stockbroker** **FCSL Asset Management Co. Ltd.** 15, Ribadu Road Off Awolowo Road Ikoyi, Lagos	WALE FOLAMI
Sponsor's Board of Directors			
Adewale Adeosun Director			
Richard Okello Director			
Akintoye Akindele Director			
Ayodele Arogbo Director			
Habeeb Alebiosu Director			
Sponsor's Company Secretary **Alsec Nominees Limited** 10th Floor, St Nicolas House, Catholic Mission Street, Lagos	Uche Nwaeluedike		