

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ CAREFULLY. IF YOU ARE IN ANY DOUBT AS TO ITS CONTENTS OR THE ACTION TO BE TAKEN, PLEASE CONSULT YOUR BANKER, STOCKBROKER, ACCOUNTANT, SOLICITOR OR ANY OTHER PROFESSIONAL ADVISER FOR GUIDANCE IMMEDIATELY. THIS PROSPECTUS HAS BEEN REVIEWED AND APPROVED BY THE MEMBERS OF THE BOARD OF DIRECTORS OF LFZC FUNDING SPV PLC AND THEY JOINTLY AND INDIVIDUALLY ACCEPT FULL RESPONSIBILITY FOR THE ACCURACY OF ALL INFORMATION GIVEN AND CONFIRM THAT, AFTER HAVING MADE INQUIRIES WHICH ARE REASONABLE IN THE CIRCUMSTANCES AND TO THE BEST OF THEIR KNOWLEDGE AND BELIEF, THERE ARE NO OTHER FACTS, THE OMISSION OF WHICH WOULD MAKE ANY STATEMENT HEREIN MISLEADING.

INVESTING IN BONDS OFFERED UNDER THIS PROSPECTUS INVOLVES RISKS. FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING ON PAGE 39 HEREOF.



LFZC FUNDING SPV PLC

RC 1786520

(Incorporated as a Special Purpose Vehicle by Lagos Free Zone Company)

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




UNDER THIS BOND ISSUANCE PROGRAMME (THE "PROGRAMME"), LFZC FUNDING SPV PLC UNDER THE SPONSORSHIP OF LAGOS FREE ZONE COMPANY (THE "CO-OBLIGOR"), MAY FROM TIME TO TIME ISSUE BONDS OR ANY OTHER TYPE OF DEBT SECURITIES, IN SEPARATE SERIES, IN AMOUNTS, AT PRICES, AND ON TERMS TO BE SET OUT IN ANY ACCOMPANYING PRICING SUPPLEMENT (AS DEFINED BELOW).

THE MAXIMUM AGGREGATE NOMINAL AMOUNT OF ALL BONDS (AS DEFINED BELOW) OR ANY OTHER TYPE OF SECURITIES ISSUED FROM TIME TO TIME AND OUTSTANDING UNDER THIS PROGRAMME SHALL NOT EXCEED ₦50,000,000,000 OVER THE THREE YEARS (OR SUCH EXTENDED PERIOD THAT THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") MAY APPROVE) THAT THIS SHELF PROSPECTUS (THE "SHELF PROSPECTUS"), INCLUDING ANY AMENDMENTS THERETO, REMAINS VALID. THIS SHELF PROSPECTUS IS TO BE READ AND CONSTRUED IN CONJUNCTION WITH ANY SUPPLEMENT HERETO AND ALL DOCUMENTS WHICH ARE INCORPORATED HEREIN BY REFERENCE AND, IN RELATION TO ANY SERIES OF THE PROGRAMME, TOGETHER WITH THE RELEVANT PRICING SUPPLEMENT.

THIS SHELF PROSPECTUS AND THE SECURITIES THAT IT OFFERS HAVE BEEN APPROVED AND REGISTERED BY THE COMMISSION. IT IS A CIVIL WRONG AND CRIMINAL OFFENCE UNDER THE INVESTMENTS & SECURITIES ACT NO. 29 OF 2007 AS AMENDED (THE "ACT" OR "ISA") 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. INVESTORS ARE ADVISED TO NOTE THAT LIABILITY FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS SHELF PROSPECTUS IS PROVIDED IN SECTIONS 85 AND 86 OF THE ISA. INVESTORS MAY CONFIRM THE CLEARANCE OF THE SHELF PROSPECTUS AND REGISTRATION OF ANY SECURITIES ISSUED UNDER THE PROGRAMME BY CONTACTING THE COMMISSION BY EMAIL ON SEC@SEC.GOV.NG OR BY PHONE ON +234 (0)9 462 1100 OR +234 (0)9 462 1168.

THIS SHELF PROSPECTUS HAS BEEN ISSUED IN COMPLIANCE WITH PART IX OF THE ACT, PART F RULE 279 OF THE 2013 RULES AND REGULATIONS OF THE COMMISSION AS AMENDED AND THE LISTING REQUIREMENTS OF THE NIGERIAN EXCHANGE LIMITED ("NGX EXCHANGE") AND CONTAINS PARTICULARS WHICH ARE COMPLIANT WITH THE REQUIREMENTS OF THE COMMISSION FOR THE PURPOSE OF GIVING INFORMATION WITH REGARD TO THE PROGRAMME.

THE REGISTRATION OF THE SHELF PROSPECTUS AND ANY PRICING SUPPLEMENT THEREAFTER DOES NOT IN ANY WAY WHATSOEVER SUGGEST THAT THE COMMISSION ENDORSES OR RECOMMENDS THE SECURITIES OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED THEREIN.

Lead Issuing House/Bookrunner	
 STANBIC IBTC CAPITAL LIMITED RC 1031358	
Joint Issuing Houses/Bookrunners	
 FBNQUEST MERCHANT BANK LIMITED RC 264978	 RADIX CAPITAL PARTNERS LIMITED RC 733583

This Shelf Prospectus is dated 16 September 2021

This Shelf Prospectus will be available on the following websites throughout the Validity Period

www.lagosfreezone.com; www.sec.gov.ng

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IMPORTANT NOTICES

This Shelf Prospectus has been prepared on behalf of LFZC Funding SPV PLC in connection with its ₦50,000,000,000 Bond Issuance Programme for the purpose of giving information to prospective investors in respect of the Bonds described herein. The Commission has cleared and registered this Shelf Prospectus.

The Board of Directors of each of the Issuer and the Co-Obligor accept full responsibility for the information contained in this Shelf Prospectus. The Board of Directors of each of the Issuer and the Co-Obligor confirm (having taken all reasonable care to ensure that is the case) that the information contained in this Shelf Prospectus is in accordance with the Rules and Regulations of the Commission.

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 the Issuer or the Co-Obligor.

Neither this Shelf Prospectus nor any other information supplied in connection with the Bonds: (i) is intended to provide the basis of any credit or other evaluation; or (ii) should be considered as a recommendation by the Issuer, the Co-Obligor, any of the Issuing Houses or the Trustee that any recipient of this Shelf Prospectus or any other information supplied in connection with the Issue should purchase the Bonds.

Each prospective 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 Issuer and the Co-Obligor. Neither this Shelf Prospectus nor any other information supplied in connection with the Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Co-Obligor, any of the Issuing Houses or the Trustee to any person to subscribe for or to purchase the Bonds.

Neither the delivery of this Shelf Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer or the Co-Obligor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme continues to remain correct as of any time subsequent to the date indicated in the document containing the same.

The Issuing Houses expressly do not undertake to review the financial condition or affairs of the Issuer or the Co-Obligor throughout the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention. The Issuing Houses have not separately verified the information contained in this Shelf Prospectus and accordingly no representation, warranty or undertaking, express or implied, is made and to the fullest extent permitted by law, no responsibility or liability is accepted whether in contract or otherwise by the Issuing Houses as to the accuracy or completeness of the information contained in this Shelf Prospectus or any other information supplied in connection with the Bonds or their distribution. Each person receiving this Shelf Prospectus acknowledges that such person has not relied on the Issuing Houses or any person affiliated with any of them in connection with its investigation of the accuracy of this Shelf Prospectus or such information or its investment decision. The receipt of this Shelf Prospectus or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice from any of the Issuing Houses to any prospective investor. Prospective investors should make their own independent assessment of the merits or otherwise of subscribing for the Debt Securities offered herein and should take their own professional advice in connection with any prospective investment by them.

The distribution of this Shelf Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Persons into whose possession this Shelf Prospectus or any Bonds come must inform themselves about and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Bonds in the United States of America, the United Kingdom, the European Economic Area, Canada, Japan, Australia, the Republic of South Africa and certain other jurisdictions. None of the Issuer, the Issuing Houses or the other professional advisers, represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Issuing House or the other professional advisers, which would permit a public offering of any Bonds or distribution of this document in any jurisdiction where action for that purpose is required.

IMPORTANT NOTICES

The Issuer and the Issuing Houses do not represent that this Shelf Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, nor does it assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Bonds or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable law and regulations.

The Bonds have not been and will not be registered under the United States Securities Act of 1933 as amended (the Securities Act) or the securities laws of any jurisdiction other than Nigeria. The Bonds may not be offered, sold or delivered within the United States of America or to U.S. persons except in accordance with Regulations under the Securities Act. This Prospectus may not be forwarded or distributed electronically or otherwise to any U.S. person or U.S. address.

KEY TERMS AND ABBREVIATIONS

In this document, unless otherwise stated or clearly indicated by the context, the following words have the meanings stated opposite them.

“Applicable Pricing Supplement”, “Pricing Supplement” or “Supplement”	The document(s) to be issued pursuant to the Shelf Prospectus which shall provide final terms and conditions of a specific Series issued under the Programme and read in conjunction with the Shelf Prospectus.
“Auditor”	The auditor to the Co-Obligor, Deloitte & Touche, or any successor auditor which may be appointed in future
“Agusto”	Agusto & Co. Limited
“Affiliates”	(i) with respect to a Co-Obligor, any of the following persons: (a) Lekki Bulk and General Cargo Terminal LFTZ Enterprise (RCI 1042), (b) Free Zone Utilities LFZC Enterprise (RCI 0560), and Elevate Commercial Park Limited (RC 1759264); and (ii) with respect to any person other than an Obligor, any corporation, partnership, trust or other entity or organization that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with such person where “control” means the ability to direct or cause the direction of the business, affairs and management policies or practices of a person
“Board” or “Directors” or “Board of Directors”	The members of the board of directors of the Issuer and the Co-Obligor who as at the date of this document are those persons whose names are set out on page 17 of this Shelf Prospectus
“Board Resolution”	The resolution of the board of directors of the Issuer or the Co-obligor as the case maybe.
“Bonds” or “Debt Securities”	The registered bonds issued by the Issuer from time to time under the Programme with aggregate value not exceeding ₦50,000,000,000.
“Bond Issuance Programme” or the “Programme”	The ₦50,000,000,000 bond issuance programme being undertaken by the Issuer as described in this Shelf Prospectus, pursuant to which the Company may issue series and/or tranches of Bonds from time to time, provided however that the aggregate value does not exceed ₦50,000,000,000
“Bondholder” or “Holder”	Any registered owner or beneficial owner of Bond units to be issued under the Programme.
“Book Building”	A process of price and demand discovery through which a Bookrunner seeks to determine the price at which securities should be issued, based on the demand from Qualified Institutional Investor and High Net Worth Individuals, as defined by the Securities Exchange Commission.
“Bookrunner(s)”	The Issuing House(s) duly appointed by the Issuer to manage the order book in respect of the Bonds being sold by way of Book Building
“Business Day”	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for general banking business in Lagos, Nigeria
“CAC”	Corporate Affairs Commission

KEY TERMS AND ABBREVIATIONS

“CAMA”	Companies and Allied Matters Act, 2020 (as amended from time to time)
“CBN”	Central Bank of Nigeria
“CIT”	Companies Income Tax
“CITA”	Companies Income Tax Act Cap C21, LFN, 2004 (as amended from time to time)
“CITA ORDER”	The Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011 made pursuant to the CITA.
“CGT”	Capital Gains Tax
“Conditions” or “Terms and Conditions”	Terms and conditions in accordance with which the Bonds will be issued, set out in the section headed “Terms and Conditions of the Bonds” in this Prospectus, the Programme Trust Deed and the relevant Series Trust Deed
“Coupon”	The interest payable to Bondholders as specified in the Applicable Pricing Supplement
“Coupon Commencement Date”	in relation to the Bonds of any Series, the date specified in the Applicable Pricing Supplement or a supplement to the Shelf Prospectus from (and including) the date on which such Bond starts to bear Coupon or, if no such date is specified therein, the Issue Date (other than in relation to Zero Coupon Bonds)
“Coupon Determination Date”	The date falling no later than two Business Days prior to the Coupon Payment Date on which the Trustee determines the interest rate applicable on a Bond (other than Fixed Rate Bonds and Zero-Coupon Bonds) for that Interest Period
“Coupon Payment Date”	The date on which coupon is to be paid to Bondholders as specified in the Applicable Pricing Supplement
“Coupon Period”	Coupon Period as defined in the Programme Trust Deed
“Depository”	Central Securities Clearing Systems Plc, FMDQ Depository Limited or any successor depository which may be appointed in future
“Daily Official List”	The publication of the Nigerian Exchange Limited, published daily, detailing price movements and information on all securities quoted on the Exchange
“Daily Quotations List”	The publication of the FMDQ Securities Exchange Limited, published daily, providing information on all securities quoted on its Exchange
“DMO”	Debt Management Office
“Encumbrance”	Any interest or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement or any agreement to create any of the above

KEY TERMS AND ABBREVIATIONS

“Event of Default”	All such events of default as are defined under the Programme Trust Deed
“Exchange”	The FMDQ Exchange or the NGX Exchange or any other securities exchange recognised by the Commission
“FBNQuest”	FBNQuest Merchant Bank Limited
“Federal Government” or “FGN” or “Government”	Federal Government of Nigeria
“Financial Indebtedness”	Has the meaning ascribed to it in the Programme Trust Deed
“FIRS”	Federal Inland Revenue Service
“Fixed Rate”	The rate of interest payable in respect of Fixed Rate Bonds
“Fixed Rate Bonds”	Bonds in respect of which interest is to be calculated and paid on a fixed rate basis and will not change during the life of the Bonds
“Floating Rate”	The rate of interest payable in respect of Floating Rate Bonds
“Floating Rate Bonds”	Bonds in respect of which interest is to be calculated and paid in a floating rate basis in accordance with a variable benchmark rate as prescribed in the Applicable Pricing Supplement
“FMDQ” or “FMDQ Exchange”	FMDQ Securities Exchange Limited
“FRCoN”	Financial Reporting Council of Nigeria
“GCR”	Global Credit Rating (GCR) Company Limited
“GDP”	Gross Domestic Product
“High Net Worth Individual” or “HNI”	As defined in Rule 321 of the SEC Rules
“IASB”	International Accounting Standards Board
“IFRS”	International Financial Reporting Standards
“IMF”	The International Monetary Fund
“Instruments”	Any registered Bond issued by the Issuer under the Bond Issuance Programme
“Intercompany Bond”	The bond issued (where specified under a Pricing Supplement) by the Co-Obligor and purchased by the Issuer with the net proceeds of the Bonds issue on the terms contemplated in the MIBPA
“ISA”	Investments and Securities Act (No 29 of 2007) (as amended)
“Issue Date”	The date on which a Bond is issued and when accrual of the Coupon on the Bond commences
“Issue Price”	The price at which a Bond is issued as specified in the Applicable Pricing Supplement
“Issuer” or the “Company”	LFZC Funding SPV PLC

KEY TERMS AND ABBREVIATIONS

“Issuing Houses”	Stanbic IBTC Capital Limited, FBNQuest Merchant Bank Limited, Radix Capital Partners Limited and any other person that may be appointed as an Issuing House
“Joint Issuing House / Bookrunner”	FBNQuest Merchant Bank Limited, Radix Capital Partners Limited and any other person that may be appointed as a Joint Issuing House / Bookrunner
“Lead Issuing House / Bookrunner” or “Stanbic IBTC Capital”	Stanbic IBTC Capital Limited
“LFN”	Laws of the Federation of Nigeria 2004
“LFZ”, “Sponsor” or the “Co-Obligor”	Lagos Free Zone Company
“Maturity Date”	The date as specified in each Pricing Supplement on which the principal amount and Coupon is due for redemption
“MIBPA”	The Master Intercompany Bonds Purchase Agreement executed where applicable in accordance with a Pricing Supplement, among Lagos Free Zone Company, the Issuer, Radix Trustees Limited and Leadway Capital & Trusts Limited under which LFZ issues the Intercompany Bonds to the Issuer
“Minimum Reserve Account”	An account which the Issuer may establish for a Series pursuant to the relevant Pricing Supplement and which shall be managed by the Trustee or such other trustee specified in the Pricing Supplement
“Naira”, “NGN” or “N”	The Nigerian Naira
“NBS”	National Bureau of Statistics
“NEPZA”	Nigeria Export Processing Zones Authority
“NEPZA Act”	Nigeria Export Processing Zones Act of 1992
“Nigeria”	The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly
“NGX Exchange”	Nigerian Exchange Limited
“Offer Documents”	Documents prepared in relation to the Programme and each Series including this Shelf Prospectus, each Applicable Pricing Supplement, the Programme Trust Deed and each Series Trust Deed, the MIBPA (where applicable), and any other documents as may be required by the Commission
“Payment Account”	In relation to a Series, an account opened by the Issuer, in the name of, managed and controlled by the Trustees and into which the Issuer shall make payments in accordance with the terms of that Series
“Permitted Indebtedness”	Any obligation for the payment or repayment of money, whether as principal or as surety and whether present or future, actual or contingent, incurred in respect of: (a) money borrowed or raised, (b) any bond, note, loan stock, debenture or similar instrument, (c) acceptance or documentary credit facilities, (d) foreign exchange options, (e) rental payments, underleases and hire purchase agreements and instalments under conditional sale agreements (in all cases whether in

KEY TERMS AND ABBREVIATIONS

	respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition or use of the asset concerned, (f); any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing); and (g) guarantees, indemnities, bonds, standby letters of credit or other instruments issued in connection with the performance of contracts and or in respect of the indebtedness of any other person, provided that any amounts owed to trade creditors in the ordinary course of business shall be excluded
“PIT”	Personal Income Tax
“PITA”	Personal Income Tax Act Cap, P8, LFN 2004 (as amended from time to time)
“Principal Amount”	The nominal amount of each Bond, as specified in the Applicable Pricing Supplement
“Professional Parties”	Professionals engaged by the Issuer to advise on the establishment of the Bond Issuance Programme and the issuance of Bonds thereunder
“Qualified Institutional Investor”	As defined in Rule 321 of SEC Rules, Institutional purchasers of securities, including Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable Private Equity funds and Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, and Stock Broking Firms
“Radix Capital”	Radix Capital Partners Limited
“Rating Agencies”	Agusto or any other rating agency that may be appointed
“Record Date”	The date falling no later than 10 Business days prior to a Coupon Payment Date on which the list of holders of the Bonds is extracted from the Register for the purposes of making Coupon payments
“Receiving Bank”	First City Monument Bank Limited
“Redemption Amount”	The aggregate Principal Amount and any applicable Coupon outstanding in respect of a series of Bonds on the Maturity Date as specified in the Applicable Pricing Supplement
“Register”	The Bond register kept at the specified office of the Registrar into which shall be entered the names and addresses of each Bondholder and the particulars, transfers and redemption of the Bonds held by each Bondholder for the relevant Series
“Registrar”	Africa Prudential PLC or any other person so appointed by the Issuer
“Reporting Accountant”	PKF Professional Services or any other person that may be appointed as Reporting Accountant
“Reverse Floating Rate”	Bonds in respect of which interest is calculated to have an inverse relationship to the referenced benchmark rate

KEY TERMS AND ABBREVIATIONS

“SEC Rules” or “Rules and Regulations”	The rules and regulations of the Securities & Exchange Commission (2013) issued pursuant to ISA as may be amended from time to time
“SEC” or “The Commission”	Securities & Exchange Commission
“Series”	Tranche of Bonds together with any further Tranche or Tranches of Bonds which are: <ul style="list-style-type: none">- expressed to be consolidated and form a single series and- are identical in all respects (including as to listing) except for their respective Issue Dates, Coupon Payment Dates and/or Issue Prices
“Series Trust Deed”	A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer, Co-Obligor and the Trustees with regards to a specific Series and empowering the Trustees to hold, administer and manage the applicable assets
“Shelf Prospectus” or “Prospectus”	This prospectus that LFZC Funding SPV PLC has filed in accordance with the Rules and Regulations, which contains details of the Bond Issuance Programme
“The Constitution”	The constitution of the Federal Republic of Nigeria 1999 (as amended, supplemented or replaced)
“Tranche”	Bonds which are identical in all respects
“Trust Deed” or “Programme Trust Deed”	The programme trust deed between the Issuer, the Co-Obligor and the Trustees by which the Bond Issuance Programme is constituted
“Trust Deeds”	The Programme Trust Deed and the Series Trust Deed(s)
“Trustees”	Radix Trustees Limited and Leadway Capital & Trusts Limited which are granted fiduciary power by the Issuer to enforce the terms and conditions of the Bond Issuance Programme
“Validity Period”	A period expiring three (3) years from the date of SEC approval of this Shelf Prospectus, during which, bonds may be issued under the Programme
“VAT”	Value Added Tax
“WHT”	Withholding tax as provided for in section 78(2) of CITA
“Zero Coupon Bond”	A Bond issued at a discount to its face value

FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward-looking statements that involve a number of risks and uncertainties. Such forward-looking statements can be identified by the use of forward looking terminology such as “estimates”, “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would”, “seeks”, “approximately”, or “anticipates”, or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Shelf Prospectus and include statements regarding the Issuer and Co-Obligor’s intentions, beliefs or current expectations concerning, amongst other things, the Issuer and Co-Obligor’s results of operations, financial condition, liquidity, prospects, growth, strategies and the markets in which it operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that the Issuer and Co-Obligor’s actual results of operations, financial condition and liquidity and the development of the industry in which it operates may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realized.

Factors that could cause actual results to differ materially from the Issuer and Co-Obligor’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, especially those pertaining to the banking industry and/or operations of special economic zones, export processing zones or free trade zones;
- 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 Issuer’s and Co-Obligor’s products and services;
- Competitive factors in the industries in which the Issuer, Co-Obligor and their customers operate;
- 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**”, “**Overview of Free Trade Zone operations in Nigeria**”, “**Overview of LFZC Funding SPV PLC**”, “**Overview of Lagos Free Zone Company**”, “**Reporting Accountant’s Report**” and “**Statutory and General Information**” contain more detailed discussions of the factors that could affect the Issuer’s future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

The Issuer and Co-Obligor do not undertake any obligation to update or revise any forward-looking statements made in this Shelf Prospectus whether as a result of new information, future events or otherwise. All subsequent written or oral forward-looking statements attributed to the Issuer, Co-Obligor or to persons acting on the Issuer and Co-Obligor’s behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. A prospective investor of the Instruments should not place undue reliance on these forward-looking statements.

OTHER INFORMATION

THIRD PARTY INFORMATION

The Issuer and Co-Obligor have obtained certain statistical and market information that is presented in this Shelf Prospectus on such topics as the Nigerian economic landscape and related subjects from certain government and other third-party sources described herein. The Issuer and Co-Obligor have accurately reproduced such information and, so far as the Issuer and Co-Obligor are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive, speculative and biased.

Prospective investors should also note that some of the Issuer and Co-Obligor's estimates are based on such third-party information. Neither the Issuer, the Co-Obligor nor the Issuing Houses have independently verified the figures, market data or other information on which these third parties have based their studies. Certain statistical information reported herein has been derived from official publications of and information supplied by, The Economical Intelligence Unit, Fitch Solutions and a number of Government agencies and ministries, including the CBN, the Debt Management Office and Nigeria's National Bureau of Statistics.

ROUNDING

Certain 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 as totals in certain tables may not be an arithmetic aggregation of the figures, which precede them.

ISSUE OF PRICING SUPPLEMENTS / SUPPLEMENTARY SHELF PROSPECTUSES

Following the registration of this Shelf Prospectus, a supplementary Shelf Prospectus or Pricing Supplement may be prepared by the Issuer and Co-Obligor for the approval of the SEC, as the case may be, in accordance with Rule 279(3)(6)(b) of the SEC Rules.

Statements contained in any such 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 and Co-Obligor declare that, to the best of their knowledge and honest belief, no material facts have been omitted from, and there are no material misstatements in, this Shelf Prospectus, which would make any statement contained herein misleading or untrue. The Issuer and the Co-Obligor will, in the event of any significant new factor or material mistake or inaccuracy relating to information included in this Shelf Prospectus that is capable of affecting the assessment of the Programme or the Bonds, prepare a supplement to this Shelf Prospectus or publish a new Shelf Prospectus for use in connection with any subsequent issue of Bonds.

LFZC FUNDING SPV PLC



6th Floor, Nipost Office Towers, 23 Adeola Odeku Street, Victoria Island, Lagos
RC No: 1786520

1st June, 2021

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

Dear Sir,

Establishment of a NGN50 billion bond issuance programme by LFZC FUNDING SPV PLC (the "Programme") and the subsequent issuance of bonds under the Programme

This Shelf Prospectus has been prepared by the Issuing Houses on behalf of LFZC FUNDING SPV PLC (the "Issuer") with a view to providing a description of the relevant aspects of the Issuer's business in connection with the establishment of the Programme.

We hereby make the following declarations in respect of the Programme:

1. we confirm that the information contained in this Shelf Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import;
2. there has been no significant change in the financial condition, or material adverse change in the prospects of the Issuer since the date of the document;
3. the Issuer is not in breach of any terms and conditions in respect of borrowed monies, which would result in the occurrence of an event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of the Shelf Prospectus; and
4. no prosecution has been commenced against the Issuer during the 12 (twelve) calendar months immediately preceding in respect of any breach or contravention of any securities of the Companies and Allied Matters Act 2020.

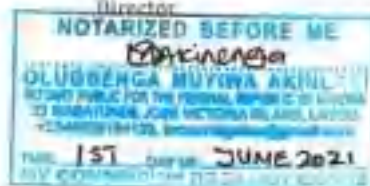
SIGNED for and on behalf of LFZC FUNDING SPV PLC

By its duly Authorised Representatives:

Rathí Dinesh
Director

Ashish Khemka
Khemka Ashish
Director

GPS Corporate
Services Company
Secretary



Directors: Heracles Asuani (Singaporean), Navio Nakata (Indian), Dinesh Rathí (Indian), Ashish Khemka (Indian)

www.lagosfreezone.com



1st June, 2021

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

Dear Sir

Establishment of a NGN50 billion bond issuance programme by LFZC FUNDING SPV PLC (the "Programme") and the subsequent issuance of bonds under the Programme

We are the Sponsor in respect of this Shelf Prospectus, which has been prepared by the Issuing Houses on behalf of LFZC FUNDING SPV PLC (the "Issuer") with a view to providing a description of the relevant aspects of the Issuer's business in connection with the establishment of the Programme.

We hereby make the following declarations in respect of the Programme:

1. we confirm that the information contained in this Shelf Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import;
2. there has been no significant change in the financial condition, or material adverse change in the prospects of the Issuer and Sponsor since the date of the document;
3. the Issuer and Sponsor are not in breach of any terms and conditions in respect of borrowed monies, which would result in the occurrence of an event of default and an immediate recall of such borrowed monies during the 12 (twelve) months preceding the date of the Shelf Prospectus; and
4. no prosecution has been commenced against the Issuer and Sponsor during the 12 (twelve) calendar months immediately preceding in respect of any breach or contravention of any securities of the Companies and Allied Matters Act 2020.

SIGNED for and on behalf of Lagos Free Zone Company
By its duly Authorised Representatives:

Rathi Dinesh

Rathi Dinesh
Chief Executive Officer

Ashish Khemka

Ashish Khemka
Chief Financial Officer

[Signature]
GFS Corporate Services Limited
Company Secretary



NOTARIZED BEFORE ME
[Signature]
OLUBENGA MUTWA AKINSOTA
NOTARY PUBLIC FOR THE FEDERAL REPUBLIC OF NIGERIA
IN SANITARIUM ZONE VIctoria ISLAND, LAGOS
*CONSULTATION: 01-261-4610/01-261-4611
REG. 151 15/06/21
SIV COMMERCIAL PUBLIC NOTARIES

+234 1 462003217
Site address: Suite 933 Main Road - Lagos Free Zone, Lagos
Registered address: 205 First Floor, 20th A, Nippon Office Tower, 21 Abimbola Odeku Street, Victoria Island, Lagos

A member of Lagos Free Zone Company

PARTIES TO THE PROGRAMME

Directors and Company Secretary of the Issuer

Mr. Harkishin Ghanshamdas Aswani
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St.
Victoria Island
Lagos
Ashish Khemka

Mr. Dinesh Rathi
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St
Victoria Island
Lagos
Dinesh Rathi

Mr. Navin Nahata
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St.
Victoria Island
Lagos
Ashish Khemka

Mr. Ashish Khemka
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St
Victoria Island
Lagos
Ashish Khemka

Company Secretary:
GFS Corporate Services Limited
5, Broad Street
Lagos
GFS Corporate Services Limited

Directors and Company Secretary of the Sponsor

Mr. Mohan K Vaswani
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St.
Victoria Island
Lagos
Mohan K Vaswani

Mr. Harkishin Ghanshamdas Aswani
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St
Victoria Island
Lagos
Dinesh Rathi

Mr. Navin Nahata
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St
Victoria Island
Lagos
Dinesh Rathi

Mr. Dinesh Rathi
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St
Victoria Island
Lagos
Dinesh Rathi

Mrs Adesuwa Ladoja
8th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku St
Victoria Island
Lagos
Adesuwa Ladoja

Company Secretary:
GFS Corporate Services Limited
6, Broad Street
Lagos
GFS Corporate Services Limited

Lead Issuing House

Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos
Stanbic IBTC
FIN 50 ACCRE

Joint Issuing House

FBNQuest Merchant Bank Limited
10 Keffi Street
Off Awolowo Road S.W
Ikoyi
Lagos
FBNQuest
TAFWS OKEGBO

Joint Issuing House

Radix Capital Partners Limited
3rd Floor, Alico Plaza
12 Churchgate St
Victoria Island
Lagos
Asibola Rowke (Mrs)

PARTIES TO THE PROGRAMME

Solicitor to the Issuer	Solicitor to the Transaction
The Metropolitan Law Firm No 11 Sani Zangon Daura Estate Ibadan Oyo State <i>Kingsley Esene</i>	Templars 5th Floor The Octagon 13A AJ Marinho Drive Victoria Island Lagos <i>ZELBA AKINDELE</i>

Joint Trustee	Joint Trustee
Radix Trustees Limited 3rd Floor, AICO Plaza 12 Churchgate St. Victoria Island Lagos <i>ANIBITA KONKE (MRS)</i>	Leadway Capital & Trusts Limited 121/123 Funso Williams Avenue Iponri Rd Surulere Lagos <i>Ayo WURUOLA</i>

Trustees advised by:
 1. Elias & Co.
 1. Broad Street
 Lagos Island
 Lagos

Reporting Accountant	Auditor
P&F Professional Services P&F House 205A, Ikorodu Rd Obanikoro Lagos <i>Tajudeen Akande</i>	Deloitte & Touche Civic Towers Plot GA 1 Ozumba Mbadiwe Avenue Victoria Island Lagos <i>Folake Oluwalana</i>

Registrar	Receiving Bank
Africa Prudential PLC 205B, Ikorodu Road Obanikoro Lagos <i>Joseph Oluwalana</i>	First City Monument Bank Limited Primrose Tower, 17A Tinubu Street Marina Lagos <i>Ronke JIBODU</i>

Rating Agency	Stockbroker
Equiata & Co Limited 1st Floor, UBA House 1st Marina Lagos ISAAC BABATUNDE <i>IBAB</i>	CSL Stockbrokers Limited First City Plaza 44 Marina Lagos Island Lagos <i>Bois de la Fagbale</i>

DOCUMENTS TO BE INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the audited financial statements (and notes thereto) and any audited interim financial statements published subsequent to such audited financial statements of the Issuer and Co-Obligor for the five financial years prior to each issue of Bonds under the 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.

The Issuer and Co-Obligor will, in the event of any material change in its financial position, which is not reflected in this Prospectus, prepare an amendment or supplement to this Prospectus; also, the Issuer and the Co-Obligor's information given in this Prospectus and the terms and conditions of additional Bonds to be issued under the Programme may be updated in a supplement pursuant to the Rules & Regulations. Any such amendment or supplement will be incorporated by reference into this Prospectus and forms an integral part hereof. Any statement contained in a document that is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this 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 Prospectus.

This Prospectus and any supplement (as applicable) are accessible, and copies of them are available free of charge at the offices of the Issuing Houses from 8:00 am till 5:00 pm on Business Days, and on the website of the Co-Obligor (www.lagosfreezone.com), during the validity of the Programme.

Telephone enquiries should be directed to the Issuing Houses on:

Stanbic IBTC Capital Limited: +234 1 422 8000




FBNQuest Merchant Bank Limited: +234 1 270 2290

Radix Capital Partners Limited: +234 816 003 1344

THE PROGRAMME

This Shelf Prospectus is issued pursuant to the ISA, SEC Rules and Regulations, listing and quotation requirements of the Exchanges and contains particulars in compliance with the requirements of the SEC for the purpose of giving information to the public with regard to the ₦50,000,000,000 Bond Issuance Programme established by the Issuer and Co-Obligor. The specific terms of each Series or Tranche 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 Instruments may be purchased, maturity, interest provisions, authorised denominations, issue price, any terms of redemption and any other specific terms. If a specific issue under the Programme requires a listing, an application will be made to NGX Exchange and/or the FMDQ for the admission of such Instruments to the relevant Exchange.

Each of the Directors represents that he has taken reasonable care to ensure that the information concerning the Issuer and Co-Obligor contained in this Prospectus is true and accurate in all material respects as at the date of this Prospectus and confirm, having made all reasonable enquiries, that to the best of his knowledge and belief, there are no material facts, the omission of which, would make any material statement herein misleading or untrue.

Lead Issuing House / Bookrunner	Joint Issuing House / Bookrunner	Joint Issuing House / Bookrunner
		
STANBIC IBTC CAPITAL LIMITED RC 1031358	FBNQUEST MERCHANT BANK LIMITED RC 264978	RADIX CAPITAL PARTNERS LIMITED RC 733583

ON BEHALF OF



LFZC FUNDING SPV PLC
RC 1786520

Are authorized to issue this Shelf Prospectus in respect of

THE ₦50,000,000,000 BOND ISSUANCE PROGRAMME

This Shelf Prospectus contains:

1. on page 15, a declaration to the effect that the Issuer did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an Event of Default and an immediate recall of such borrowed monies during the twelve (12) calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
2. on page 16, a declaration to the effect that the Co-Obligor did not breach any terms and conditions in respect of borrowed monies which resulted in the occurrence of an Event of Default and an immediate recall of such borrowed monies during the twelve (12) calendar months immediately preceding the date of filing an application with the SEC for the registration of this Shelf Prospectus;
3. on pages 64 to 68, an extract of the Audited Statement of Affairs of the Issuer;

THE PROGRAMME

4. on pages 69 to 111, the Reporting Accountant's Report on the Co-Obligor's historical financial information, prepared by PKF Professional Services for incorporation in this Shelf Prospectus;
5. on page 61, an extract of the Rating Report prepared by Agosto & Co Limited;
6. on pages 28 to 38 (*Terms and Conditions of the Notes*) an extract of the Programme Trust Deed prepared by Solicitors to the Trustees; and
7. on page 113, the details and summary of the claims and litigation against the Co-Obligor prepared by Solicitors to the Issue.
8. on page 114 and 115 summary of material contracts of the Issuer and Co-Obligor

DESCRIPTION OF THE PROGRAMME

The information contained in this section is a summary of certain aspects of the Programme and the principal features of the Bonds to be issued thereunder. This summary does not contain all the information that is to be considered before investing in the Bonds nor does it purport to be a complete or professional review of the investment situation regarding the possible acquisition of the Bonds which may currently be under consideration. 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 Offer Documents and the Applicable Pricing Supplement. Investors should read the entire Shelf Prospectus carefully, especially the risks involved in investing in the Bonds which are discussed under "Risk Factors".

Description of the Transaction Structure

The Issuer, LFZC Funding SPV PLC, is a special purpose vehicle set up specifically to raise funding via debt securities issuances under the Programme. The net proceeds of each issue of Bonds by the Issuer will be advanced or passed through to the Co-Obligor under the terms of the Trust Deeds and/or a MIBPA between the Issuer, LFZ and the Trustees as specified in the Applicable Pricing Supplement.

The Co-Obligor shall have a joint and several obligation(s) to repay the aggregate principal amount outstanding and Coupon under the Trust Deed and/or MIBPA in accordance with the Applicable Pricing Supplement.

The Trustees shall hold the benefit of the repayment obligations of all monies payable in respect of all monies passed through / advanced to the Co-Obligor under the Trust Deed and/or the MIBPA on trust for the benefit of the Bondholders.

Funding of Transaction Accounts

Where specified in the Applicable Pricing Supplement, the Co-Obligor may be required to maintain a Payment Account under the control of the Trustees and in accordance with the Trust Deed as well as a Minimum Reserve Account (where applicable).

The Co-Obligor shall fund the payment obligations of itself and the Issuer 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-Obligor shall also maintain the Minimum Reserve Account, where applicable, in such minimum reserve amounts determined under the Applicable Pricing Supplement for the relevant Series.

Servicing of the Bonds

Payment of Coupons and scheduled repayment of principal, in accordance with the repayment schedule in the Applicable Pricing Supplement will be serviced with payments received from the Co-Obligor in accordance with the terms of the applicable Trust Deed or MIBPA.

SUMMARY OF THE PROGRAMME

This summary should be read as an introduction to this Shelf Prospectus. It does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Shelf Prospectus as a whole and, any Supplement and other documents, if any, incorporated by reference into this Shelf Prospectus.

TERMS	DESCRIPTION
Issuer:	LFZC Funding SPV PLC
Sponsor/Co-Obligor:	Lagos Free Zone Company
Guarantor:	Refers to the guarantor, where applicable, specified in the Applicable Pricing Supplement
Programme Description:	<p>A Bond Issuance Programme undertaken by the Issuer of convertible and non-convertible, senior or subordinated debt instruments to be issued in Series, and or Tranches. The Programme covers Fixed Rate Bonds, Floating Rate Bonds, Reverse Floating Bonds, Zero Coupon Bonds, any combinations thereof and in any other format recognised by the SEC, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuing Houses and the Issuer and specified in the applicable Supplement.</p> <p>No Bonds shall be offered on the basis of this Prospectus or any Supplement after the expiration of the Validity Period or any other validity period as enforced by the SEC from time to time unless the Validity Period is renewed by the SEC</p> <p>The Bonds shall be constituted by the Programme Trust Deed and a Series Trust Deed. A Series Trust Deed will be issued in respect of each Series, provided that any terms and conditions relevant to additional Bonds, if any, under the Programme shall be governed by the relevant Series Trust Deed</p>
Programme Size:	₦50,000,000,000 (Fifty Billion Naira) aggregate principal amount of Bonds outstanding at any one time
Lead Issuing House:	Stanbic IBTC Capital Limited
Issuing House(s):	Stanbic IBTC Capital Limited, FBNQuest Merchant Bank Limited, Radix Capital Partners Limited, and any other issuing house(s) appointed from time to time either in relation to the Programme or for a specific Series issued under the Programme
Trustees:	Radix Trustees Limited and Leadway Capital & Trusts Limited
Registrar / Paying Agent:	Africa Prudential PLC and/or such other registrar/paying agent as may be specified in the applicable Pricing Supplement
Method of Issue:	The 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 Pricing Supplement approved by the SEC
Issuance in Series:	The Bonds will be issued in Series, and each Series may comprise one or more Tranches issued on different dates. The Bonds in each Series will have identical terms (except that the Issue Dates, Maturity Dates, Issue Price, Coupon Commencement Dates and related matters may be different). Details applicable to each Series and Tranche will be specified in the applicable Supplement
Currency:	The Bonds shall be denominated in Naira (₦) or in such other currency as may be agreed between the Issuer and the Issuing Houses and specified in the relevant Supplement, subject to compliance with all applicable legal and regulatory requirements. Where any currency other than the Naira is specified in the relevant Supplement, the selling restrictions and additional

SUMMARY OF THE PROGRAMME

	disclosure requirements applicable to such other currency will be specified in the relevant Supplement
Use of Proceeds:	The net proceeds from each Series or Tranche under the Programme will be used solely for the purposes for which the Bonds were issued and shall be disbursed in the manner disclosed in the applicable Supplement
Maturities:	The Bonds shall have such maturities, as may be agreed by the Issuer and the Issuing Houses and specified in the applicable Supplement, subject to such maturities as may be allowed or required from time to time by the relevant laws or regulations applicable in Nigeria
Maturity Date:	As specified in the applicable Supplement
Tenor:	The tenor of a particular Series or Tranche shall be determined by the Issuer in consultation with the Issuing Houses and specified accordingly in the applicable Supplement for the Bonds being issued
Tax Status of the Instruments:	<p>The Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order, 2011 (“CITA Order”) and the PITA exempt income and interest earned by holders of bonds issued by corporate bodies from the imposition of income tax under the CITA and PITA respectively. The exemption granted under the CITA Order is for a period of 10 years commencing from January 2, 2012 while there is no similar limitation in respect of the exemption under PITA. The Issuer will not be required by law to withhold tax on Coupon payments to the Bondholders during this period. In relation to Bonds with a maturity date later than January 2, 2022, the Issuer may be required by law to withhold income tax on Coupon payments to the corporate Bondholders.</p> <p>Furthermore, the proceeds from the disposal of the Bonds are exempt from tax imposed under the VAT Act by virtue of the Value Added Tax (Exemption of the Proceeds of the Disposal of Government and Corporate Securities) Order 2011 (“VAT Order”), commencing from January 2, 2012. This exemption is also for a period of ten (10) years from the commencement date of the VAT Order. While the VAT exemption expires in 2022, the Finance Act, 2020 now excludes securities from “goods and services” for the purpose of value added tax (s.44), thereby excluding securities from the payment of VAT. Thus, the Bonds will not be liable to the payment of VAT even after the expiration of the order.</p> <p>In addition, the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014 exempts (a) commissions earned on traded value of the shares, and (b) commissions payable to the SEC, The Nigerian Stock Exchange (now Nigerian Exchange Limited) and the Central Securities Clearing System from VAT for a period of five years from the commencement date of the order i.e. 25th July, 2014. In light of the fact that this Order expired in 2019 and was not extended, Issuer will be required to pay VAT on commissions payable to the SEC, NGX Exchange and Depository, in respect of the Bonds</p>
Issue Price:	Bonds may be issued at par value or at a discount to par value. The Issue Price of a specific Series or Tranche shall be specified in the applicable Supplement
Closing Date:	The Closing Date of a specific Series or Tranche shall be stated in the applicable Supplement
Coupon:	Bonds may be interest-bearing or non-interest bearing. The Coupon, if any, payable on the Bonds shall be determined by the Issuer and Issuing Houses and stated accordingly in the applicable Supplement
Frequency:	The frequency of payment of interest and any other monies due on the Bonds shall be specified in the applicable Supplement

SUMMARY OF THE PROGRAMME

Repayment:	Repayment terms in respect of the Bonds issued under the Programme shall be specified in the applicable Supplement
Day Count Convention:	Different day count conventions may be stipulated in the applicable Supplement
Principal Redemption:	Bonds will be redeemed on the dates specified in the relevant Supplement
Early Redemption:	Early redemption will be permitted only to the extent specified in the applicable Supplement, and subject to any applicable legal and regulatory limitations
Redemption Amount:	The relevant Supplement will specify the redemption amount or, if applicable, the basis for calculating the redemption amounts payable
Form of Instruments/ Transferability:	The Bonds will be issued in un-certificated or book entry form registered with a separate identification code with the Depository as specified in the applicable Supplement. Where Bonds are represented by a certificate(s), such certificate will be numbered serially with an identifying number recorded in the relevant certificate and in the Register. The Bonds will be freely transferable in accordance with the provisions of the Trust Deed
Interest Rate:	If the applicable Supplement so specifies, the Bonds of any Series will bear interest from the Coupon Commencement Date at the Coupon rate specified in, or determined in accordance with the applicable Supplement and such interest will be payable in respect of each Coupon Period on the Interest Payment Date(s) specified in the applicable Supplement. The interest payable on the Instruments of any Series for a period other than a full Interest Period shall be determined in accordance with the applicable Supplement
Interest Period(s) or Interest Payment Dates for Floating Rate Instruments:	Such period(s) or date(s) as shall be specified in the applicable Supplement
Status:	Unless stated otherwise in an applicable Pricing Supplement, the Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer which shall at all times rank pari passu without preference or priority among themselves and, save for certain debts required to be preferred by law, rank equally with all other present and future unsecured and unsubordinated obligations of the Issuer and Co-obligor from time to time owing, save for such obligations as may be preferred by provisions of law that are both mandatory from time to time outstanding and of general application
Subscription of Instruments:	The Bonds may be subscribed to in accordance with the form of application set out in the applicable Pricing Supplement relating to the Instruments being issued
Listing:	Each Series or Tranche may be listed on NGX Exchange and/or FMDQ Exchange, and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/or quotation system as specified in the relevant Supplement
Underwriting:	The Bonds may be partially or fully underwritten on a standby or firm basis as stated in the relevant Supplement
Co-Obligor's Rating:	The Co-Obligor was assigned a rating of Bbb- (expiring 30 June 2022) by Augusto
Issue Ratings:	Bonds issued under the Programme will be assigned a rating and such rating shall be indicated in the applicable Supplement. The rating is valid for a period of one year from the date of issue, or for such validity period as the rating agencies specify

SUMMARY OF THE PROGRAMME

Negative Pledge: The negative pledge applicable to the Bonds shall be as specified in the Programme Trust Deed and relevant Series Trust Deed

Governing Law: The Bond Issuance Programme, the Trust Deed and related documents will be governed by, and construed in accordance with the laws of Nigeria

INFORMATION RELATING TO THE SHELF PROSPECTUS

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

The members of the Board of Directors individually and collectively accept full responsibility for the accuracy of the information contained herein and have taken reasonable care to ensure that the material facts contained herein are true and accurate in all material respects and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no material facts, the omission of which would make any material statement herein misleading or untrue. Additional information may be obtained through the office of the Issuing Houses as listed on page 19 of this Shelf Prospectus on any Business Day during the period of the respective opening and closing dates of the issuance of Bonds under the Programme, provided that the Issuing Houses possess such information or can acquire it without unreasonable effort or expense.

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

Bonds are complex financial instruments suitable only for sophisticated investors. As such, each potential investor in any Bonds must determine the suitability of that investment in light of its own circumstances.

A potential investor should not invest in complex financial instruments such as Bonds unless the potential investor has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

In particular, each potential investor should: (i) have sufficient knowledge and experience to make a meaningful evaluation of any instruments issued under this Programme, the merits and risks of investing and the information contained or incorporated by reference in this Prospectus or any applicable Supplement; (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in Bonds and the impact such an investment will have on its overall investment portfolio; (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in Bonds, including thoroughly understanding the terms of Bonds and be familiar with the behaviour of any relevant indices and financial markets; and (iv) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

TERMS AND CONDITIONS OF THE NOTES

*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 among LFZC Funding SPV PLC (the “**Issuer**”), Lagos Free Zone Company (the “**Sponsor**”), and Leadway Capital and Trusts Limited and Radix Trustees Limited (the “**Bond Trustees**”) 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 Bond Trustees 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 Bond Trustees. The Issuer shall execute and deliver such Series Trust Deed to the Bond Trustees containing such provisions (whether or not corresponding to any of the provisions contained in the Programme Trust Deed) as the Bond Trustees 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 ₦1,000.00 (One Thousand Naira). The minimum initial subscription amount shall be ₦5,000,000.00 (Five Million Naira), and multiples of ₦1,000,000.00 (One Million Naira) thereafter. 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 CSD, and the names of the Bondholders shall be recorded in the Register of Bondholders of the applicable Series (the “**Register**”) which the Issuer will procure to be kept by the Registrar.
- 1.3. A Series of Bonds may be listed on the Exchange or on such other or further financial exchange(s) as may be determined by the Issuer, subject to any Applicable Laws.

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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 the CSD. The holder of a Bond will (except as otherwise required by law) be treated as its legal and beneficial owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it) when such Bondholder is registered in the Register as the holder of that Bond and no Person will be liable for so treating the Bondholder.

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 any Bond Trustee in accordance with the Programme Trust Deed or Series Trust Deed declare 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 relevant 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 Bonds 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 any time to redeem the whole or any part of the Bonds upon giving the holders of the Bonds to be redeemed not less than thirty (30) days' and not more than sixty (60) days' notice of its intention to do so, and at the expiration of such notice, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given.

- 3.3.2 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.

- 3.3.3 Early redemption shall take place on such terms as shall be agreed in the relevant Series Trust Deed or on such terms as shall be determined by the Bondholders or the relevant Bondholder whose Bond is to be redeemed at 11a.m on the date set for redemption.

- 3.4 **Redemption due to material adverse changes**

If there is any Force Majeure event which in the opinion of the Credit Enhancement Provider, adversely affects the business of the Obligors or the ability of the any of the Obligors to perform its obligations under this Deed, the Issuer will have the option to redeem the Bonds in whole or in part of the Principal Amount Outstanding, together with interest accrued thereon to the date fixed for redemption, on giving no more than sixty (60) days nor less than thirty (30) days' written notice to this effect (which notice shall be irrevocable and shall bind the Issuer to redeem the Bonds on such date).

3.5 Redemption due to changes in legislation or Tax

For any Bonds issued under the Programme, the Issuer will have the option to redeem the Bonds in whole or in part at the Principal Amount thereof, together with interest accrued thereon to the date fixed for redemption, on giving of written notice to this effect (which notice shall be irrevocable and shall bind the Issuer to redeem the Bonds on such date), if:

- 3.5.1 the Issuer has or will become obliged to pay additional amounts as a result of any change in, or amendment to, the laws or regulations of the Federal Republic of Nigeria thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date;
- 3.5.2 such obligation cannot be avoided by the Issuer taking reasonable measures available to it; and
- 3.5.3 which obligation results, in the absolute discretion of the Issuer, in an unacceptable increase to the Issuer of the funding costs relating to the Bonds; provided, however, that no such notice of redemption shall be given earlier than one hundred and eighty (180) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due.

3.6 In the case of all redemptions made under this Condition, not less than thirty (30) 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 Exchange 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. Status of the Bonds

5.1 *Status of Bonds*

The Bonds are direct and unsubordinated obligations of the Issuer and of the Credit Enhancement Provider (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 senior secured obligations of the Issuer (in respect of Bonds with Credit Enhancement) or senior unsecured obligations of the Issuer (in respect of Bonds without Credit Enhancement), present and future except for obligations mandatorily preferred by law applying to companies generally.

5.2 *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

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 Guarantee Trustee (and/or the Credit Enhancement Provider, as applicable), such consent not to be unreasonably withheld, conditioned or delayed) 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 a Bond Trustee (and/or the Credit Enhancement Provider, as applicable), in its absolute discretion shall deem not to be materially less beneficial to the Bondholders;
- 6.2. not directly or indirectly secure (without the written consent of the Guarantee Trustee (and/or the Credit Enhancement Provider, as applicable), such consent not to be unreasonably withheld, conditioned or delayed) 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 written consent of the Guarantee Trustee (and/or the Credit Enhancement Provider, where applicable); and
- 6.3. incur (without the written consent of the Guarantee Trustee (and/or the Credit Enhancement Provider, as applicable), such consent not to be unreasonably withheld, conditioned or delayed) any Financial Indebtedness other than as permitted under the Issue Documents.

PROVIDED THAT where the relevant consent is obtained hereunder, the Issuer shall at the same time as the creation of such indebtedness, grant to the Guarantee Trustee (for the benefit of the Bondholders), the same or equivalent security as is granted in relation to the indebtedness.

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 applicable Final Terms and such Coupon will be payable in respect of each Coupon Period on the Coupon Payment Date(s) specified in the applicable Final Terms of the Series. The coupon payable on the Bonds of any Series for a period other than a full Coupon Period shall be determined in accordance with the Final Terms.

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 Coupon Commencement Date to (but excluding) the Maturity Date. Coupon shall be payable in arrears on the Coupon 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 applicable Final Terms by reference to a specified floating rate benchmark plus a margin.

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7.2.2. Coupon on the Floating Rate Bonds shall accrue from (and including) the Coupon 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.

7.3 Coupon on Indexed Linked Bonds

If indexed coupon provisions are specified in the Pricing Supplement as being applicable, the Coupon rate(s) applicable to the Bonds for each Coupon Period will be determined in accordance with the manner specified in the applicable Final Terms.

7.4 Zero Coupon Bonds

Zero-coupon Bonds (being those Bonds that specify that no Coupons are payable) shall not bear Coupons on its Principal Amount, and no Coupons shall be payable by the Issuer in respect of such zero-coupon Bonds, other than in the case of default interest for late payment as prescribed in the applicable Pricing Supplement.

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 Exchange and the rules of the Exchange require, the Registrar shall promptly inform the Exchange of the cancellation of any Bonds under this Condition 8.

9 Trusts

9.1 The Trustees are the representative of the Bondholders and are authorised to act on behalf of the Bondholders in accordance with these Conditions and the Programme Trust Deed.

9.2 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.

9.3 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.

9.4 The Trustees are hereby further authorised to contact the Registrar and/or the CSD for the purposes of obtaining information: (i) on the aggregate nominal amount outstanding on any Series of Bonds, (ii) on the identity of Bondholders, and (iii) for the purposes of giving notices to Bondholders under Condition 16(Notices).

9.5 Bondholders are deemed to have accepted and will be bound by these Conditions and the terms of the Programme Trust Deed.

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 securities account number of the Bondholder; and
- (vi) The date at which the name 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 way of book entry in the securities accounts held by the transferor and transferee in the CSD in accordance with the procedures of the CSD or such alternative clearing system approved by the Issuer and any Trustee, and registration of the name of the transferee in the Register in respect of the Bonds being transferred.

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

11.2.4. 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. 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)** months' 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 On the Maturity Date, the Guarantee Trustee shall pay to each Bondholder whose names appear in the Bond Register at the relevant record date the amount payable to

him in respect of such redemption, together with all accrued and unpaid Coupons. Thereupon, the Bonds held by each such Bondholder shall be cancelled in accordance with the procedures of the CSD or such alternative clearing system approved by the Issuer and any Trustee where the securities accounts of each such Bondholder is held and maintained.

- 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 Bond Trustees and the Bond Trustees 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 Bond Trustees 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 Bond Trustees 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 Bond Trustees.

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 as 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, any Bond 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 (and the Credit Enhancement Provider, where applicable) 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 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 any Bond 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 an Obligor 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.

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15.3. *Insolvency*

If:

- 15.3.1 an Obligor is 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 an Obligor, and such moratorium is not discharged within forty-five (45) Business Days after it was declared. Provided that the Obligor is able to show to the satisfaction of the Bond Trustees 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 an Obligor 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 that Obligor other than a solvent liquidation or any reorganisation of the Obligor;
 - 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 an Obligor or any of its 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 ninetieth (90th) calendar day (which would exclude days on which Nigerian courts are on vacation or there is a general industrial action by the staff of the Nigerian courts) after the order is made or if any such dismissal or stay ceases to be in effect (or such longer period as the Bond Trustees 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 an Obligor ceases 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 any Bond 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 an Obligor and is not discharged, or stayed within ninety (90) days (which would exclude days on which Nigerian courts are on vacation or there is a general industrial action by the staff of the Nigerian courts) of service by the relevant officer of the court of such attachment, execution or other legal process, or if there is

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an encumbrance or a Receiver is appointed over any material assets of an Obligor and such event is certified in writing by the Bond Trustees to be in its opinion materially prejudicial to the interests of the Bondholders.

15.7. *Breach of Other Obligations*

If an Obligor defaults 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 it 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 Obligor 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 Guarantee Trustee (or the Credit Enhancement Provider, as applicable).

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 an Obligor;

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 fifth (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.

16.5. Notices to be given by any Bondholder shall be in writing and given by lodging the same with the Registrar.

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. Consents

18.1 At the meeting held on June 1, 2021, the Board resolved to establish the Programme and raise, either by way of a public offering or through a book-building process or private

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placement, additional capital through the issuance of debt securities under the Programme.

- 18.2 An application has been filed and cleared with the Commission. The Issuer has also complied with SEC Rules and the applicable Regulations in respect of the form, date, and contents of the Programme Trust Deed.

19. Meetings of Bondholders

The rights and duties of the Bondholders in respect of attendance at meetings of Bond holders are set out in the Second Schedule (Provisions for Meetings of Bondholders). Decisions taken at Bondholders meetings may only be exercised by any Bond 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.

20. Proceeding Against the Issuer

Subject to section 201 of CAMA and this condition, no Bondholder may proceed directly against the Issuer unless the Bond Trustees having become bound so to proceed fail to do so and notify the Bondholders in writing of their refusal to do so, in which case the Bondholder may (i) take such proceedings in a representative capacity on behalf of himself and, (where authorized), other Bondholders holding not less than ten percent (10%) of the Principal Amount of the Bonds of such Series, for the recovery of the payments due on the Bonds; or (ii) take such proceedings in his name for the recovery of his own portion of the Bonds.

21. Taxation

By virtue of the provisions of the VAT Order and the CITA Order respectively, corporate bonds are exempted from the imposition of value added tax and companies income tax until year 2022. In addition, the Personal Income Tax (Amendment) Act, 2011 exempts corporate bonds from the imposition of personal income tax. This exemption is not time bound. While the VAT Order expires in 2022, the Finance Act, 2020 now excludes securities from "goods and services" for the purpose of value added tax (s.44). However, Bondholders will be required to pay VAT on commissions payable to the SEC, the Exchange and the CSD in respect of the Bonds. In respect of Coupon (if any) accruing to corporate Bondholders, post January 2022, the Issuer may be required by law to withhold tax on such Coupon payments to the corporate Bondholders. In that event, no additional amounts shall be paid to the Bondholders as a result thereof. Provided however that the Bonds shall enjoy the benefits of the provisions of the tax exemptions, and such extension, amendments, and modifications thereof.

The provisions of this Condition will be updated in the relevant Series Trust Deed to capture any changes in tax legislation.

22. Modification and Waiver

- 22.1 Any Trustee may agree with the Issuer, but subject to the approval of the SEC, to (i) without the consent of the Bondholders, make any modification of any of the provisions of the Programme Trust Deed which is in the reasonable opinion of that Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (ii) with the consent of Majority Bondholders, any other modification (except as mentioned in the Programme Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Programme Trust Deed which is in the reasonable opinion of that Bond Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and shall be notified to the Bondholders, as soon as practicable.
- 22.2 In connection with the exercise of its functions (including but not limited to those referred to in these Terms and Conditions), the Bond Trustees shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Bond Trustees shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, any

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indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

- 22.3 The Programme Trust Deed contains provisions for the indemnification of the Bond Trustees and for their relief from responsibilities. The Programme Trust Deed also contains provisions pursuant to which the Bond Trustees are entitled, *inter alia*, (i) to exercise and enforce its rights, comply with their obligations and perform their duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interest of, or consequence for, the Bondholders; and (ii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

23. Governing Law

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

RISK FACTORS

This section does not describe all the risks (including those relating to each prospective investor's particular circumstances) with respect to an investment in the Bonds. The risks in this 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 Prospectus, which may describe additional risks associated with the Bonds.

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

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

1. IN RELATION TO NIGERIA

I. Economic Risks

Lack of economic diversification exposes the country to downside risks in oil price and production

The structure of the Nigerian economy remains largely undiversified; import dependent, and consumption driven. The dominance of oil as the major source of export receipts, coupled with import dependence heightens Nigeria's vulnerability to external shocks. The impact of the steady decline in oil prices from mid-2015 was evident in the depreciation of the currency, foreign exchange illiquidity, decline in foreign reserves, and a slowdown in the economy. While the FGN intensifies in its efforts to diversify the economy from its dependence on oil revenue, mobility restrictions imposed by several countries across the globe in response to the global pandemic led to a global decline in the demand for oil and a corresponding crash in oil prices. This resulted in Nigeria having to review the oil price benchmark in its 2020 budget from USD57 to USD28 per barrel. Consequently, resultant pressure on the FX reserves, inevitably led to a series of adjustments of the Naira.

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

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

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

Bureaucracy, bribery, and corruption are of serious concern and constitute major barriers to doing business in Nigeria and hinder economic growth and social development. Nigeria moved up 15 places to rank 131 out of 190 countries in the World Bank's 2020 Doing Business index. While this is an improvement, the country still performs poorly in the areas of paying taxes, enforcing contracts and trading across borders, which continues to impact negatively on tax revenue, investor confidence and mobility of goods.

¹ The Nigerian Economic Recovery & Growth Plan 2017-2020

RISK FACTORS

II. Political Risks

Political, economic, and social stability in Nigeria have historically been affected by political and religious conflicts, terrorism, and social and religious tensions. However, over the past couple of years, there has been moderation in the number and frequency of attacks and cases of kidnapping across various parts of Nigeria. The sectarian conflicts in the Middle Belt; insurgence of Boko Haram activity in Northern Nigeria; and the Fulani herdsmen crisis contribute to the regions' security challenges.

If the FGN is unable to address conditions such as poverty, low levels of education, religious intolerance, weak enforcement of law and order, these risks may persist.

2. IN RELATION TO THE ISSUER

The Issuer is a special purpose vehicle with no business other than issuing debt securities and where applicable, purchasing corresponding Intercompany Bonds issued by the Co-Obligor. The Issuer has no assets other than where it purchases Intercompany Bonds. The ability of the Issuer to repay the Bonds will be limited to the ability of the Co-Obligor to repay the monies advanced or passed through under the terms of the Trust Deeds and/or under the Intercompany Bonds and so, investors are relying solely on the creditworthiness of the Co-Obligor.

3. IN RELATION TO THE CO-OBLIGOR

LFZ is exposed to operational and market risks in its ordinary course of business. Therefore, investors should note that failure to control these risks adequately could have an adverse effect on the financial condition and/or reputation of LFZ. The following is a description of the risk factors which are material in respect of the financial situation of LFZ as the Co-Obligor under the Programme.

I. Business Risks – These are the risks that LFZ faces in its operations and include the following:

Regulatory and compliance requirements governing the sector in which LFZ operates necessitate the procurement and maintenance of certain licences, permits and approvals

LFZ's operations require it to procure and maintain certain permits, licences and approvals in relation to its business. Some of such licences, permits and approvals are valid for limited periods, and must be periodically renewed. Furthermore, the official permits, licences and approvals contain conditions and requirements that LFZ and its relevant employees are required to fulfil. If LFZ fails to renew such permits, licences or approvals, or if any of them is suspended or terminated, or if their conditions and requirements are amended, this could result in suspension of some of LFZ's operations, causing disruption to services or incurring additional costs. It could also lead to the imposition of penalties by regulatory authorities, such as reprimands, warnings, and fines, for non-compliance with the relevant licensing and approval requirements.

Any of the above may have an adverse impact on LFZ's business, prospects, and financial position.

High exposure to a limited client base could lead to instability in LFZ's revenue streams

While LFZ is expected to expand its client base, as the development of the Zone progresses, its current revenue stream is limited to a few clients. Inability to retain or continue to generate revenue from these clients could have a detrimental effect on LFZ's financial condition.

Potential for delays or non-completion of the Lekki Deep Sea Port and commercial viability of the project

The Lekki Deep Sea Port ("Port") reached financial close in October 2019 and is currently more than 50 percent complete. The Port is expected to be commissioned in September 2022 and commence commercial operations by Q1 2023. The Free Zone is planned to cater to the demands of the domestic market and the wider African continent. Thus far, the Company has registered over 15 tenants in the Zone (including KT LFTZ Enterprise, TG Arla Dairy Products, Stanbic IBTC Bank

RISK FACTORS

Limited and BASF Operations LFTZ Enterprise). The current tenants largely comprise the Co-Obligor's JV Companies and contractors operating within the zone. The success of the zone is materially tied to the Port, with demand expected to significantly grow upon launch of the Port. Any delays in completion of the Port or its operations will have an impact on projected demand and financial projections.

Owing to the capital-intensive nature of the business, inaccuracy in forecasting future capital requirements can affect liquidity and access to capital

LFZ's strategy includes future expansion and development plans, based on forecasts, patterns and estimates. Accordingly, should such forecasts, patterns or estimates prove to be untrue, it may adversely affect LFZ's business, financial position, operating results and prospects.

In addition, LFZ's prospects will depend in part on its ability to manage its growth in a profitable manner. The management team will need to expand operations for achieving the necessary growth. Such expansion will involve retaining and supporting existing customers, attracting new ones, recruiting, training and retaining personnel, and maintaining adequate financial controls. If LFZ fails to achieve its projected growth, such failure may adversely impact its business and financial position.

Limited adjoining infrastructure

The deficit in key infrastructure continues to limit business activities in Lagos and Nigeria. Notwithstanding, the rapid development ongoing and being planned along the Lekki peninsular, the project is located at the Ibeju Lekki corridor in Lagos which is currently hindered by limited infrastructural facilities. Although there are planned developments including dualization of existing single carriageway highway; construction of the 7th Axial Road linking the Lekki Deep Sea Port to the Shagamu-Benin Expressway; the Green railway line linking the Ibeju Lekki axis to Marina, Lagos; expansion of the Lekki-Epe expressway, possible delays in executing the infrastructure development which will impact operations of the zone.

Possibility of competition from existing and new free trade zones

The Industrial and Logistics Zone is located in the Lagos Lekki Corridor, which also hosts 3 other Free Trade Zones: Dangote Free Zone, Lekki Free Zone and Alaro City, exposing the project competition.

LFZ may be susceptible to medical and / or health emergencies, which could lead to a slowdown in economic growth in Nigeria and / or materially adversely affect the company's business

Whilst LFZ has a substantive medical policy and health insurance for its employees, LFZ is susceptible to operational challenges as a result of outbreaks of infectious diseases or pandemics in its chosen markets of operation. In Western Africa, incidences of such diseases have included Ebola haemorrhagic fever, Lassa fever and other health epidemics, most recently, the novel coronavirus (COVID-19) pandemic.

The COVID-19 pandemic is having significant adverse effects on the global scene, and negatively impacting national and regional economies, including that of Nigeria. As a result of the pandemic, the Economist Intelligence Unit ("EIU") predicted a significant slowdown in global growth to roughly 1% in 2020, down from its outlook of 2.3% before the outbreak. More specifically, in Nigeria, with the rising number of COVID-19 cases, the Federal Government issued a directive restricting movement in Lagos State, Ogun State and the Federal Capital Territory from 30 March 2020 for an initial period of two weeks to identify, trace and isolate all suspected cases in an attempt at curtailing the spread of the virus to other states. These restrictions in movement led to the reduction in the level of economic activities as businesses, educational institutions, large social and religious gatherings temporarily shut down. The restriction on movement was then extended for a further two weeks. However, fuelled by concerns over the sustainability of a prolonged lockdown on the economy and the livelihoods of citizens, on 30 April 2020, the Federal Government unveiled a six-week re-opening plan which commenced on 4 May 2020. According to the Nigeria Centre for Disease Control, Nigeria had recorded 165,612 confirmed cases [156,387] discharged cases and 2066 deaths from the pandemic as at 13 May 2021. As a result of this pandemic, there has been supply chain gaps, falling

RISK FACTORS

oil prices, significantly lower economic activity, the weakening of the Nigerian Naira, a decline in GDP and possibly a recession.

II. **Currency Risks – These are risks that arise from the change in price of one currency against another:**

The Co-Obligor is exposed to currency risk on purchases and borrowings that are denominated in a currency other than the functional currency of the Company, primarily the USD. The currency in which these transactions primarily are denominated is Nigerian Naira. Unfavourable movement in exchange rates may affect LFZ's foreign currency transactions and have a negative impact on LFZ's financial condition.

The revenue of the Company will be in USD and Nigerian Naira both which will provide reasonable hedging to the company's foreign currency exposure.

III. **Liquidity Risk – Liquidity risk is the risk that LFZ will not be able to meet its financial obligations as they fall due in the short term:**

Whilst LFZ's approach to managing liquidity is to ensure, as far as possible, that it will always maintain sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation, if liquidity risks do however materialise, such risks would have a negative impact on LFZ's financial condition.

IV. **Credit Risk – Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to LFZ:**

A default by a counterparty poses the risk of LFZ incurring higher costs in debt recovery. Currently, the major customers of LFZ are related entities. LFZ uses an internal credit system to assess the potential customer's credit quality and defines credit limits separately for each individual customer. Credit limits attributable to customers will be reviewed at least on an annual basis. In the event that a default does occur and the debts are recovered or obligations enforced late, there are financial losses as a result of the time value of money for the period the debt was unrecovered or delays in production due to delays in performance. If the debt cannot be recovered, financial loss is incurred.

V. **Environmental Risks – These are losses that may arise due to significant natural occurrences in the environment. LFZ's operations are exposed to certain environmental challenges which include but are not limited to pollution, environmental degradation, global warming, severe flooding and other natural hazards**

Any major natural disaster may significantly affect the day to day operations of LFZ and may result in severe damage beyond LFZ's control and adversely affect LFZ's business.

The nature of environmental risks is that they are often sudden, unpredictable and unforeseen. Although LFZ feels that it has sufficient processes and safety measures in place to prevent and effectively respond to accidents that may occur as a result of changes in the environment, there is no guarantee that such processes will prevent all accidents, which may impose a variety of liabilities and adversely affect LFZ's business.

LFZ's operations may pose certain hazards to the environment, which include but are not limited to greenhouse gas emission into the atmosphere, construction and operation activities impact on the terrestrial and aquatic ecosystems

Stricter enforcement of existing laws and regulations, the introduction of new laws and regulations, the discovery of previously unknown contamination or the imposition of new or increased requirements could require LFZ to incur additional costs or become the basis of new or increased liabilities that could reduce earnings and cash available for operations and, as a result, adversely affect financial performance.

4. IN RELATION TO THE BOND ISSUANCE PROGRAMME

I. **Limited active trading market for the Bonds**

RISK FACTORS

Any Series or Tranche issued under the Programme will be new securities for which there may be no active two-way quote trading market, thus, the liquidity of the Bonds may be limited. Although an application will be made for Bonds issued under the Programme to be admitted to NGX Exchange or any other SEC registered securities exchange (subject to the provisions of the Applicable Pricing Supplement), there is no assurance that an active trading market will develop or any listing or admission to trading of the Bonds will be maintained. Accordingly, there is no assurance of the development or liquidity of any trading market for any particular Tranche or Series.

II. Credit ratings may not reflect the full impact of the Bonds' risks

The Bonds will be assigned a rating by a SEC registered rating agency appointed by the Issuer as specified in the relevant Supplement. The ratings may not reflect all the risks related to structure, market, additional factors discussed above and any 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.

III. Modifications, 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 Holders including Bondholders who did not attend or vote at the relevant general meeting and Bondholders who voted in a manner contrary to the majority.

IV. Early Redemption

The Bonds may be subject to early redemption. Therefore, Bondholders may face the risk that the Bonds will be redeemed before maturity in a falling interest rate environment, forcing the Bondholders to reinvest the proceeds at a lower rate of return.

OVERVIEW OF NIGERIA

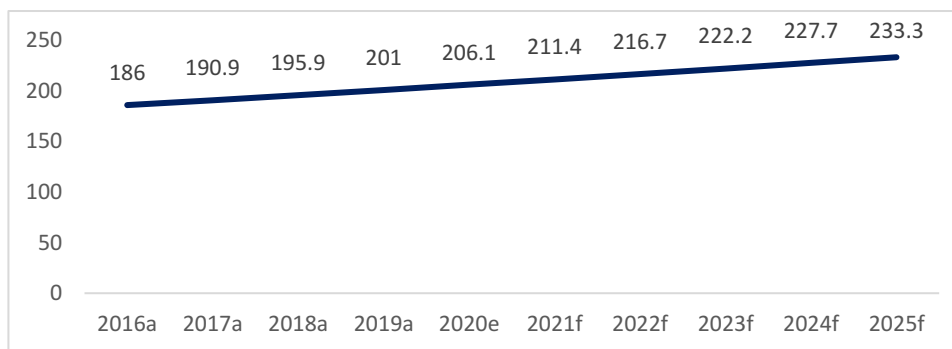
(i) GENERAL OVERVIEW

The Federal Republic of Nigeria (“**Nigeria**” or “**Country**”) is located in West Africa, bordered by the Republic of Benin to the west, Niger and Chad to the north, Cameroon to the east and the Gulf of Guinea to the south.

Nigeria consists of 36 states and the Federal Capital Territory, Abuja, which is located in central Nigeria. The states and the Federal Capital Territory are grouped into six geopolitical zones: North West, North Central, North East, South East, South South and South West. There are currently 774 constitutionally recognized local government areas and area councils in Nigeria. Nigeria has experienced considerable economic growth since its return to democratic rule in 1999 and subsequent adoption of market friendly economic policies.

Nigeria is currently the most populous country in Africa, with an estimated population of 206 million in 2020 according to the EIU (growing from 186 million in 2016 to 201 million in 2019 and forecasted to grow by c.16% to 233 million by 2025). The Country is also Africa's biggest crude oil exporter, with the largest natural gas reserves on the continent and is also blessed with an abundance of natural resources such as tin, iron ore and coal.

FIGURE 1: Nigeria's Population, millions (2016-2026)



a-actual, e-estimate, f-forecast

Source: Economic Intelligence Unit (EIU)

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Economic indicators	2017	2018	2019	2020	2021e
Population (mn)	190.9	195.9	201.0	206.1	211.4
Nominal GDP (US\$bn)	357.7	421.7	475.3	432.9	450.8
Real GDP growth (%)	0.8%	1.9%	2.2%	-1.8%	1.2%
Inflation (%)	16.5%	12.1%	11.4%	13.2%	17.0%
Exchange rate (NGN/US\$)	305.8	306.1	306.4	356.3	356.3
FX reserves (US\$bn)	39.6	42.8	38.3	36.7	37.8

e-estimate

Source: Economist Intelligence Unit

(ii) ECONOMIC OVERVIEW

Nigeria boasts the highest total trade volumes in the West Africa region, in large part due to its wealth of oil and gas resources and its large population base. The oil and gas sector remains the most important area of the Nigerian economy due to the high levels of foreign investor participation, the Nigerian government's extensive involvement in the industry and its consequent contribution to state revenues.

The Nigerian economy is fairly diversified with services contributing 52.44% to the economy in 2020. An expanding higher and middle-income group, broad population growth and the gradual development of supporting transport and energy infrastructure is underpinning the expansion of Nigeria's service sectors, helping to attract fresh investment from foreign firms looking to gain a foothold in the market despite expectations of slower near-term economic growth (compared to that experienced during the oil price boom years).

The agricultural sector accounted for 26.20% of GDP in 2020, while industry contributed 21.36% in 2020. On a whole, the non-oil sector accounted for 91.84% of GDP in 2020 (91.22% in 2019), while the oil sector contributed 8.16% of GDP in 2020 (8.78% in 2019). Government revenue is however highly dependent on the oil and gas sector as it contributes over 70% to government revenue, making government spending vulnerable to oil price volatility. Given that the government is the largest spender in the economy, the effect of the oil and gas sector on the economy is usually more pronounced than the sector's contribution to GDP. The economy contracted by 1.8% in 2020 largely due to the slowdown in economic activities as a result of the pandemic. However, the economy exited recession in Q4 2020 and is expected to grow in 2021. (Source: Nigerian Bureau of Statistics).

Nigeria has made significant progress in socio-economic reforms over the last decade, but still faces key developmental challenges, particularly in infrastructure. Nigeria needs to focus on meeting its infrastructural needs including power generation, transportation and social infrastructure, to ensure stable, substantial, sustainable and inclusive economic growth.

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

Looking ahead, the upward trend in oil prices and production will be the key driver to improving economic growth, infrastructure development and providing the government with sufficient financial and political capital to pursue key reforms over the medium term. Higher oil prices not only boost export revenues, but they are critical to the country's foreign exchange liquidity and fiscal balance. However, the risks to the oil revenue outlook is heavily skewed to the downside, due to capital expenditure constraints, aging infrastructure, terrorism risks and compliance with OPEC+ production cuts.

Interest rates, inflation, and exchange rates

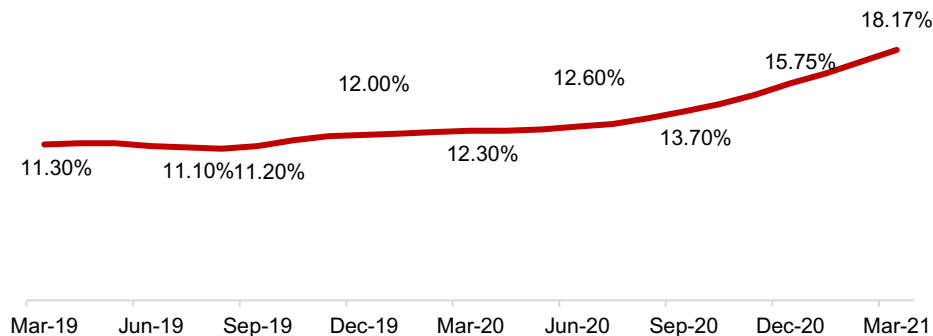
Inflation has been on its longest build-up in a decade with 17 consecutive months (and running) of pressures from pre-existing border closure measures, energy reforms and currency depreciation. Price increases were recorded across various individual consumption divisions - housing, water, electricity,



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other fuels, education, gas, food, clothing and transportation services and were largely responsible for the acceleration of the rate at which headline index increased. As at March 2021, inflation was at 18.17% year-on-year, primarily driven by higher food inflation.

FIGURE 2: Inflation rate



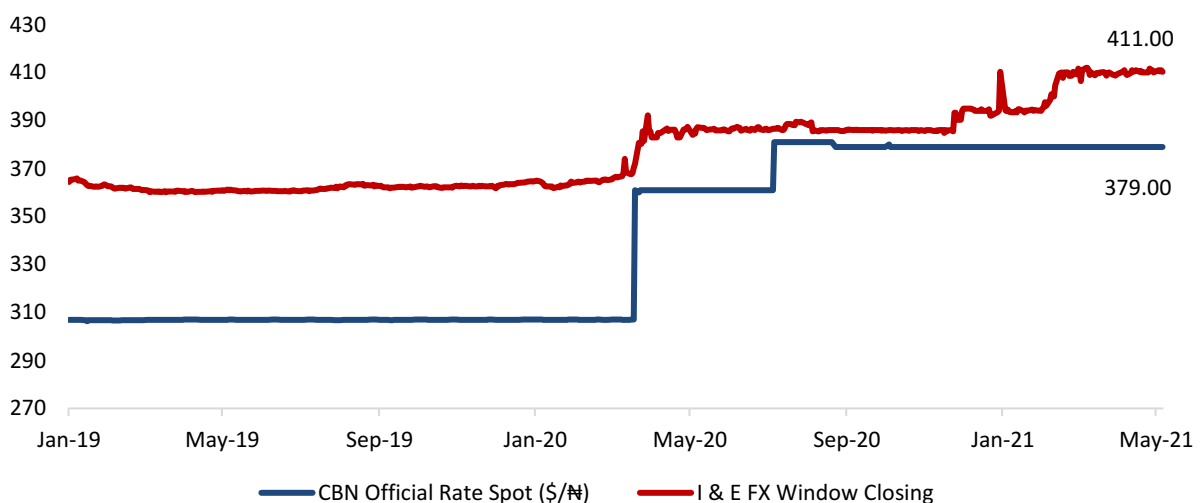
Sources: Nigerian Bureau of Statistics

This increase is attributed to the persistence of insecurity across the country as well as lingering structural deficiencies impacting the logistics of moving food items to urban areas. Other factors include the impact of COVID-19 pandemic, and hikes in the price of energy products (premium motor spirits and electricity), amongst others.

Another major factor is the predominance of imported (household and everyday) goods, including food. Due to the fact that most goods sold at the commercial market are imported, the prices of these goods are subject to and significantly affected by currency movements. Despite the substantial growth witnessed in the Nigerian agricultural sector (which grew by 14.01% year-on year in nominal terms in Q4 2020), Nigeria continues to rely heavily on imports for foods and other goods, which in conjunction with other factors, has led to a depreciation in the value of the Naira against the US Dollar.

Over the last twelve months, the CBN has devalued the Naira two (2) times. The Naira devaluation has brought the local currency closer to the exchange rate unification agenda of the CBN as recommended by the IMF and World Bank. As at January 2019, the CBN exchange-rate was ₦310 to US\$1, compared to ₦379 to US\$1 as of May 2021.

FIGURE 3: USD / NGN Exchange rate



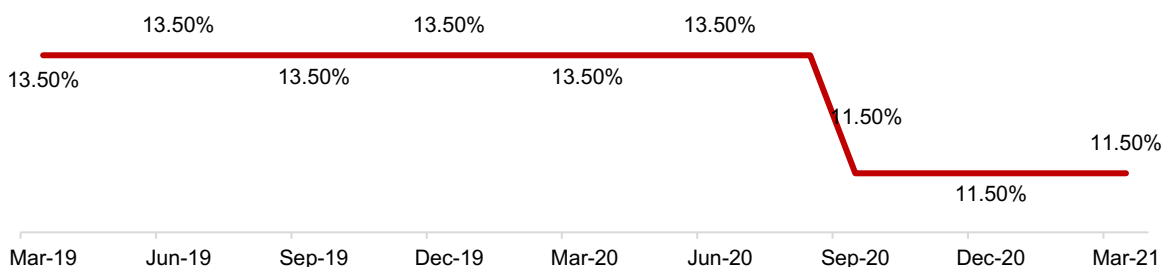
Sources: FMDQ

With the continued rise in inflation and modest recovery from the recession, price stability is expected to re-emerge as a focus in future Monetary Policy Committee (MPC) meetings. Development financing and improved target funding could also be relied upon to taper inflationary spikes.

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In 2020, there was a 200 basis points (bps) reduction in the Monetary Policy Rate (MPR) as well as adjustment of corridor rates around the MPR as economic recovery was the Committee's topmost priority. Barring any drastic policy changes, the benchmark rate could be retained at current levels throughout the rest of 2021 having been recently retained at the last MPC Meeting.

FIGURE 4: Monetary Policy Rate



Sources: Nigerian Bureau of Statistics, CBN

Fiscal Policy

Over the last decade, public expenditure has risen consistently, propelled most recently by the increase in minimum wage. Although personnel cost has accounted for a significant proportion of the expenditure base in times past, capital expenditure has regained priority in recent times, touching an all-time high of ₦2.3 trillion in 2019. Meanwhile, revenue has been highly correlated with oil price swings due to the large component of oil in the Federal Government's revenue base. Unlike its peer countries, tax contributions in Nigeria remain underwhelming at 6% of GDP, despite the implementation of an asset declaration scheme and hike in Value Added Tax. The relevant authorities are now prioritizing business-friendly policies, evidenced in its recent exemption of low-income earners and small businesses from personal income tax and company income tax respectively.

Since the re-inauguration of the current administration in 2019, there has been a commitment to prompt passage of the country's annual budget. This aided the swift review of the budget following the pandemic-shock on oil prices in 2020. A prompt adjustment in budget estimates enabled reliable fiscal planning and budget reprioritization.

President Muhammadu Buhari signed the 2021 Appropriation Bill into law on 31 December 2020 following the passage of same by the National Assembly. The 2021 budget has been signed into law alongside the Finance Act 2020. The budget indicates aggregate revenue and planned expenditure of ₦7.99 trillion and ₦13.59 trillion respectively. Despite a planned deficit of ₦5.6 trillion, government spending is expected to continue to rise in a bid to further support economic recovery. Thus, the country's fiscal deficit-to-GDP may rise beyond the 3% limit stipulated by the law for the third consecutive year.

The Federal Government of Nigeria under the 2021-2023 Medium term Expenditure Framework and Fiscal Strategy Paper highlighted the fiscal strategies for 2021-2023 to include fiscal measures to diversify and improve government revenues and entrench a regime of prudence with emphasis on achieving value for money. The goal of the fiscal interventions is to keep the economy active through carefully calibrated regulatory measures designed to boost domestic value addition, de-risk the enterprise environment, attract external investment and sources of funding while managing existing debt obligations in the most fiscally sustainable manner. The government is seeking to intensify economic diversification to ensure growth in non-oil exports, reduce the import bill and improve economic competitiveness.

As fiscal deficit rises, public debt levels is expected to follow suit. According to the DMO, Nigeria's total public debt stock rose to US\$84.57 billion in September 2020, of the outstanding public debt, the external component was US\$31.99 billion, increasing from US\$26.94 billion in September 2019. This increase was largely driven by the budget support loan obtained from the IMF. In December 2020, the World Bank approved an additional US\$1.5 billion facility to cushion the effects of the COVID-19 pandemic as the country seeks to implement more expansionary fiscal policies. The Federal Government also benefitted largely from the low yield environment in 2020. Following the assent of the ₦13.59 trillion budget in 2021, public debt stock is expected to rise significantly during the year.

Although the country's debt levels as a portion of GDP is largely below the benchmark for peer countries, further accumulation in debt could impact fiscal sustainability considering the country's high debt service-to-revenue ratio. As a result, the Federal Executive Council approved a new medium-term debt management strategy for the period 2020 – 2023. In this new strategy, the country's debt-to-GDP ceiling and domestic-to-external debt mix were reviewed. The debt-to-GDP ceiling was raised from 25% to 40%, to support the financing of future budget deficits. In addition, the Council altered its domestic-external debt mix in favour of domestic debt. The ratio was reviewed from 60:40 to 70:30, reflecting higher future patronage of the local debt market.

While lower foreign borrowing would reduce dollar exposure of FGN liabilities, increased local borrowing could result in higher yields in the future. The country's current domestic-to-external debt mix (63:37) indicates additional room for domestic borrowing. Consequently, the strategy seeks to prioritize long-term funding in the domestic debt market and concessional funding from multilateral and bilateral sources. The country could take advantage of moratoriums and low-interest rates while moderating high costs of servicing debts.

Economic Reform Programmes

Following the decline in crude oil prices, the Federal Government has remained focused on inducing growth in other sectors of the economy and has introduced specific reforms towards creating an enabling environment for doing business within the country.

As such, the Federal Government has over time set up several frameworks and initiatives with an objective of channelling the economy towards sustainable growth and development. Some of these recent frameworks and initiatives include the Medium-Term Expenditure Framework and Fiscal Strategy Paper ("MTEF/FSP") 2021 – 2023, fiscal measures in response to the COVID-19 pandemic and the Nigeria Economic Sustainability Plan 2020 ("NESP").

The Nigeria Economic Sustainability Plan, 2020

The Nigeria Economic Sustainability Plan was established and approved by the Federal Executive Council (FEC) to stimulate the Nigerian economy and prevent the collapse of businesses by ensuring liquidity; retain or create jobs using labour intensive methods in key areas like agriculture, facility maintenance, housing and direct labour interventions; undertake growth enhancing and job creating infrastructural investments in roads, bridges, solar power, and communications technologies, among others.

The NESP is based on three (3) pillars – Real Sector Measure, Fiscal and Monetary Measures and Implementation. The first pillar comprises a mix of project and policy approaches, which focus on the creation of jobs across the fields of agriculture and agro-processing, food security, housing construction, renewable energy, infrastructure, manufacturing and the digital economy. The objective is to safeguard existing micro, small and medium scale businesses while ramping up the production capacity of local industries by encouraging opportunities for innovation across various sectors of the economy.

The second pillar – Fiscal and Monetary Measures – outlines measures that will be taken to maximise government revenue, optimise expenditure and enshrine a regime of prudence with an emphasis on achieving value for every money spent. The overriding objective is to keep the economy active through carefully calibrated regulatory interventions designed to de-risk the environment for local production and enterprise, galvanise external sources of funding, rationalise existing debt obligations and boost investments in strategic sectors affected by the COVID-19 pandemic, while supporting the financial viability of state governments.

The last pillar upon which the success of the entire plan has been hinged is Implementation. The NESP emphasizes the need for all responsible parties, especially Ministers to be responsible for supervising the implementation of plans situated in their Ministry through a Ministerial Implementation Committee chaired by the Minister. The Ministerial Implementation Committee will be responsible for ensuring synergy between stakeholders, especially the public and private sector, whilst the Economic Sustainability Committee (ESC) will be responsible for general oversight of implementation and will report to the President.

Finance Bill 2020

On 31 December 2020, President Muhammadu Buhari signed the Finance Bill 2020 (the "Finance Act" or the "Act") into law with an effective date of 1 January 2021. The Finance Act introduced over 80

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amendments to the existing tax and regulatory legislations in Nigeria, including the CGT Act, CITA, PITA, VAT Act and Nigeria Export Processing Zone Act.

The aforementioned amendments were primarily aimed at addressing ambiguities and providing clarity to certain provisions in the laws, and also providing certain incentives to companies to mitigate the impact of COVID-19. Major amendments to the Finance Act 2020 include:

- Minimum tax for companies in respect of returns for years of assessments due between 1 January 2020 and 31 December 2021 has been reduced from 0.50% to 0.25% of gross turnover less franked investment income;
- Cost of donation made in cash or kind to any fund set up by government in respect of any pandemic or natural disaster to be tax deductible subject to a maximum of 10% of assessable profit after other allowable donations;
- FIRS may prescribe the form of accounts other than audited financial statements for small and medium companies as defined under CITA;
- A small or medium company engaged in primary agricultural production may be granted pioneer status for an initial period of 4 years and an additional 2 years (making a total of 6 years);
- Reduction of import duty on tractors from 35% to 5%; mass transit vehicles for transport of more than 10 persons and trucks from 35% to 10%, and reduction of import levy on cars from 30% to 5%;
- A non-resident person that makes a taxable supply to Nigeria is required to register for tax and obtain a tax identification number, include VAT on its invoice; and
- Goods liable to excise duties have been expanded to include telecommunication services provided in Nigeria as may be prescribed in the law or an order issued by the President.

(iii) POLITICAL OVERVIEW

Nigeria returned to democratic governance in 1999 with the election of Chief Olusegun Obasanjo, a member of the People's Democratic Party ("PDP"), as President and Commander in Chief of the Armed Forces, following many years of military rule. The Obasanjo administration commenced the implementation of policies aimed at diversifying the economy to reduce reliance on the oil and gas sector, improving macroeconomic stability and developing the nation's infrastructure.

In 2007, Nigeria witnessed its first ever transition from one democratically elected government to another with the election of Alhaji Umaru Musa Yar'Adua, also a member of the PDP. Following the death of Alhaji Umaru Yar'Adua almost three years into his first term in 2010, vice president, Dr. Goodluck Jonathan, took office for the remainder of the late president's term before being elected to a full presidential term in 2011.

In 2015, President Muhammadu Buhari, who was the candidate of the All Progressives Congress ("APC"), became the first Nigerian presidential candidate to defeat an incumbent president after defeating Dr. Goodluck Jonathan in what many considered a peaceful election. Policy priorities for the Buhari administration included boosting infrastructure investment and diversifying the economy by targeting investment at specific sectors (notably agriculture and solid minerals). Nigeria held its last elections in February 2019, where President Muhammadu Buhari was re-elected as the President. Given the continuity in governance, there are expectations of minimal disruptions.

There are diverse ethnicities and cultures in Nigeria. Nigeria is a country consisting of 36 states and the Federal Capital Territory, Abuja. The nation is grouped into six diverse geopolitical zones: North West, North Central, North East, South East, South-South and South West.

Nigeria intermittently experiences ethnic and religious unrest mostly in the Northern region of the country. Additionally, there is resentment in the oil-rich Niger Delta and in other parts of the country regarding the allocation of oil revenues which had resulted in local unrest in the past (which has subsided at the moment) and has provoked ongoing political debate for fiscal and political restructuring of the country. Violence and reckless assault caused by Fulani herdsmen in various parts of Nigeria in recent times and the insurgence of Boko Haram activity in Northern Nigeria have also posed a great threat to security in the country.

OVERVIEW OF NIGERIA

The threats make for a tense political environment which negatively affects the productivity of individuals and companies. The government has taken steps to mediate these conflicts and to reach an amicable resolve that will drive the growth of the nation.

OVERVIEW OF FREE TRADE ZONE OPERATIONS IN NIGERIA

A Free Trade Zone also known as an export processing zone is a designated location in a geographical area, generally organised around major seaports, international airports, and national frontiers¹, where enterprises can operate without trade barriers, bureaucratic bottlenecks and customs interference in order to attract new businesses and foreign participation. Goods may be landed, handled, manufactured or reconfigured and re-exported without the intervention of the customs authorities. Goods or services become subjected to customs duties only when they are moved to consumers outside the Free Trade Zone but within the country in which the Free Trade Zone is located.

The primary purpose of a free-trade zone is to remove from a seaport, airport, or border those hindrances to trade caused by high tariffs and complex custom regulations. Among the advantages of the system are the quicker turnaround of ships and planes through the reduction in formalities or customs examinations and the ability to fabricate, refinish, and store goods freely. In return for the advantages provided to the companies promoting the zone, the government anticipates greater chances of economic growth and boosts in national exports.

The Federal Ministry of Industry, Trade and Investment (“FMITI”) works alongside the Nigeria Export Processing Zone Authority (“NEPZA”), which was created in 1992 by the NEPZA Act and charged with a mandate to establish, licence, regulate and operate free zones (FZs) that enable investment in local production conducive to diversifying the economic base, generating employment and encouraging exports. Among the activities permitted under individual zone regulations are manufacturing, warehousing, duty free goods handling, banking and other financial services, international commercial arbitration services and special import operations.

In December 2020, The Federal Government of Nigeria through the FMITI suspended the issuance of licences for the operations of Free Trade Zones across the country, pending recommendations based on a thorough evaluation of Free Trade Zone operations that would improve the government’s strategy on Free Trade Zones. Currently, there are 15 active free trade zones operating in Nigeria, which include the likes of Lagos Free Trade Zone, Lekki Free Zone, The Calabar Free Trade Zone, The LADOL zone and The Onne Oil and Gas Export Free Zone.

OVERVIEW OF LFZC FUNDING SPV 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.

1. HISTORICAL OVERVIEW

The Issuer was incorporated in Nigeria on 23 April 2021 (with Registration Number 1786520) as a public limited company under the name 'LFZC Funding SPV PLC' and with registered address at 6th Floor, Block A, NIPOST Office Towers, 23 Adeola Odeku St, Victoria Island, Lagos. The Issuer has no subsidiaries and has been established as a special purpose vehicle for the purpose of issuing debt securities to fund capital expenditure, working capital, and enhance the liquidity of the Co-Obligor.

LFZC Funding SPV PLC has an authorised, issued and fully paid share capital of ₦10,000,000.00 divided into 10,000,000 ordinary shares of ₦1 each with 9,999,999 ordinary shares held by Elevate Commercial Park Limited, and 1 ordinary share held by Eurochem Corporation PTE. Limited

As set out in Clause 3 of its Memorandum of Association, the principal objectives of the Issuer, amongst other things, is to raise or borrow money through the issuance of debt securities solely in connection with its debt issuance programme; to secure the repayment of all money borrowed; and to invest in such securities of companies as approved by its board of directors.

2. BUSINESS OVERVIEW

The principal activities of the Issuer will be to issue Bonds for and on behalf of the Co-Obligor as may be directed in a Series Trust Deed in accordance with the terms of the transaction documents.

Copies of the Memorandum and Articles of Association of the Issuer may be inspected at the specified office 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 its Memorandum and Articles of Association and the terms of the Trust Deed, and other related documents.

3. BOARD OF DIRECTORS AND COMPANY SECRETARY

The Directors and Company Secretary of the Issuer and their respective business addresses are shown below:

Name	Business Address
Harkishin Ghanshamdas Aswani (Director)	6th Floor, Block A, NIPOST Office Towers, 23 Adeola Odeku St, Victoria Island, Lagos
Navin Nahata (Director)	6th Floor, Block A, NIPOST Office Towers, 23 Adeola Odeku St, Victoria Island, Lagos
Dinesh Rathi (Director)	6th Floor, Block A, NIPOST Office Towers, 23 Adeola Odeku St, Victoria Island, Lagos
Ashish Khemka (Director)	6th Floor, Block A, NIPOST Office Towers, 23 Adeola Odeku St, Victoria Island, Lagos
GFS Corporate Services Limited (Company Secretary)	6 Broad Street Lagos

4. DIRECTORS' INTERESTS

No Director has any interest in the Bonds to be purchased or proposed to be purchased by the Issuer.

OVERVIEW OF LFZC FUNDING SPV PLC

5. EMPLOYEES

The Issuer has no employees.

6. INDEBTEDNESS

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

7. MATERIAL CONTRACTS

The following agreement has been entered into and is considered material to this Programme

- i) A Programme Trust Deed dated 16 September 2021 between LFZC Funding SPV PLC, Lagos Free Zone Company, Radix Trustees Limited and Leadway Capital & Trusts Limited in respect of the Bond Issuance Programme.

8. NO MATERIAL ADVERSE CHANGE

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

9. FINANCIAL INFORMATION

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

10. LITIGATION

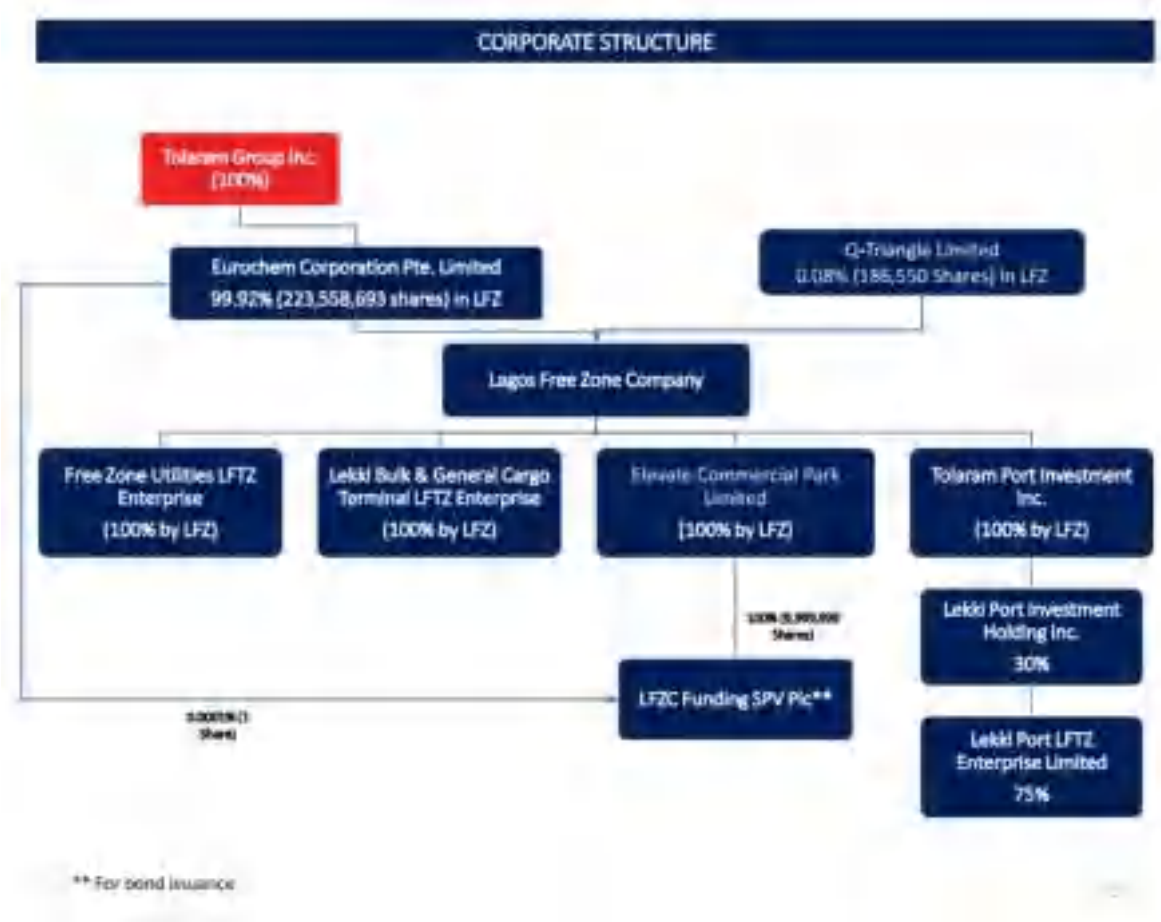
The Issuer is not and has not been since its incorporation engaged in any litigation or arbitration proceedings which may have or have had during such period a significant effect on its respective financial position. And, as far as the Issuer is aware, no such litigation or arbitration proceedings are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

OVERVIEW OF LAGOS FREE ZONE COMPANY

1. HISTORICAL OVERVIEW

Lagos Free Zone Company was initially incorporated as a limited liability company on 29 January 2002 as Lekki Export Processing Zone Limited. The status of the Zone was subsequently changed from Export Processing Zone to Free Trade Zone and as a result of this, the name changed to Lagos Free Trade Zone Company in 2006 pursuant to NEPZA Act. Subsequently, the name was changed to Lagos Free Zone Company in 2020 and registered as a free zone company on 23 March 2020 pursuant to NEPZA Act with certificate number: NEPZA FORM RCI/1089. The Company was granted the right to privately develop and manage the Lagos Free Zone, Itoke Village, Ibeju Lekki Local Government Area, Lagos State, Nigeria.

LFZ commenced operations in 2008, with the company's registered office at 6th Floor, Block A, NIPOST Office Towers, 23 Adeola Odeku Street, Victoria Island, Lagos. Its current activities involve development of a business model and a vision plan for the zone, land development, construction of building and infrastructures, operating the Free Trade Zone and leasing the developed land to Enterprises registered within the Zone.



2. TOLARAM GROUP INC

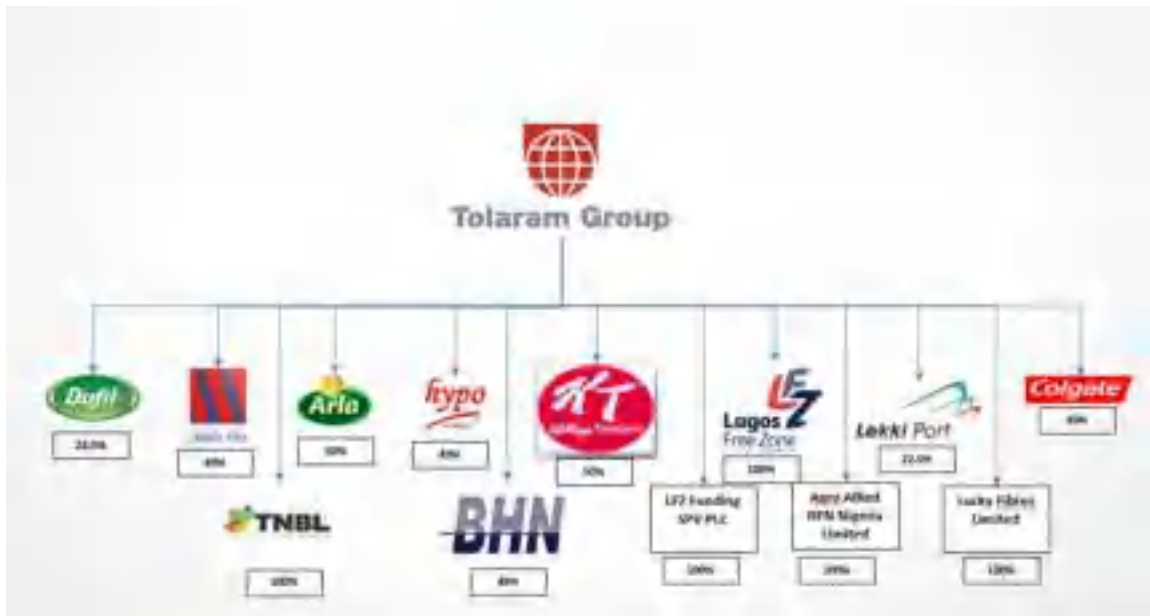
Lagos Free Zone Company is 99.9 percent owned by Eurochem Corporation Pte Limited, a Singapore registered entity, which is a wholly owned subsidiary of the Tolaram Group. The Tolaram Group (Tolaram) is a global conglomerate founded in 1948 and headquartered in Singapore, with operations spanning across Europe, Asia and Africa; with over USD200 million in annual revenue. Tolaram has existing operations in Asia, Africa and Europe across multiple industries including fast-moving-consumer-goods, digital services, energy, infrastructure, real estate, textiles and financial services.

Tolaram has been operating in Nigeria since 1977 and has an extensive portfolio comprising interests in manufacturing, power generation, distribution, road modal transportation, and distribution of goods. The Group's business activities in Nigeria are the third largest contributor to

OVERVIEW OF LAGOS FREE ZONE COMPANY

the conglomerate's global revenue at 20 percent, trailing behind Indonesia and Estonia with 34 percent and 23 percent contribution to the Group's total revenue respectively. The Group has established all its joint ventures in Nigeria with renowned brands, partnering with multinational groups such as Dufil Prima Foods Plc (24.5 percent ownership), TG Arla (50:50 joint venture with Arla Foods), Kellogg Tolaram Nigeria Limited (50:50 joint venture with The Kellogg Company) and Colgate Tolaram PTE Limited (49 percent Ownership). Other members of the Group include Lucky Fibers Limited (carpet and hair business), Tolaram Nutri Beverages Limited (Good Life juices), Multipro Consumer Products Limited (FMCG retail distributor; JV with Kellogg owning 51%) and Lekki Port as well as LFZ.

Nigerian Subsidiaries and Associate Companies of the Tolaram Group



Thus far, Tolaram Group has invested over NGN200 billion in the free zone project, (funded through 90 percent equity and 10 percent debt) towards the acquisition of land, investment in the Lekki Port, construction of basic infrastructure and acquisition of all the necessary operational permits and licenses.

3. ELEVATE COMMERCIAL PARK LIMITED

Elevate Commercial Park Limited was incorporated on the 18th of February 2021 and was set up as a real estate manager, estate developer and property manager. It was also set up to engage in the provision of utilities.

It is 100% owned by Lagos Free Zone Company.

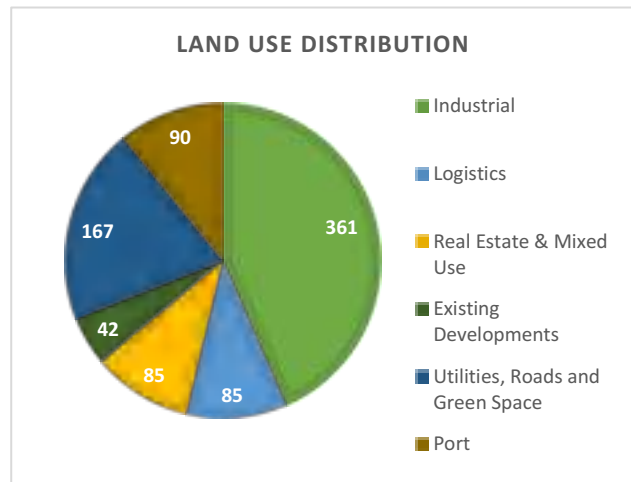
4. LEKKI PORT INVESTMENT INC.

Lekki Port Investment Inc. is a subsidiary of Lagos Free Zone Company. Tolaram's share of 22.5% in the Lekki Deep Sea Port Project is held through Tolaram Port Investment Inc., which is registered in BVI.

5. BUSINESS OVERVIEW

LFZ is a free trade zone developer and management company responsible for the Lagos Free Zone, registered under the Nigeria Export Processing Zone Authority and is the first privately-owned free trade zone in Nigeria. The company is developing an Industrial and Logistics Zone with state-of-the-art facilities at Ibeju Lekki, Lagos which will contribute to Nigeria's economic development. LFZ is developing a wide range of facilities and services for the zone which includes roads, piped gas supply network, treated water supply network, street lighting and a water drainage network.

Lagos Free Zone is situated in the South Quadrant of the Lekki Free Zone corridor and strategically positioned to serve the Lagos metropolitan area and the wider Nigerian hinterland. The zone covers an area of 830 hectares and includes the Lekki Deep Sea Port, which upon its completion in 2022 will be one of the deepest seaports in West Africa. The Lekki Deep Sea Port acts as the major differentiating factor for the project being fully integrated with the zone and creating a seamless logistics service. The zone is expected to provide state of the art infrastructure including treated water supply, fire station & fire trucks, truck park, medical clinics and piped natural gas supply infrastructure to serve the requirements of gas-based industries and captive power generation.



The Lagos Free Zone project is being developed primarily under three different zones: Industrial, Logistics and Real Estate. The Industrial Zone accounts for 361 ha of land (44 percent of the total allocation) and comprises various clusters including Food & Beverages, Non-Metallic Minerals, Pharmaceuticals, Chemicals & Downstream and Paper & Other Industries. The Logistics Zone accounts for 85 ha of land (10 percent of the total allocation) and comprises inland port and logistics and warehouse facilities; while the Real Estate Zone (representing 85 ha) comprises residential, commercial and mixed developments. In addition, 167 ha has been allocated for utilities, roads and the zone's green space while the Lekki Deep Sea Port has been apportioned 90 ha of the land. The container operations of the Port have been sub-concessed by Lekki Port LFTZ Enterprise Limited (LPLEL) to Lekki Freeport Terminals LFZ Enterprise, a subsidiary of CMA CGM Group, a world leader in Maritime transport. Lekki Freeport Terminals LFZ Enterprise, a joint venture with China Harbour Engineering Company Limited (CHEC), will operate the container terminal pursuant to a sub-concession agreement signed in September 2019. The container terminal will be the principal terminal of the Lekki Deep Sea Port, with a planned handling capacity of 2.7 million TEUs 2 per year. Upon commissioning, the Lekki Deep Sea Port is expected to considerably ease the congestion in the Apapa Port and curb the continuous gridlock which remains a burden for economic businesses and households in the area. Accordingly, the Lekki Deep Sea Port stands as a strategically significant project for Lagos State Government, as well as the Federal Government (through the Nigerian Ports Authority).

To ensure seamless integration with the Port, LFZC is developing a state-of-the-art dry bulk terminal within the Port. Construction on the Dry Bulk Terminal is expected to be completed by 2024, with China Harbour Engineering Company Limited expected to serve as the Engineering, Procurement and Construction (EPC) Contractor. Negotiations between both parties are ongoing and expected to be finalized by financial close.

Development of the zone has been categorized along four different phases, with Phase 1 focused on the Industrial cluster and closely aligned with the development of the Lekki Deep Sea Port, which

is scheduled for commissioning in 2022 and a planned commercial operations date (COD) of April 2023. Phase II shall focus on the development of the Logistics cluster from 2023 to 2025. Subsequently, Phases III (2026 to 2030) and IV (2031 to 2035) is expected to further develop of the Industrial Zone as well as Real Estate facilities as business activities in the zone in accordance with the completion of the dry bulk infrastructure and growth in port activities.

6. BOARD OF DIRECTORS

The board of directors of LFZ comprises four members. The board formulates the broad policies and takes decisions for the management and operations of LFZ with a view to attaining the company's objectives. Profile of the board members are below.

Mohan K Vaswani has been at the helm of the Tolaram Group since the early 1960s. He is a well-known philanthropist and a visionary industrialist. He started with a textile trading concern in Indonesia. From the trading activity in the early '60s, his businesses have developed in vastly diversified activities in more than 20 countries of the world with its headquarters in Singapore. Now, Tolaram Group is an international group with focus on Consumer business, Infrastructure business and digital financial services. The annual turnover of the Group is more than US\$ 1 Billion with the total staff strength of over 20,000. Mr Mohan Vaswani's prescience and perspicacity has been instrumental in the remarkable growth and success of the Group across various countries. Mr Mohan demonstrated his humane side by contributing 25% of ownership of Tolaram Group to Ishk Tolaram Foundation thereby making it the single largest beneficiary of the economic activities of the Group. He has been one of the most active and long-term Rotarian creating global social impact through his club – Rotary Club of Singapore.

Harkishin Ghanshamdas Aswani is the Managing Director-Africa for Tolaram. With nearly three decades of driving Tolaram's businesses in Africa, Haresh currently spearheads the organization's investments on infrastructure development, consumer goods including logistics and distribution and power sector in the continent. He is passionate about helping businesses grow and has been instrumental in organising and participating in numerous bilateral business forums between Nigeria and Singapore. He is also a Vice-Chairman in Singapore Business Federation. In recognition of his contribution to the socio-economic development of Nigeria, Haresh has received multiple prestigious awards. This includes a Chieftaincy for his commitment to the economic development of Nigeria and the Ota community, as well as becoming a Member of the Order of the Federal Republic of Nigeria. Haresh is currently serving his fifth term as Singapore's Honorary Consul-General to Nigeria.

Navin Nahata is currently the CEO for Infrastructure and Consumer Services Business at Tolaram. He has been at the helm of the infrastructure business of Tolaram Group from 2016 which included the development of mega projects like the Lekki Port and the Lagos Free Zone. As part of his role as the CEO for infrastructure business, Navin also took up the role of the CEO of the Lekki Port project to drive the development efforts by providing the vision and a clear roadmap for this monumental project while at the same time developing and guiding the team of the Lagos Free Zone. Despite the challenging environment and sometimes untenable economic conditions, Navin's penchant for teamwork and building relationships with public and private partners ensured that every milestone of both the zone and the port remained on track. Lekki Deep Sea Port project within the Lagos Free Zone was named "African Infrastructure Deal of the Year" in 2019 by Project Financial International (part of the Thomson Reuters Awards for Excellence), a testimony to Navin's tenacity and leadership. Navin transitioned into his current role from the role of the CFO for Tolaram Group during which he was been part of the senior management team responsible for setting the strategic direction of the Group.

Dinesh Rathi has almost 20 years of experience of working in India and Nigeria. Dinesh started his career with Unilever Group and has also worked in ICICI Bank, the largest private sector commercial bank in India.

He joined Tolaram Group as a Finance Controller in Lucky Fibres in November 2004. He was promoted as General Manager of Lucky Fibres in June 2005. During his tenure of three and half years, Lucky Fibres witnessed strong growth and a profitable track record.

OVERVIEW OF LAGOS FREE ZONE COMPANY

Mr Dinesh was promoted as Group Chief Financial Officer, Nigeria in January 2009. His areas of expertise include Strategy, Finance, Accounting and Mergers and Acquisitions. He has been working as the CEO of LFZC from March 2018.

Adesuwa Ladoja is a legal, business & regulatory expert with strong project management abilities. She started her career in 1993 as an Associate of Law at Ajumogobia & Okeke, where she acquired a vast knowledge of general commercial practice and litigation, banking & finance, maritime claims, arbitration, corporate law and insolvency.

Adesuwa holds a second-class upper Bachelor of Law degree from the Obafemi Awolowo University, Ile-Ife, and a Masters of Law degree (with merit) from King's College, University of London. She was called to the Nigerian Bar in 1993 and she is a Member of the Nigerian and International Bar Associations; a Member of the Chartered Institute of Arbitrators; a Fellow of the Chartered Institute of Taxation of Nigeria, an Associate of the Chartered Institute of Secretaries & Administrators, a Notary Public of the Federal Republic of Nigeria and a Member of the Association of Chartered Certified Accountants (ACCA).

For the last 10 years, Adesuwa has been involved in the development of the Lekki Deep Sea Port project and was part of the multi-jurisdiction team that brought the project to fruition leading to financial close and it is now in the construction phase. She is the current Chief Relationship Officer and part of the senior management team at Lekki Port LFTZ Enterprise Limited, and also a trustee of the United for Kids Foundation, a non-governmental organization that serves as a vehicle to uplift poor, sick and orphaned children, providing them with tools to overcome sickness, poverty and illiteracy.

Audit Committee Members

- 1) Adesuwa Ladoja
- 2) Navin Nahata
- 3) Dinesh Rathi

7. MANAGEMENT TEAM

In addition to its board of directors, LFZ has an experienced management team that guides its various units of operation.

Mr. Ashish Khemka – Chief Financial Officer, is a Chartered Accountant who has over 10 years of experience working in India and Nigeria. Ashish started his career with Ernst and Young as an Associate. He has also worked with ICICI Bank, the largest private sector commercial bank in India. Ashish joined Tolaram Group in February 2013 and has been actively involved in the Corporate function of the group in Nigeria. He is also a key member of the Merger and Acquisition team of the group. He has been working as CFO of LFZ since 2017.

Mr. Shrinivas Palakodety – Technical Head, has over 35 years of experience of which 15 years is in Design Engineering and 20 years in Construction Management. Shrinivas holds Masters degrees in Civil Engineering (Offshore Engineering) from the National University of Singapore, Engineering (Engineering Technology Management) from University of South Australia, Business Administration, as well as a Graduate Dip in Operations Research and, certifications in Reliability Engineer from American Society for Quality, Lean Six Sigma Black Belt from International Association for Six Sigma Certification and Professional Risk Management from Asia Institute of Risk Management.

Mrs. Ololade Oladipupo is the Head of Legal and has been working with LFZ for the last 5 years. Prior to working with LFZ, she worked with two leading law firms, Templars Barristers & Solicitors and Alliance Law Firm where she gained experience in Corporate & Commercial Law and Finance. She holds a Masters of Law (with Distinction) in International Trade & Commercial Law from Durham University.

Mr. Tejaswi Avasarla – Marketing and Business Development Head, has almost 13 years of experience working in India, Nigeria and Singapore. Tejaswi started his career from ABB Limited in India as a Project Manager. He joined Tolaram Group in 2012 and worked at the Promoter's end as a Project Manager for a Public-Private Partnership project aimed at developing one of the deepest seaports in Sub-Saharan Africa in Lekki, Lagos. He went to the top tier schools in India for

OVERVIEW OF LAGOS FREE ZONE COMPANY

management education concentrated in Finance and undergraduate degree in Engineering. His areas of expertise include Project Management and working in a highly complex environment with varied stakeholders including Government agencies, raising finance and deal structuring.

Mr. Nikhil Khandelwal leads as a Chief Technology Officer (CTO) for Lagos Free Zone in Lagos, Nigeria. Nikhil is a hands on Computer Engineer, having 10+ years of diversified experience. He has worked at senior management positions across multiple organizations in USA, the Middle and Far East, and India. Nikhil has gained extensive experience in technology working with Accenture, Pearson VUE, Pharma companies, Digital Agencies and the Hinduja Group. Nikhil joined Lagos Free Zone in May 2019. He drives the entire Technology Blueprint and IT Strategy for the Zone including Smart City Automation, Big Data & IOTs, Innovation, Digital, Mobility, ERP, Data Protection and Security, Business Processes, ICT, Enterprise Infrastructure & Applications.

Mr. Vishal Chandrakant Shah leads the Environment, Health, Safety and Fire (EHS&F) function for Lagos Free Zone. He is based out in Nigeria and is responsible for implementation of ESG practices in LFZ.

Vishal has over 18 years of experience in the field of Safety, Environment and Sustainability in Power (Generation, transmission and distribution), Ports & Special Economic Zone, and Cement sector. Vishal has hands on experience in implementing safety, environment, and sustainability practices as per the requirement of IFC, ADB and other World Bank guidelines. He has previously worked for Adani Group, Tata Group, Aditya Birla Group and Shree Cement based in India.

Vishal holds a Post Graduate Diploma in Business Management from Emeritus institute of Management – Singapore, International general certificate in occupational health and safety from NEBOSH - UK and a post graduate degree in Ecology and Environment Science from Sikkim Manipal University of Health, Medical and Technological Science - India.

8. COMPANY SECRETARY

The Company's Secretary is GFS Corporate Services Limited who provides independent guidance and is responsible for ensuring the smooth administration of the company. The Company Secretary is responsible for the co-ordination of all Board business, including agendas, board papers, minutes, communication with regulatory bodies, all statutory and other filings. The Company Secretary is accountable to the Board, and all Directors have access to the Company Secretary. The decision to appoint or remove the Company Secretary is be made or approved by the Board.

USE OF PROCEEDS

Unless otherwise stated in the applicable Supplement, the net proceeds from the issuance of the Bonds will be used for purchasing debt instruments issued by the Sponsor/Co-Obligor and such specific purposes as may be determined from time to time.

The applicable Supplement for each Tranche or Series under the Programme will specify details of the use of proceeds of the particular Tranche or Series.

Lagos Free Zone Company (LFZC)

Entity Rating

Bbb-

This refers to a company with satisfactory financial condition and adequate capacity to meet obligations as and when they fall due.

Outlook: Stable
Issue Date: 19 March 2021
Expiry Date: 30 June 2022

Previous Rating: N/A

Industry: Special Economic Zones

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Analysts:

Christian Obiezu
christianobiezu@agusto.com

Isaac Babatunde
isaacbabatunde@agusto.com

Agusto & Co. Limited
UBA House (5th Floor)
57, Marina
Lagos
Nigeria

www.agusto.com

RATING RATIONALE

- Agusto & Co. assigns a "Bbb-" rating to Lagos Free Zone Company ("LFZC" or "the Company"). The rating reflects the Company's acceptable leverage and adequate working capital levels as well as its expanding stock of infrastructure and number of occupants at the Lagos Free Zone ("LFZ" or "the Zone"). Also, the rating reflects the strong parental support from Tolaram Group Incorporated ("TGI" or "the Group"), which we have considered as a credit enhancement. However, the assigned rating is constrained by LFZC's weak profitability, cash flow that requires improvement and governance structure that needs strengthening. This is in addition to uncertainties regarding future occupancy rate and earnings of the Company should the project completion be delayed.
- Lagos Free Zone Company is the licensee and operator of the Lagos Free Zone – the first privately owned economic zone in Nigeria. Integrated with a deep seaport ("the Lekki Deep Seaport"), the 830 hectare LFZ site currently has about 19 registered enterprises including some notable international brands¹. Promoted by Singapore based Tolaram Group Incorporated, the LFZ is being designed as a "Live-Work-Play" and equipped with built-up standard industrial and warehouse facilities.
- Established in 2002, LFZC is essentially a wholly owned subsidiary of Eurochem Corporation Pte. Limited – a Singaporean company owned by Tolaram Group Incorporated. Therefore, LFZC is "the instrumental vessel" for the Group's incursion into the African real estate (infrastructure) market. Mr Mohan K. Yaswani, the Chairman of Tolaram Group, leads the four-member Board of Directors of LFZC. However, the Board lacks functional committees and independent Directors although management has disclosed ongoing plans to improve in this regard.

¹ These include Fedlogg (USA), Calgate (USA), Indoflex (Indonesia), Arto Food (Denmark) and BASF (Germany)

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TAX CONSIDERATIONS

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Instruments issued under this Programme. In particular, it does not constitute a representation by the Issuer or its advisers of the tax consequences attaching to a subscription or purchase of Instruments issued under the Programme or applicable to all categories of investors.

Under relevant tax laws, income accruing in, derived from, brought into, or received in Nigeria in respect of dividends, interest, royalties, discounts, charges or annuities is subject to tax. Consequently, interest payments on the Bonds by the Issuer would ordinarily be subject to withholding tax at the applicable rate of 10 per cent.

In 2010, however, Nigeria's taxation landscape underwent a major change as the FGN announced that it would exempt certain taxes on all categories of bonds (including corporate bonds) and short-term government securities such as treasury bills. The FGN approved a waiver of capital gains tax and income tax on all forms of debt instruments and the legislative and administrative processes required to give legal effect to the waivers save for the waiver on capital gains tax have been implemented.

In furtherance of the waiver, the FGN issued the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011 (the "**CIT Order**"), which exempts bonds issued by corporate bodies from tax imposed under the CITA for a period of 10 (ten) years from the effective date of the CIT Order being 2 January 2012. Therefore, interest payments made by the Issuer to the Bondholders will not be subject to WHT for the duration of the CIT Order. Upon expiration of the exemption period on 2 January 2022, the interest accruing to the Bondholders that are corporate entities would be subject to withholding tax and the Issuer may be required by law to withhold tax on interest payment on such Bonds in the absence of any extension of the CIT Order or enactment of new legislation with similar exemptions.

PITA also exempts from taxation any income earned by an individual from Bonds issued by corporate bodies such as the Issuer. There is no limitation period for the exemption granted in the PITA. Thus, except as otherwise provided by any subsequent amendments to the PITA, interest payments by the Issuer to individual Bondholders subject to the PITA will not be subject to withholding tax even after 1 January 2022.

In relation to capital gains tax, whilst there is no capital gains tax payable upon the disposal of any Nigerian government securities in Nigeria, under the provisions of the Capital Gains Tax Act, Chapter C1 LFN 2004 ("**CGT Act**"), capital gains tax is chargeable on gains derived from the sale of bonds and debt instruments other than Nigerian government securities (i.e. federal, state and local government bonds). However, capital gains tax may, in future, not be charged on gains realised from a disposal of corporate bonds or other non-governmental debt instruments. This is so because the FGN has approved a waiver of capital gains tax on gains from disposal of corporate bonds, but the legislative and administrative processes required to give legal effect to the waiver have not yet been implemented.

The proceeds from the disposal of corporate bonds issued by Nigerian corporate entities are also exempt from VAT in accordance with the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 ("**VAT Exemption Order**"). This exemption applies for a period of 10 (ten) years from the date of the VAT Exemption Order, (i.e. the exemption expires on 2 January 2022 (where same is not extended)). Thus, VAT will not be payable upon a disposal of the Bonds during the subsistence of the VAT Exemption Order. While the VAT Exemption Order expires in 2022, the Finance Act, 2020 now excludes securities from the payment of VAT. As such, the Bonds will not be liable to VAT even after the expiration of the VAT Exemption Order.

Furthermore, the Value Added Tax (Exemption of Commissions on Stock Exchange Transactions) Order, 2014 exempted the imposition of VAT on (a) commissions earned on traded value of the shares, and (b) commissions payable to the SEC, The Nigerian Stock Exchange (now Nigerian Exchange Limited) and the Central Securities Clearing System for a period of five (5) years from the commencement date of the order - 25th July 2014. Given that this Order expired in 2019 and was not extended, Bondholders will be required to pay VAT on commissions payable to the SEC, NGX Exchange and Depository, in respect of the Bonds.

In view of the above, where any Bonds issued under the Programme continue to remain outstanding

TAX CONSIDERATIONS

beyond 1st January 2022, corporate bondholders will be subject to CIT on all coupon payments received under the Bonds. Further, the Finance Act 2020 specifically exempts “securities” from the definition of goods under the Value Added Tax Act. On this basis, it is likely that upon expiration of the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011, corporate bonds will still be exempt from VAT. However, VAT will be payable on commissions paid to the Exchange and Depository.



15, El Dorado
Lagos
Nigeria

Charles A. Taylor
Chartered Accountant
Member of the Institute of Chartered Accountants of Nigeria
Lagos
Nigeria
01 4321 1100 / 1101
deloitte.com/nigeria

Independent Auditor's Report

To the Shareholders of LFZC FUNDING SPV PLC

Opinion

We have audited the statement of affairs of LFZC FUNDING SPV PLC (the Special Purpose Vehicle) for the period ended 30 June 2021.

In our opinion, the Statement of Affairs of LFZC FUNDING SPV PLC for the period ended 30 June 2021 give a true and fair view of the statement of affairs, in accordance with ISA 800-Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Statement of Affairs* section of our report. We are independent of the Special Purpose Vehicle in accordance with the ethical requirements that are relevant to our audit of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and other ethical requirements that are relevant to our audit of financial statements in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution

We draw attention to Note 1.3 to the statement of affairs, which describes the basis of accounting. The statement of affairs is prepared to assist LFZC Funding SPV Plc to meet the requirements of Regulator (Security and Exchange Commission). As a result, the statement of affairs may not be suitable for another purpose. Our report is intended solely for LFZC Funding SPV Plc and Regulator (Security and Exchange Commission) and should not be distributed to parties other than LFZC Funding SPV Plc or (Security and Exchange Commission). Our opinion is not modified in respect of this matter.

Responsibilities of Directors and Those Charged with Governance for the Statement of Affairs.

Directors are responsible for the preparation of the statement of affairs and for such internal control as Director determine is necessary to enable the preparation of the statement of affairs that is free from material misstatement, whether due to fraud or error.

In preparing the statement of affairs, directors are responsible for assessing the Special Purpose Vehicle's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless directors either intends to liquidate the Special Purpose Vehicle or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Special Purpose Vehicle's financial reporting process.

Auditor's Responsibilities for the Audit of the statement of affairs

Our objectives are to obtain reasonable assurance about whether the statement of affairs is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement of affairs.

Deloitte Chartered Accountants (Nigeria) Limited

15, El Dorado, Lagos, Nigeria

Deloitte.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the statement of affairs, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Special Purpose Vehicle's internal control.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Special Purpose Vehicle's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the statement of affairs or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Special Purpose Vehicle to cease to continue as a going concern.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Folasho Runga, FCA, FRC/2013/ICAN/0000001709
Fpr. Deloitte and Touche
Chartered Accountants
Lagos, Nigeria
15 July 2021



LFI Funding SPV Plc
Statement of Affairs
For the period ended 30 June 2021

Statement of Directors' responsibilities:

For the preparation and approval of the statement of affairs

The Directors of LFI Funding SPV Plc accept responsibility for the preparation of the statement of affairs that give a true and fair view of the financial position of the SPV as at 30th June 2021, and the results of its operations, and in the manner required by Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the statement of affairs the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient, to enable users understand the impact of transactions, and conditions on the Company's financial position and financial performance.

Going Concern:

The Directors have assessed the SPV's ability to continue as a going concern and have no reason to believe the SPV will not remain a going concern in the year ahead.

Certification of statement of affairs:

The statement of affairs has been reviewed and based on our knowledge, the

- audited statement of affairs does not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- audited statement of affairs and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the SPV as of and for, the periods covered by the audited statement of affairs.

We state that management and directors:

- are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the SPV and its subsidiaries is made known to the officer by other officers of the SPV, particularly during the period in which the audited statement of affairs report is being prepared;
- has evaluated the effectiveness of the SPV's internal controls within 90 days prior to the date of its audited statement of affairs, and;
- certifies that the SPV's internal controls are effective as of that date;

We have disclosed:

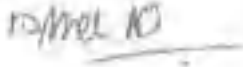
- all significant deficiencies in the design or operation of internal controls which could adversely affect the SPV ability to record, process, summarize and report financial data, and has identified for the SPV's auditors any material weaknesses in internal controls, and
- whether or not, there is any fraud that involves management or other employees who have a significant role in the SPV's internal control; and
- as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

LJZ Funding SPV PK
Statement of Affairs
For the period ended 30 June 2021

Statement of Directors' responsibilities (cont'd)

The statement of the affairs of the SPV for the period ended 30 June 2021 were approved by Directors on 14 July 2021.

On behalf of the Directors of the SPV:



Dinesh Rathi



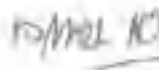
Ashish Khambha


LF2 Funding SPV Plc
Statement of Affairs
For the period ended 30 June 2021

Statement of affairs

	Note	NGN'000	NGN'000
Pre-operational expense	3		1,000
Receivable balance	4		10,000
Creditors: amount falling due within 1 year	5	(1,000)	(1,000)
Total assets less current liabilities			10,000
Authorised and issued share capital	6		10,000
Issued & paid-up share capital	8		10,000

The Statement of Affairs was approved by the Board on 04 July 2021 and signed on its behalf by:


Dinesh Rathi


Ashish Khemka

PKF Professional Services



12 May 2021

The Directors
Lagos Free Zone Company
6th Floor, Block A,
Nipost Office Towers
23 Adeola Odeku St
Victoria Island
Lagos

The Directors
FBNQuest Merchant Bank Limited
10 Keffi Street
Koyi
Lagos

and

The Directors
Stanbic IBTC Capital Limited
I.B.T.C. Place
Walter Carrington Crescent
Victoria Island
Lagos

The Managing Director
Rack Capital Partners Limited
3rd Floor, AICO Place
12 Churchgate Street
Victoria Island
Lagos

Gentlemen,

Accountants' Report on the Audited Financial Statements of Lagos Free Zone Company for the Five Years Ended 31 December 2020 Regarding N50 Billion Bond Issuance Programme

We have reviewed the audited financial statements of Lagos Free Zone Company ("the Company") that comprises the statements of financial position as at 31 December 2020, 2019, 2018, 2017 and 2016 the statements of profit or loss and other comprehensive income, statement of changes in equity and statements of cash flows for each of the five years then ended, and notes to the financial statements and a summary of significant accounting policies, for the proposed N50 billion Bond Issue. The financial statements are the responsibility of the directors of the Company and were prepared in accordance with the International Financial Reporting Standards and the requirements of Section 16 of the Nigeria Export Processing Zones Authority (investment procedures, regulations and operational guidelines for Free Zones in Nigeria 2004, Part 5) and the Financial Reporting Council Act, 2011. Messrs Deloitte, Chartered Accountants were the auditors of the Company for the years ended 31 December 2020, 2019, 2018, 2017 and 2016, their reports on the financial statements for the five years, were unqualified. Our responsibility is to issue a report on these financial statements based on our review.

The financial information is based on the audited financial statements for the five years ended 31 December 2020, 2019, 2018, 2017 and 2016, after making such adjustments as we considered necessary. The Directors of the Company are responsible for the contents of the Bond Document in which this report is included.

We conducted our review in accordance with the International Standards on Review Engagement (ISRE) 2400, Engagements to Review Historical Financial Statements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement.

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Our review of the financial statements has been limited primarily to the working papers of the Company's auditors, Messrs. Deloitte, Chartered Accountants, enquiries of the Company's personnel and analytical procedures applied to the financial data and thus provides less assurance than an audit. We have not performed an audit conducted in accordance with International Standards on Auditing, and accordingly we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that cause us to believe that these financial statements are not presented fairly, in all material respect, the financial position of Lagos Free Zone Company as at 31 December 2020, 2019, 2018, 2017 and 2016, and their financial performance and cash flows for each of the five years then ended, in accordance with the International Financial Reporting Standards and the requirements of Section 15 of the Nigeria Export Processing Zones Authority (Investment procedures, regulations and operational guidelines for Free Zones in Nigeria 2004, Part 5) and the Financial Reporting Council of Nigeria Act, 2011.

This report is solely for the use of the Directors of Lagos Free Zone Company and other relevant parties to the Bond Issue. No part of this report may be quoted or circulated outside these parties without written approval of PKF Professional Services.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours faithfully,

Ayediji Sonukan, FCA
FRC/2013/ICAN/0000002431
For: PKF Professional Services
Lagos, Nigeria

Date: 12 May 2021

LAGOS FREE ZONE COMPANY

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

	Note	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
Revenue	5	3,376	1,788	1,297	326,750	119,045
Direct costs	6	(142)	(147)	(104)	(33,375)	(19,794)
Gross profit		3,234	1,641	1,193	293,375	99,251
Administrative expenses	7	(4,031)	(3,690)	(2,638)	(949,054)	(961,909)
Other (gains)/losses	8	3,214	(17,279)	486	2,781,599	3,446,622
Other expenses	9	(2,699)	(1,633)	(785)	(116,844)	(215,472)
Finance income	10.1	1,349	-	-	-	-
Finance costs	10.2	(1,027)	(8)	(1,796)	(1,672,417)	(1,154,338)
Profit/(loss) before tax		39	(20,970)	(3,539)	(463,064)	(1,214,516)
Income tax expense	11	-	-	-	-	-
Profit/(loss) for the year		39	(20,970)	(3,539)	(463,064)	(1,214,516)
Other comprehensive income, net of tax						
Items that will not be reclassified subsequently to profit or loss						
Revaluation surplus		11,997	-	-	-	27,182,133
Total comprehensive income / (loss) for the year		15,036	(20,970)	(3,539)	(463,064)	25,967,617

The accompanying notes are an integral part of these financial statements.

LAGOS FREE ZONE COMPANY

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER**

	Note	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
Assets						
Non-current assets						
Property, plant and equipment	15.1	420,290	405,062	414,961	93,197,010	53,480,715
Intangible assets	15.2	51	-	-	-	-
Investments	14	50,287	50,102	50,102	10,016,600	15,261,000
Right-of-use of assets	15	148	486	3	-	-
Long-term receivables	16.1	6,000	6,000	-	40,702,291	34,440,864
Due from related companies	18.1	4,200	-	-	-	-
Total non-current assets		478,690	459,650	465,066	151,875,809	143,182,579
Current assets						
Trade and other receivables	16.2	3,837	7,560	260	134,572	201,190
Receivables from related companies	18.1	30,431	40,304	10,104	3,834,746	6,029,783
Cash and bank	19	3,202	1,474	62	67,446	84,380
Right-of-use of assets		-	-	11	-	-
Total current assets		31,140	19,328	10,437	3,826,763	3,315,347
Total assets		509,250	478,978	475,503	155,702,572	146,497,926
Equity						
Share capital	20	223,740	319,270	319,370	60,606,187	49,808,187
Retained earnings (losses)		680	(65,816)	(44,846)	1,196,561	(1,507,723)
Reserve for provision	21.1	62,138	34,139	34,539	97,417,681	47,612,622
Foreign exchange translation reserve		(2,600)	(2,650)	(3,862)	-	-
Capital reserves		29,455	-	-	-	-
Total equity		303,346	285,043	304,767	98,220,609	96,629,752
Non-current liabilities						
Deferred revenue	17	58,088	29,889	21,445	5,713,521	9,578,840
Borrowings	22.2	23,054	-	-	11,714,178	10,759,065
Total non-current liabilities		82,030	29,889	21,445	17,427,699	15,338,854
Current liabilities						
Deferred revenue	17	1,867	774	520	123,261	99,381
Borrowings	22.1	18	134	528	8,297,616	3,632,214
Trade and other payables	23	804	849	302	474,475	494,705
Due to related companies	18.2	1,21,285	163,793	148,347	35,153,022	28,372,937
Total Current liabilities		1,23,874	184,249	149,297	40,048,284	32,529,240
Total liabilities		205,904	193,938	170,742	57,475,983	47,868,094
Total equity and liabilities		509,250	478,978	475,503	155,702,572	146,497,926

The accompanying notes are an integral part of these financial statements.

LAGOS FREE ZONE COMPANY

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

	2020	2019	2018	2017	2016
	USD'000	USD'000	USD'000	NGN'000	NGN'000
Share capital					
At 1 January	319,370	319,370	319,370	49,609,187	49,609,187
Shares issued in the year	265	-	-	-	-
Share capital reduction	(85,891)	-	-	-	-
At 31 December	233,744	319,370	319,370	49,609,187	49,609,187
Retained earnings					
At 1 January	(65,810)	(44,840)	(41,307)	1,507,723	211,032
Profits/(loss) for the year	89	(20,971)	(1,508)	(401,094)	1,214,516
Transfer from revaluation reserve	-	-	-	34,831	81,575
Share capital reduction	65,817	-	-	-	-
At 31 December	69	(65,810)	(44,846)	1,139,581	1,507,723
Capital reserve					
Share capital reduction	29,455	-	-	-	-
At 31 December	29,455	-	-	-	-
Revaluation reserve					
At 1 January	34,138	34,138	34,138	47,512,822	30,432,274
Transfer to retained earnings	-	-	-	(34,831)	(81,575)
Gain on revaluation of property, plant and equipment	17,967	-	-	-	27,162,123
At 31 December	52,138	34,138	34,138	47,417,891	47,512,822
Translation reserve					
At 1 January	(2,651)	(3,912)	(2,837)	-	-
Foreign exchange transaction in the year	-	1,252	(65)	-	-
At 31 December	(2,651)	(2,660)	(2,902)	-	-

The accompanying notes are an integral part of these financial statements.

LAGOS FREE ZONE COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER

	Note	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
Cash flows from operating activities						
Profit/(loss) for the year		39	(29,970)	(3,330)	1468,069	(1,214,519)
Adjusted for:						
Depreciation		1,037	787	954	304,839	290,515
Amortisation—intangible assets	13.2	8	-	-	-	-
Depreciation—right of use assets	15	324	171	8	-	-
Interest expense	(12)	1,027	8	1,794	1,072,417	(1,394,336)
Gain on disposal of property, plant and equipment	9	(6)	(1,453)	(3)	(3,645)	(382)
Foreign exchange (gain)/loss	6	-	20	(55)	(1,919,744)	(2,312,184)
		2,423	(2,538)	(544)	(548,395)	(648,188)
Movements in working capital:						
Decrease/(increase) in long term receivables		3,000	(6,000)	-	(9,250,421)	(11,348,251)
Decrease/(increase) in trade and other receivables		(986)	(7,290)	(13,088)	90,019	2,347,298
(Increase)/decrease in due from related companies		(14,317)	(200)	21	(894,982)	(1,031,916)
(Decrease)/increase in deferred revenue		29,473	6,495	(7,724)	1,157,550	(1,945,050)
Increase/(decrease) in other payables and accruals		59	346	(1,018)	653,132	(1,357,073)
Decrease/(increase) in due to related companies		(41,406)	(4,440)	10,790	8,839,509	12,528,538
Exchange differences included in working capital changes		-	-	-	933,973	1,845,979
Net cash (used in)/from operating activities		(21,758)	7,187	154,162	2,435,469	(2,506,055)
Cash flows from investing activities						
Acquisition of property, plant and equipment		(4,092)	(3,880)	(108,222)	(9,799)	(78,137)
Acquisition of intangible asset		(58)	-	-	-	-
Acquisition of right use of asset		-	5	(22)	-	-
Proceeds on disposal of property, plant and equipment		3,700	(1,23)	(8)	52,467	(87,825)
Sales of right of use		-	(648)	-	-	-
Investment in subsidiaries		(195)	-	(192)	-	-
Net cash (used in)/from investing activities		(695)	(5,752)	(108,153)	22,701	(1,692)
Cash flows from financing activities						
Issue of fresh share capital		290	-	-	-	-
Interest paid		(1,009)	79	(1,799)	(1,072,417)	(1,154,336)
Proceeds from borrowings	22.3	23,964	-	-	152,619	-
Loan repayments	22.3	-	-	(44,331)	(967,242)	(1,274,329)
Net cash used in financing activities		23,221	(9)	(46,127)	(2,487,040)	(2,428,685)
Net increase/(decrease) in cash and cash equivalents		868	1,406	(720)	(28,879)	89,088
Cash and cash equivalents at 1 January		1,340	(95)	54	48,410	(40,075)
Cash and cash equivalents at 31 December	18	2,208	1,540	(86)	19,531	48,618

The accompanying notes form an integral part of these financial statements.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

1. General information

1.1 Legal form

Lagos Free Zone Company ("the Company") (previously known as Lagos Free Trade Zone Company) is a limited liability company incorporated in Nigeria under the provision of the Nigeria Export Processing Zones Authority Act of 1992 (NEPZA) and commenced business in October 2008. The registered office is at 6th Floor, Block A, Nipca Office Towers, 23 Adeola Odeku Street, Victoria Island, Lagos, Nigeria, and the principal place of business is at Lagos Free Zone, Ikoka Village, Ikeja, Lekki Local Government Area, Lagos, Nigeria.

1.2 Principal activities

The principal activities of the Company include the development, operation and management of a Free Trade Zone in Lagos.

1.3 Statement of compliance

Their financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The financial statements comprise:

- + Statement of profit or loss and other comprehensive income
- + Statement of financial position
- + Statement of changes in equity
- + Statement of cash flows
- + Notes to the financial statements

IFRS are the accounting standards recognised by NEPZA in accordance with the Nigeria Export Processing Zones Authority Investment Procedures, Regulations and Operational Guidelines for Free Zones in Nigeria, 2004.

These financial statements are prepared for Lagos Free Zone Company as a single entity as required by NEPZA.

1.4 Basis of preparation

The Company maintains their accounting records in accordance with the laws, accounting and reporting requirements of the jurisdictions in which they are incorporated and registered, namely Nigeria.

The financial statements of the Company are presented in accordance with IFRS.

These financial statements have been prepared on the historical cost basis except for the revaluation of Land.

1.5 Functional and presentation currency

These financial statements are presented in United States Dollars (USD), which is the Company's functional currency. All financial information presented in USD has been rounded to the nearest thousand unless otherwise stated.

The Company has changed its functional currency from Nigerian Naira (NGN) to USD from 1 June 2019 with retrospective effect.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

1.5 Shareholders

The immediate controlling party, throughout, and as at 31 December 2020 and 2019 was Eurochem Corporation Pte Limited, Singapore. During the 2020 financial year, the Company issued fresh shares to Q-Triangle Limited which holds 0.06% of total shareholding.

The ultimate controlling party of Eurochem Corporation Pte Limited is Tolaram Group Inc.

2. Adoption of new and revised standards

2.1 New and amended IFRS Standards that are effective in 2020

In the current year, the Company has applied a number of amendments to IFRS Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are effective for annual periods that begins on or after 1 January 2020. There has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments also introduce new disclosure requirements to IFRS 7 for hedging relationships that are subject to the exceptions introduced by amendments to IFRS 9.

The amendments are not relevant to the Company and the Directors of the Company assessed that the application of the amendments has an immaterial impact on the Company's financial statements.

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19 related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

The Directors of the company assumed that the application of the amendments has an immaterial impact on the company's financial statements.

Impact of the initial application of either new and amended IFRS Standards that are effective for the 2020 financial year.

In the 2020 financial year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has an immaterial impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards

The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASB Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the now revised Framework of 2018) or to indicate that definitions in the Standards have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 10, IFRIC 20, IFRIC 22, and SIC-32.

Amendments to IFRS 3 Definition of a business

The Company has adopted the amendments to IFRS 3 for the first time in the 2020 year ended. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of material

The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the 2020 year ended. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

2.2 New and revised IFRS Standards in issue but not yet effective (but allow early application) for the year ended 31 December 2020

At the date of authorisation of these Financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

- + IFRS 17 Insurance Contracts
- + IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- + Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- + Amendments to IFRS 3 Reference to the Conceptual Framework
- + Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use
- + Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract
- + Annual Improvements to IFRS Standards 2018-2020 Cycle

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

IFRS 17 Insurance contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts.

IFRS 17 tailors a general model which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 to IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IFRS 10 and IAS 28 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the Board, however, earlier application of the amendments is permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 1 — Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expense, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

The Directors of the company do not anticipate that the application of the amendments in the future will have an impact on the company's financial statements.

Amendments to IFRS 3 - Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (updated Conceptual Framework) at the same time or earlier.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 16 - Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 37 - Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

Amendments to IAS 37 - Onerous Contracts - Cost of Fulfilling a Contract

The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Cost that relates directly to a contract consists of both the incremental cost of fulfilling that contract. Examples would be direct labour or materials and allocation of other costs that relate directly to fulfilling the contract (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other components of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendment in the future will have an impact on the Company's financial statements.

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements include amendments to four Standards

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1-D15(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1-D15(a).

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

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The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is issued.

IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.

The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements.

3. Significant accounting policies

The accounting policies set out below have been applied consistently by the Company throughout the year as presented in these financial statements:

3.1 Property, plant and equipment

Recognition and measurement

Land held for use in the production or supply of goods or services for rental to others (excluding investment properties), or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land is credited to the properties revaluation reserve, except to the extent that it reverses a revaluation decrease for (the same asset) previously recognised as an expense, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land is charged as an expense to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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Properties in the course of construction for production, supply or administrative purposes, or any other business purpose, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following bases:

Buildings	2.5%
Plant and machinery	20%
Office equipment	15%
Fixtures and fittings	15%
Motor vehicles	25%
Infrastructure development	5%
Land is not depreciated	

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Computers are depreciated at 33% per annum and are included under the category of office equipment.

Temporary structures that have been capitalised under buildings are being depreciated at 20% per annum keeping in consideration their useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

million are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment excluding Goodwill

At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated (to determine the extent of the impairment loss if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Basic units, or otherwise they are allocated to the smallest group of cash-generating units for which a cash allocation can be identified. Corporate assets are also allocated to individual cash-generating when a reasonable and consistent reasonable and consistent allocation basis can be identified.

Intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication at the end of a reporting period that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset/recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset/generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

3.2 Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The Company as lessor

The Company enters into lease agreements as a lessor with respect to its land parcels.

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease on two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

When a contract includes both lease and non-lease components, the Company applies IFRS 16 and 15 respectively to allocate the consideration under the contract to each component.

3.3 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value or effective interest method, except for trade receivables that do not have a significant financing component which are measured at transaction price / historical cost. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect the contractual cashflow; and
- the contractual terms of the financial asset give on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated using the autonomous market rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item as part of the fair value gain or loss.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with maturities of three months or less, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, net of borrowing.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are against the allowance account. Subsequent recoveries of amounts previously written

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated using the autonomous market rate at the end of the reporting period.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at historical cost, net of transaction costs using effective interest rate method.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.4 Employee Benefits

Remuneration to employees in respect of services rendered during a reporting period is recognised as an expense in that reporting period.

Defined contribution plans

The Company contributes to the government defined contribution plan of the Nigerian Federation.

Contributions are made by the Company at the rate of 10% and employees at the rate of 8% each of the relevant employees' monthly emoluments. The contributions are remitted to the staff Pension and relevant employees' monthly emoluments. The contributions are remitted to the staff Pension Fund Administrators as provided by the New Pension Act 2014. These contributions are recognised in the statement of comprehensive income when employees have rendered services entitling them to the contribution.

LAGOS FREE ZONE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER**

3.5 Foreign currency transactions

Transactions in foreign currency are translated to the functional currency of the Company at exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rates prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate prevailing at the end of the year. Foreign exchange gains or losses are included in other income or other expenses on a net basis.

The principal exchange rates used in the financial statements are:

	2020	2019	2018	2017	2016
US Dollar / Naira					
At 31 December	0.0021	0.0027	0.0027	0.0028	0.0033
Average for the year	0.0025	0.0028	0.0028	0.0031	0.0040
Naira / US Dollar					
At 31 December	470.00	364.50	364.00	360.33	305.22
Average for the year	407.51	361.50	360.80	325.00	251.85

3.6 Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, intercompany receivables and payables, other payables and accruals.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

All other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

3.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

3.8 Revenue recognition

The Company recognises revenue from the following major sources:

- Lease income from leasing of land (Refer to Note 3.2 above)
- Operating license and operational fees
- Documentation and examination fees from Enterprises for processing of documents for import and export
- Interest income from investments

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer. Revenue is reduced for estimated rebates and other similar allowances.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

3.9 Taxation

The Company is operating in a Free Trade Zone and is exempted from any corporate and other taxes and levies in accordance with the Section 8 of the Nigerian Export Processing Zones Act 1982.

3.10 Finance and income expenses

Finance income comprises interest income on funds invested.

Interest income is recognised as it accrues in the statement of profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and advances, and amortization of transaction costs related to borrowings. All borrowing costs are recognised in the statement of profit or loss using the effective interest method.

3.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In applying the Company's accounting policies, which are described in note 3, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Useful lives of property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The estimation of the useful life of an item of property, plant and equipment is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage, estimated technical obsolescence, physical wear and tear and the physical environment in which the asset is operated. Changes in any one of these conditions or estimates may result in adjustments to future depreciation rates.

4.2 Impairment of loans and receivables

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment the amount and timing of future cash flows is estimated based on historical loss experiences for assets with similar credit risk characteristics. The carrying amount of the Company's loans and receivables at the reporting date are disclosed in Note 15 and 18.

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4.3 Leasing

On 1 January 2011 the Company entered into a lease agreement with its associate company (and/or a subsidiary company), Lekki Port LFTZ Enterprise, ("LPLE") in relation to two parcels of land at Maybank Segun Village, in the Ibeju Lekki area of Lagos State. By a Deed of Novation dated 15 January 2019, LPLE transferred by novation all its rights, benefits, liabilities, claims, demands and obligations under the lease agreement to Lekki Port LFTZ Enterprise Limited (LPLEL). The amount of the lease payments is dependent on variables over which there is insufficient information at the year-end in order to be able to determine the likely length of the lease period. The period of the lease is determined by reference to "the concession agreement", which is an agreement between LPLE (currently revealed to LPLEL) and the Nigerian Ports Authority which contains a number of conditions that are required to be settled before concession agreement becomes effective.

Under the terms of the lease agreement, the land has been demised to LPLEL from 1 January 2011 until the earlier of - (a) the expiry or termination of the Concession Agreement dated 21 April 2011 executed between the Nigerian Ports Authority and the Sub-Lessee and amended on 25 July 2012 or (b) when the Property is transferred by the Sub-Lessor to the Nigerian Ports Authority, as specified under the Concession Agreement (25 years from the commencement of the Concession period)

Rent is receivable at US\$14.50 million per annum from (i) the Commercial Operation Date (as defined in the Sub-Concession Agreement dated 30 September 2019 entered into by the Sub-Lessee and CMA Terminals Nigeria for the operation of the container terminal) or (ii) 1 September 2023, whichever is earlier termination (the "rent commencement date") until the expiry of the Lease Term or termination of the Sub-Lease Agreement.

Payment of rent is also subordinated to payments due to the Senior Lenders under the Financing Documents but shall be paid ahead of all subordinated loans, shareholders loans and other payables of the lessee. Any rent not paid in full as a result of such subordination shall incur interest at the rate of 10.53% per annum until date of payment.

	2020	2019	2018	2017	2016
	USD'000	USD'000	USD'000	NGN'000	NGN'000
5. Revenue					
Application fees	1	3	1	120	190
Building permit fees	31	179	-	450	4,020
Certificates of origin fees	6	8	1	-	15
Documentation fees	85	61	49	7,556	3,319
Examination fees	197	158	150	26,928	15,442
Lease rental - land	1,885	605	474	42,517	(13,340)
Local import examination fees	47	30	30	16,628	-
Operational fees	858	587	521	124,742	98,965
Outbound documentation fees	62	48	58	8,451	12,271
Registration and permits	102	98	17	-	-
Zero duty documentation fee	-	-	-	360	360
	3,376	1,788	1,297	228,750	119,245

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FOR THE YEAR ENDED 31 DECEMBER**

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
5a. Geographical information					
The Company operates within Lagos Free Zone as Zone operator in Lagos, Nigeria.					
B. Direct costs					
Cost of documentation fees	13	0	7	887	435
Cost of examination fees	19	15	13	9,627	1,300
Cost of zero duty documentation fees	-	-	-	54	53
Cost of returned documentation fees	9	7	5	1,350	1,841
Licences, registration and permits	101	216	76	48,361	16,155
	142	147	104	52,379	19,794
T. Administrative expenses					
Amortisation - intangible assets	4	-	-	-	-
Depreciation - right-of-use assets	324	171	8	-	-
Advertisement and publicity	-	-	18	3,423	86
Auditor's remuneration	19	32	21	7,000	7,500
Bank charges	33	18	16	19,620	65,011
Depreciation	1,037	787	859	304,639	289,515
Directors' fees & remuneration	-	-	-	2,500	15,633
Festival expenses	101	157	84	15,529	28,069
Immigration expenses	42	45	19	6,717	5,946
Insurance	74	50	59	31,676	23,426
Legal and professional fees	75	71	36	21,452	19,099
Marketing expenses	221	18	-	-	-
Other expenses	242	413	212	127,385	43,347
Rent	35	83	70	29,932	37,347
Repairs and maintenance	619	581	368	78,968	102,608
Security expenses	134	102	70	24,539	27,110
Staff costs (Note 7a)	774	711	482	171,464	192,035
Traveling and transport	109	289	15	24,565	18,651
Utility expenses	148	127	161	70,031	65,065
Vehicle expenses	40	45	37	11,211	12,656
	4,031	3,699	2,636	949,954	961,809
7a. Staff costs					
i. Staff costs comprise:					
Salaries to management staff	120	133	73	26,252	44,881
Salaries and wages other staff	334	287	204	77,517	85,421
Other allowances	320	291	205	67,695	61,733
	774	711	482	171,464	192,035

LAGOS FREE ZONE COMPANY

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	2020 Number	2019 Number	2018 Number	2017 Number	2016 Number
4. The closing number of full-time employees by the Company at balance sheet date was as follows:					
Management	5	4	4	3	10
Senior employees	35	19	17	15	27
Junior employees	37	29	25	26	43
	78	52	46	44	79

5. Employees of the enterprise, other than directors, whose duties were wholly or mainly discharged in Nigeria, received remuneration (including pension contributions) in the following ranges:

	2020 Number	2019 Number	2018 Number	2017 Number	2016 Number
Less than N500,000	-	1	3	4	6
N 500,001 - N 999,000	18	18	16	14	24
N999,001 - N 1,499,000	23	12	12	12	20
N 1,499,001 - N 2,000,000	15	9	6	8	14
N 2,000,001 and above	22	12	9	5	15
	78	52	46	44	79

7b. The Directors have waived their remuneration for the year.

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
8. Other gains/(losses)					
Exchange gain	2,842	25	-	1,919,744	3,312,164
Gain/(loss) on disposal of property, plant and equipment	5	(17,453)	3	3,643	352
Miscellaneous income (Note 5a)	364	148	482	238,193	134,086
	3,214	(17,279)	485	2,161,580	3,446,622

8a. Miscellaneous income mainly comprises rental income and horticulture, power and other services provided to affiliates.

	2020	2019	2018	2017	2016
9. Other expenses					
Technical expenses (Note 9a)	2,599	1,633	785	118,644	215,412
	2,599	1,633	785	118,644	215,412

9a. Technical Consultancy fees is charged by various consultants providing consulting services to the Company against general consultancy for development of the Zone.

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	2020	2019	2018	2017	2016
	USD'000	USD'000	USD'000	NGN'000	NGN'000
10. Finance income & costs					
10.1 Finance income					
Interest income	1,348	-	-	-	-
	<u>1,348</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
10.2 Finance costs					
Interest on term loan (Note 22.0)	909	-	1,409	1,531,821	1,079,009
Interest on other borrowings	98	-	-	-	-
Interest on overdrafts	-	9	327	140,596	75,327
Bank Charges	-	-	-	-	-
	<u>1,027</u>	<u>9</u>	<u>1,796</u>	<u>1,672,417</u>	<u>1,154,336</u>

11. Taxation

The Company is incorporated as a Free Trade Zone enterprise under the Nigeria Export Processing Zones Authority Act (1992) and is therefore exempted from all Federal, State and Local Government taxes, rates, customs duties and levies as provided for by Section 8 of the Nigeria Export Processing Zones Authority Act (1992) in respect of its business activities. As a result, the Company has not recognised tax liabilities in its financial statements.

	2020	2019	2018	2017	2016
	USD'000	USD'000	USD'000	NGN'000	NGN'000
12. Profit/(loss) for the year from continuing operations					
Profit/(loss) for the year has been arrived after charging / (crediting)					
Depreciation of property, plant and equipment	1,037	767	859	304,629	298,515
Audit fee	19	37	21	7,000	7,500
Exchange gain	(2,842)	(25)	-	(1,919,744)	(5,312,184)
Amortisation - intangible assets	4	-	-	-	-
Depreciation - right-of-use assets	324	171	8	-	-

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	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
13.1 Property, plant and equipment					
Cost or valuation:					
Developed land	276,562	274,566	273,600	83,536,569	83,536,569
Undeveloped land	123,173	106,200	106,200	-	-
Infrastructure development	4,292	3,693	3,594	-	-
Buildings	10,832	11,235	32,010	9,434,898	9,177,086
Construction in progress	6,462	6,214	5,183	1,302,434	1,576,085
Motor vehicle	2,023	1,330	690	101,080	126,308
Plant and machinery	1,383	1,319	1,168	197,116	201,636
Furniture and fittings	570	551	452	73,831	79,060
Office equipment	446	377	295	33,763	49,585
	425,763	407,444	423,372	94,678,691	94,746,849
Accumulated depreciation and impairment:					
Infrastructure development	362	476	-	-	-
Buildings	3,098	1,633	6,789	1,217,237	976,206
Motor vehicle	646	384	444	89,260	97,637
Plant and machinery	1,224	1,163	796	145,029	116,660
Furniture and fittings	631	694	225	42,185	34,581
Office equipment	310	245	157	28,962	36,530
	6,373	4,362	8,411	1,522,673	1,268,134
Carrying amount:					
Developed land	276,562	274,566	273,600	83,536,569	83,536,569
Undeveloped land	123,173	106,200	106,200	-	-
Infrastructure development	3,930	3,217	3,594	-	-
Buildings	8,734	9,602	25,221	8,217,661	8,200,880
Construction in progress	6,462	6,214	5,183	1,302,434	1,576,085
Motor vehicle	1,377	746	246	11,820	28,471
Plant and machinery	159	156	372	52,087	83,156
Furniture and fittings	39	157	227	31,646	44,499
Office equipment	136	132	138	4,601	11,055
	420,390	403,062	414,961	93,157,018	93,480,713
Depreciation charge:					
Infrastructure development	264	189	-	-	-
Buildings	306	972	691	241,031	216,739
Motor vehicle	264	70	39	14,626	26,135
Plant and machinery	61	91	82	31,068	31,348
Furniture and fittings	137	72	31	11,504	11,726
Office equipment	55	43	17	6,410	16,507
	1,037	787	868	304,639	298,515

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

13.1a The Company had capital commitments amounting USD 4.33 million as at the reporting date (2019: USD 1.30 million, 2018: Nil, 2017: Nil and 2016: Nil).

13.1b Additions to developed land relates to cost of studies capitalised during the year.

13.1c There were no leased assets included in the above.

13.1d 300 Hectares of the land (out of the total land area of 590 Hectare parcel) valued at USD 123 million is being kept as security through debenture (trust deed) in favour of First City Monument Bank (FCMB) and Titan Trust Bank (TTB) against loan amounting NGN 12.5 billion disbursed to the Company and in favour of Stanbic (BTC Bank Plc (Stanbic) and First Bank Nigeria Limited (FBN) against loan amounting NGN 12.5 billion disbursed to Free Zone Utilities LFTZ Enterprise which is 100% subsidiary of the Company.

13.1e As part of the concession agreement between Lekki Port LFTZ Enterprises Limited (LPLEL) and the Nigerian Ports Authority, described in Note 4.3, on the 25th anniversary of the award of concession, should the agreement be ratified, LPLEL will agree to ensure that the Port Area will be assigned to the Nigerian Ports Authority for the nominal price of 1 Naira. Accordingly, carrying value as at 31 December 2020 of land of Port Area will be transferred to long term assets from the date of start of lease income and will be amortised till the date it is assigned to Nigerian Ports Authority.

13.1f Prior to the revaluation exercises carried out for Lagos Free Zone Company by Knight Frank in 2012, 2014, 2016 and 2020 the original cost of developed land was USD 14.85 million and USD 106.20 million for developed and undeveloped land respectively.

13.1g Two warehouses situated on port land were demolished in 2019 and for which the Company incurred demolition costs.

13.1h In 2020, LFZ has transferred assets under construction worth USD 2,382 million to its 100% Subsidiary (i.e. Free Zone Utilities LFTZ Enterprise which primarily includes warehouse, medical facility, standard industrial facility and other assets under construction. During the year, LFZ also transferred assets (infrastructure development and buildings) worth USD 1 million to FZU which primarily includes truck park, housing buildings and other buildings.

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	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
13.2 Intangible assets					
Cost					
Website & portals	46	-	-	-	-
Assets under development	9	-	-	-	-
	55				
Accumulated amortisation and impairment					
Website & portals	4	-	-	-	-
Assets under development	-	-	-	-	-
	4				
Carrying amount					
Website & portals	42	-	-	-	-
Assets under development	9	-	-	-	-
	51				
Amortisation charge					
Website & portals	4	-	-	-	-
Assets under development	-	-	-	-	-
	4				

13.2a Intangible assets mainly includes LFZ website (lagosfreezone.com) and various other .NET based web portals to provide various services / utilities to customers / investors.

13.2b In line with the IFRS reporting and disclosure standards, management has reviewed in detail the intangible assets and is of the opinion that the useful life of the website and portal is indefinite from its original implementation, and this has been adjusted accordingly. The development costs incurred on the website and portal development will be fully amortised in 5 years from the date of the Go-Live.

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
14. Financial assets					
Investments					
At 1 January	50,102	50,102	50,102	15,261,000	9,823,500
Additions	165	-	-	-	-
Translation gain	-	-	-	2,755,500	5,337,500
At 31 December	50,267	50,102	50,102	18,016,500	15,261,000

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	2020		2019		2018		2017		2016	
	% Holdings	USD'000	% Holdings	USD'000	% Holdings	USD'000	% Holdings	NGN'000	% Holdings	NGN'000
14.1 Non-Current Investments										
Tolaram Port Investment Incorporation (Note 14.2)	100	50,000	100	50,000	100	50,000	100	18,016,500	100	15,261,000
Free Zone Utilities LFTZ Enterprise (Note 14.2)	100	167	51	102	51	102	-	-	-	-
Lekki Bulk and General Cargo Terminal LFTZ Enterprise (Note 14.2)	100	100	-	-	-	-	-	-	-	-
		<u>50,267</u>		<u>50,102</u>		<u>50,102</u>		<u>18,016,500</u>		<u>15,261,000</u>

14.2 These equity instruments were measured at cost because the instruments do not have a quoted market price in an active market and its fair value cannot be reliably measured at the end of the year due to the fact that the companies are still in the start-up stage of their existence. There have been no triggers identified to determine that any impairment testing was necessary as at 31 December 2020.

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	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
15. Right-of-use assets					
Cost:					
Office buildings	447	447	-	-	-
Residential buildings	201	201	22	-	-
	<u>648</u>	<u>648</u>	<u>22</u>	<u>-</u>	<u>-</u>
Accumulated Depreciation:					
Office buildings	327	104	-	-	-
Residential buildings	159	58	8	-	-
	<u>486</u>	<u>162</u>	<u>8</u>	<u>-</u>	<u>-</u>
Carrying amount					
Office buildings	120	343	-	-	-
Residential buildings	42	143	14	-	-
	<u>162</u>	<u>486</u>	<u>14</u>	<u>-</u>	<u>-</u>
Depreciation charge					
Office buildings	233	104	-	-	-
Residential buildings	101	67	8	-	-
	<u>324</u>	<u>171</u>	<u>8</u>	<u>-</u>	<u>-</u>

15.1 The Company leased assets includes office and residential planes. The lease term for office building is 2 years and average lease term for residential building is 1-2 years.

15.2 Amounts recognised in profit and loss

Depreciation expense on right-of-use assets amounts to USD 324,000 (2019: USD 171,000 2018: USD 8,000).

15.3 At 31 December 2020, the Company is committed to Nil (31 December 2019 : Nil, 2018: Nil) for short-term leases.

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	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
16. Other receivables					
16.1 Non-Current					
Long term receivables (Note 16.1.1)	3,000	6,000	-	3,432,228	2,028,500
Advance to LPE (for land)	-	-	-	36,270,063	32,414,364
	3,000	6,000	-	40,702,291	34,442,864

16.1.1 At 31 December 2020, outstanding amounts from trade receivables to against the signed lease agreement entered into with SANA Building Systems LFTZ Enterprise and receivable after 1 year.

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
16.2 Trade and other receivables					
Trade receivables (Note 16.2.1)	3,246	2,591	2	14,309	95,942
Advances to suppliers (Note 16.2.2)	5,139	4,790	160	881	7,387
Other assets (Note 16.2.3)	127	120	41	116,475	96,097
Employee receivables	35	49	57	2,907	1,770
	8,537	7,550	260	134,572	201,196
16.2.1 Trade receivables					
Gross trade receivables	3,246	2,591	-	-	-
Net trade receivables	3,246	2,591	-	-	-

16.2.2 Advance to suppliers primarily includes advance to contractors and suppliers for procurement of materials and property, plant & equipment.

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
16.2.3 Other assets					
Prepaid rent	47	34	27	17,916	18,906
Prepaid insurance	-	-	-	-	25,684
Facility fee	-	-	-	91,554	44,104
Other prepaid expenses	80	86	14	7,005	7,401
	127	120	41	116,475	96,097

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
17. Deferred revenue					
Current	1,867	774	520	123,381	89,381
Non-current	56,066	29,686	21,445	5,713,331	4,579,849
	59,933	30,460	21,965	5,836,712	4,679,230

17.1 Deferred revenue comprises advance billings on operating lease agreements that the Company entered with various entities. These agreements span over the years with longest one expiring in 2100.

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	Transaction value 2020 USD'000	Outstanding balance 2020 USD'000	Transaction value 2019 USD'000	Outstanding balance 2019 USD'000	Transaction value 2018 USD'000	Outstanding balance 2018 USD'000	Transaction value 2017 NGN'000	Outstanding balance 2017 NGN'000	Transaction value 2016 NGN'000	Outstanding balance 2016 NGN'000
18. Related company balances										
18.1 Receivables from related companies										
Energy Distribution LFTZ Enterprise (Note 18.1.a)	11	-	21	73	1	53	-	7,839	15	7,659
Insignia Print Technology LFTZ Enterprise (Note 18.1.b)	194	6	140	5	210	10	11,139	-	895	-
Lekki Port LFTZ Enterprise Limited (Note 18.1.c)	2,854	500	1,069	155	239	-	84,588	-	22,208,914	-
Tolaram Africa LFTZ Enterprise (Note 18.1.d)	10	-	10	-	10	-	-	-	-	-
Raffles Oil LFTZ Enterprise (Note 18.1.e)	269	15	214	14	229	9	-	-	700	-
TG Airt Dairy Products LFTZ Enterprise (Note 18.1.f)	165	4	110	-	182	3	167	-	741	-
KT LFTZ Enterprise (Note 18.1.g)	306	-	174	15	4,195	1	-	-	-	-
Tolaram Port Investment Inc. (Note 18.1.h)	-	10,028	-	10,028	28	10,028	3,200	3,603,300	292,900	3,000,000
Free Zone Utilities LFTZ Enterprise (Note 18.1.i)	51,580	6,647	11	-	10	-	-	-	-	-
Multipro Consumer Products Limited (Note 18.1.j)	12,748	3	13	-	2	-	-	-	-	-
Viva Merchand LFTZ Enterprise	-	-	-	-	155	-	241	23,606	12,869	22,104
Ishk Tolaram Foundation (Note 18.1.k)	235	-	136	14	-	-	-	-	-	-
Colgate Tolaram LFTZ Enterprise (Note 18.1.l)	6,434	4,200	23	-	-	-	-	-	-	-
Lekki Bulk & General Cargo Terminal LFTZ Enterprise (Note 18.1.m)	17,470	3,218	-	-	-	-	-	-	-	-
Infinity Logistics LFTZ Enterprise (Note 18.1.n)	38	-	-	-	-	-	-	-	-	-
De United Foods Industries Limited	-	-	-	-	-	-	1,925	-	4,380	-
	94,217	24,621	1,921	10,304	5,291	10,104	101,261	3,634,745	22,519,187	3,028,763

18.1a Energy Distribution LFTZ Enterprise is related to the Company through common shareholding (2019, it was a subsidiary company)

18.1b Insignia Print Technologies LFTZ Enterprise is related to the Company through common shareholding.

18.1c Lekki Port LFTZ Enterprise Limited is an associate company (2019, it was a subsidiary company).

18.1d Tolaram Africa LFTZ Enterprise is a related company through common shareholding.

18.1e Raffles Oil LFTZ Enterprise is a related Company through common shareholding.

18.1f TG Airt Dairy Products LFTZ Enterprise is a related Company through common shareholding.

18.1g KT LFTZ Enterprise is a related company through common shareholding.

18.1h Tolaram Port Investment Inc. is a subsidiary of the Company.

18.1i Free Zone Utilities LFTZ Enterprise is a subsidiary of the company.

18.1j Multipro Consumer Products Limited is a related company through common shareholding.

18.1k Ishk Tolaram Foundation is a related company through common shareholding.

18.1l Colgate Tolaram LFTZ Enterprise is a related company through common shareholding. At 31 December 2020, outstanding amounts from trade receivables is against the signed lease agreement entered into and receivable after 1 year.

18.1m Lekki Bulk & General Cargo Terminal LFTZ Enterprise is a subsidiary of the company.

18.1n Infinity Logistics LFTZ Enterprise is a related Company through common shareholding.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER

	Transaction value 2020 USD'000	Outstanding balance 2020 USD'000	Transaction value 2019 USD'000	Outstanding balance 2019 USD'000	Transaction value 2018 USD'000	Outstanding balance 2018 USD'000	Transaction value 2017 NGN'000	Outstanding balance 2017 NGN'000	Transaction value 2016 NGN'000	Outstanding balance 2016 NGN'000
18.2 Payables to related company										
Eurochem Corp. Pte Limited (Note 18.2.a)	13	29,679	-	70,973	74	70,072	3,929,895	25,546,809	7,198,311	21,639,599
Lucky Fibres Ltd (Note 18.2.b)	9	-	30	-	8	-	1,687	-	101,530	10,169
MBH Power and Energy DMCC	-	-	-	-	-	-	60,650	-	297,675	300,000
MBH Power Limited (Note 18.2.c)	192	11	115	18	172	6	92,019	6,640	77,908	67,133
Insignia Print Technologies LFTZ Eni	-	-	-	-	-	-	-	-	2,145	1,215
KT LFTZ Enterprise (Note 18.1.p)	-	1	-	-	-	-	-	-	1,200,000	1,200,000
Tolaram Africa LFTZ Enterprises	-	-	-	-	-	-	-	-	234,500	234,500
PT TG Indonesia Limited	-	-	-	-	-	-	-	-	1,188	1,857
First Choice Retailing Ltd	-	-	-	-	14	-	-	-	-	-
Tolaram CASB Ltd	-	-	-	-	-	-	-	-	52,292	103,781
Tolaram Corporation Pte Ltd (Note 18.2.d)	-	-	-	591	-	591	236,146	1,021,981	758,346	845,878
Tolaram Africa Enterprises Limited (Note 18.2.e)	270	-	419	-	220	-	311,544	3,181	120,655	105,546
Tolaram Group Inc. (Note 18.2.f)	3,785	91,093	15,617	91,211	96,526	79,778	5,211,806	8,574,311	3,637,026	3,803,309
De United Food Industries Ltd (Note 18.2.g)	26,560	1	-	-	-	-	-	-	-	-
	30,899	121,385	16,181	162,793	57,414	148,347	9,843,746	35,152,922	13,661,576	28,312,937

- 18.2.a Eurochem Corporation Pte Limited is the immediate parent company.
- 18.2.b Lucky Fibres Limited is a related company through common shareholding.
- 18.2.c MBH Power Limited is a related company through common shareholding.
- 18.2.d Tolaram Corporation Pte Ltd is a related company through common shareholding.
- 18.2.e Tolaram Africa Enterprise Limited is a related company through common shareholding.
- 18.2.f Tolaram Group Inc. is the ultimate parent company.
- 18.2.g De United Food Industries Ltd is a related company through common shareholding.

LAGOS FREE ZONE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER**

	2020	2019	2018	2017	2016
	USD'000	USD'000	USD'000	NGN'000	NGN'000
19. Cash and cash equivalents					
Cash and bank	2,202	1,254	62	57,446	84,286
Restricted cash (Note 19.1)	-	220	-	-	-
Bank overdraft (Note 22.1)	2,202	1,474	67	57,446	84,286
	-	(134)	(128)	(37,915)	(35,878)
	2,202	1,340	(66)	19,531	48,410

19.1 Restricted cash at Secondary Market Treasury Bill matured on 2 April 2020 at 11% rate of return with an amount of NGN 80 million which was pledged to the third party against the purchase of land till the time the Company gets the Certificate of Occupancy

	2020	2019	2018	2017	2016
	USD'000	USD'000	USD'000	NGN'000	NGN'000
20. Share capital					
Authorised:					
Class B					
500,000,000 ordinary shares of US\$1 each	500,000	500,000	500,000	500,000	500,000

Issued and fully paid:					
Class B					
223,745,243 ordinary shares of US\$1 each (2019: 319,369,562 ordinary shares)	223,745	319,370	319,370	49,609,187	49,609,187
	223,745	319,370	319,370	49,609,187	49,609,187

During the year, Class B ordinary shares of 265000 lots of L65 1 each were issued to QTriangle Limited

During the year, Class B ordinary shares of 95,890,819 units of US\$1 each were cancelled (95,810,899 units of Eurochem Corporation Pte. Limited and 79,950 of Q Triangle Limited to restructure the Balance Sheet through 30% reduction of fully paid up equity share capital.

	2020	2019	2018	2017	2016
	USD'000	USD'000	USD'000	NGN'000	NGN'000
21. Reserves					
21.1- Realisation Reserve					
At 1 January	34,139	34,139	34,139	47,512,822	20,432,274
Gain on revaluation of property, plant & equipment	17,997	-	-	-	27,162,123
Transfer to retained earnings for the year	-	-	-	(94,931)	(81,575)
At 31 December	52,136	34,139	34,139	47,417,891	47,512,822

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
22. Borrowings					
22.1 Current					
Bank overdraft	-	134	128	37,915	35,678
Borrowings	18	-	-	4,256,701	3,585,330
	18	134	128	4,294,616	3,621,008
22.2 Non-Current					
Borrowings	23,964	-	-	11,714,178	10,759,005
	23,964	-	-	11,714,178	10,759,005

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2017 USD'000	2016 NGN'000	2016 USD'000
22.3 Movement of loan							
At 1 January	-	-	44,331	14,345,340	47,000	10,508,079	53,125
Addition (net of transaction costs)	23,962	-	-	152,610	500	-	-
Repayment	-	-	(44,331)	(967,166)	(3,189)	(1,274,329)	(6,125)
Exchange loss	-	-	-	2,443,055	-	5,021,580	-
At 31 December	23,962	-	-	15,973,679	44,331	14,345,340	47,000

22.4 During the year, the Company obtained a loan amounting NGN12.5 billion under Differentiated Cash Reserve Ratio (DCRR) scheme initiated by Central Bank of Nigeria (CBN) from two banks i.e., NGN 10 billion from First City Monument Bank and NGN 2.5 billion from Tian Trust Bank. Rate of interest charged @ 9% with a term of 10 year (inclusive of 2-year moratorium period). However, as a part of Covid-19 palliative measures, CBN reduced the interest rate from 9% to 5% for a 2-year period (i.e. till 28 February 2022). The roll-over of the moratorium on intervention facilities shall be considered on a case by case basis, having extended the same by one year in 2020.

22.5 600 Hectares of the land (part of the total land area of 590 Hectare parcel) valued at USD 123 million is being kept as security through debenture trust deed in favour of First City Monument Bank (FCMB) and Tian Trust Bank Ltd (TTB) against the loan amounting NGN 12.5 billion disbursed to the Company and in favour of Stanbic BTC Bank Plc (Stanbic) and First Bank Nigeria Limited (FBN) against the loan amounting NGN 12.5 billion disbursed to Free Zone Utilities (FZU) Enterprise which is 100% subsidiary of the Company. Also, Tolarum Group Inc has given corporate guarantee as a security on above loans.

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
23. Other payables and accruals					
Trade payables (Note 23.1)	-	74	28	-	2,072
Other payables (Note 23.2)	308	181	91	98,193	101,990
Accruals (Note 23.3)	298	293	182	435,348	396,870
	604	548	301	474,475	484,732

23.1 Trade Payables comprised of payables due to Trade creditors for 2019.

23.2 Other payables primarily include payables to non-trade creditors, other income received in advance and pension & payee payable.

23.3 Accruals mainly comprise of provisions created for technical fees, professional fees, audit fees and provision for medical and leave allowance.

LAGOS FREE ZONE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER**

24 Financial instruments risks

24.1 Overview

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor these and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Considering the operating environment, the Company might be exposed to the following risks from its use of financial instruments:

- Liquidity risk
- Currency risk
- Credit risk

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The following table details the Company's expected maturity for its non-derivative financial liabilities. The table have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Less than 3 months USD'000	3 months to 1 year USD'000	1-5 years USD'000	More than 5 years USD'000	Total USD'000
24. Financial instruments risks (cont'd)					
31 December 2020					
Non-interest bearing					
Trade and other payables	-	306	-	-	306
Payables to related company	-	121,385	-	-	121,385
Accruals	-	298	-	-	298
Interest bearing					
Borrowings	18	-	4,810	10,154	23,982
	18	121,685	4,810	10,154	145,871
31 December 2019					
Non-interest bearing					
Trade and other payables	-	256	-	-	256
Payables to related company	-	182,793	-	-	182,793
Accruals	-	293	-	-	293
Interest bearing					
Borrowings	-	134	-	-	134
	-	183,475	-	-	183,475

LAGOS FREE ZONE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER**

	Less than 3 months USD'000	3 months to 1 year USD'000	1-5 years USD'000	More than 5 years USD'000	Total USD'000
31 December 2018					
Non-interest bearing					
Trade and other payables	-	120	-	-	120
Borrowings	-	128	-	-	128
Payables to related company	-	148,347	-	-	148,347
Accruals	-	182	-	-	182
	-	<u>148,777</u>	-	-	<u>148,777</u>
	Less than 3 months NGN'000	3 months to 1 year NGN'000	1-5 years NGN'000	More than 5 years NGN'000	Total NGN'000
31 December 2017					
Non-interest bearing					
Trade and other payables	-	39,128	-	-	39,128
Borrowings	-	4,297,616	11,714,178	-	16,011,794
Payables to related company	-	30,152,922	-	-	30,152,922
Accruals	-	435,349	-	-	435,349
	-	<u>39,925,013</u>	<u>11,714,178</u>	-	<u>51,639,191</u>
31 December 2016					
Non-interest bearing					
Trade and other payables	-	103,738	-	-	103,738
Borrowings	-	3,622,214	10,759,006	-	14,381,218
Payables to related company	-	28,312,037	-	-	28,312,937
Accruals	-	390,970	-	-	390,970
	-	<u>32,429,859</u>	<u>10,759,006</u>	-	<u>43,188,864</u>

The Company expects to meet its other obligations from operating cash flow or borrowings.

Currency risk

The Company is exposed to currency risk on purchases and borrowings that are denominated in a currency other than functional currency of the Company, primarily the NGN. The currency in which these transactions primarily are denominated is Nigerian Naira. The revenue of the Company being located in the Nigerian Free Trade Zone will be in US Dollars and Nigerian Naira both which will provide reasonable hedging to the Company's foreign currency exposure.

LAGOS FREE ZONE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER**

Exposure to currency risk

The Company's exposure to foreign currency risk at the end of the year was as follows:

	2020 NGN'000	2019 NGN'000	2018 NGN'000	2017 USD'000	2016 USD'000
Cash and cash equivalents	76,852	83,558	2,666	155	261
Intercompany receivables	1,548,580	5,520	1,440	10,000	9,828
Trade and other receivables	48,246	278,690	46,058		
Borrowings (gross of transaction costs)	(12,500,000)	(48,778)	(46,618)	(44,331)	(47,000)
Intercompany payables	(9,386,626)	(7,026)	(2,034)	(87,530)	(91,951)
Trade and other payables	(27,804)	(68,552)	(29,091)		
Net exposure	(20,328,752)	243,415	(27,579)	(131,706)	(127,861)

Sensitivity analysis

The following table details the Company's sensitivity to a 10% increase and decrease in the USD against the Naira. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity when the USD strengthens 10% against the Naira. For a 10% weakening of the Dollar against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	2020 Effect in USD USD'000	2019 Effect in USD USD'000	2018 Effect in USD USD'000	2017 Effect in Naira NGN'000	2016 Effect in Naira NGN'000
Equity	-	-	-	-	-
Income	(4,304)	67	(8)	(4,745,762)	(3,905,626)

Capital management

The Board's policy is to maintain a realistic capital base so as to maintain investor and creditor confidence as well as sustain future development of the business. As at the year-end only 45% of the Company's authorized share capital had been issued and fully paid for. The Board of Directors are in the process of increasing the paid-up capital base of the Company through a number of options which are yet to be finalised and approved.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Company is not subject to any external capital requirements.

Credit risk

Credit risk is the risk that a customer may not meet its obligations to the Company on a timely basis leading to financial losses to the Company.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

Currently the major customers of the Company are related entities, the Company uses an internal credit system to assess the potential customer's credit quality and defines credit limits separately for each individual customer. Credit limits attributable to customers will be reviewed at least on an annual basis (Note 17.1).

Fair values

The fair values of financial assets and liabilities are not significantly different from their carrying amounts.

25. There were no contingent liabilities as at 31 December 2020 (2019: Nil, 2018: Nil, 2017: Nil, 2016: Nil).

There are a number of litigations in which the Company is joined as a Co-defendant. Some of the cases relate to claims over portions of the land in which the zone is situated. The directors, on the advice of the external solicitors, believe the chances of any liabilities arising from these cases is remote. Therefore, no provisions have been made in these financial statements in respect of such cases.

26. Operating lease arrangements

The Company as Lessee

Operating leases rentals (other than as described in 4.3) relate 25 to 81 years, with an option to extend further. All operating leases to the property owned by the Company with lease terms of between contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period. Rental income earned by the Company from its property for the year are set out in Note 5.

All agreements contain termination clauses, which allow for the lease agreements to be terminated. Management has hence determined that there are no non-cancellable lease commitments.

27. Capital/ financial commitment

The Company had capital commitments (net of advances) amounting USD 4.33 million against land clearing contract to Sans Global Projects LFZ Enterprise and drainage contract to Rima Civil & Infrastructural Engineering Ltd, as at 31 December 2020 (2019: USD 1.39 million, 2018: Nil, 2017: Nil, 2016: Nil).

28. Post balance sheet events

There were no significant post balance sheet events that could affect the position of the financial statements which have not been adequately provided for or disclosed in these financial statements.

29. Operating environment

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general.

Laws and regulations affecting businesses in Nigeria continue to change rapidly. Tax, currency and customs legislation within the country are subject to varying interpretations, and other legal and fiscal impediments contribute to the challenges faced by utilities currently operating in Nigeria. The future economic direction of the country is heavily influenced by the economic, fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

LAGOS FREE ZONE COMPANY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER

The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lower or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affect the Company's access to capital and cost of capital for the Company and, more generally, its business, results of operations, financial condition and prospects.

Because Nigeria produces and exports large volumes of oil and gas, Nigeria's economy is particularly sensitive to the price of oil and gas in the world market which has fluctuated significantly during 2020 and 2019.

With regard to the impact of Covid-19 on current year and future performance, Management has considered the consequences of Covid-19 and other related events and conditions, and it has determined that they do not create a material uncertainty that casts significant doubt upon the entity's ability to continue as going concern.

LAGOS FREE ZONE COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER**

	2020 USD'000	2020 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
(. Revenue					
Lease rental - land					
Per audited financial statements	1,065	805	(148)	125,381	56,814
Lease rental - land recognized on contract with Techno Oil LFTZ Enterprise terminated in 2018 and reversed in 2018 FYE now restated	-	-	620	(62,864)	(70,266)
Per reporting accountants' report	1,065	805	474	42,517	(13,448)

LAGOS FREE ZONE COMPANY

**STATEMENT OF ADJUSTMENTS
FOR THE YEAR ENDED 31 DECEMBER**

	2020 USD'000	2019 USD'000	2018 USD'000	2017 NGN'000	2016 NGN'000
1. Deferred revenues (non-current)					
Per audited financial statements	58,588	(8,308)	23,085	5,211,331	4,480,712
Lease rental - land relating to 2018 FY reversed in 2018 due to termination of contract with Techno Oil LFTZ Enterprise now restated.	-	-	(180)	(48,877)	(48,877)
Lease rental - land relating to 2016 FY reversed in 2018 due to termination of contract Techno Oil LFTZ Enterprise now restated.	-	-	(200)	(70,280)	(70,280)
Lease rental - land relating to 2017 FY reversed in 2018 due to termination of contract with Techno Oil LFTZ Enterprise now restated.	-	-	(230)	(82,884)	-
Lease rental - land income reversed in 2018 due to termination of contract with Techno Oil LFTZ Enterprise now restated	(520)	(520)	-	-	-
Per reporting accountants' report	58,068	29,688	21,445	5,211,331	4,579,940
2. Retained earnings					
Per audited financial statements	40	(88,438)	(40,468)	1,401,551	1,826,880
Lease rental - land reversed in 2018 FY due to termination of contract with Techno Oil LFTZ Enterprise now restated.	-	-	-	(48,877)	(48,877)
Lease rental - land relating to 2016 FY reversed in 2018 due to termination of contract Techno Oil LFTZ Enterprise now restated.	-	-	-	(70,280)	(70,280)
Lease rental - land relating to 2017 FY reversed in 2018 due to termination of contract with Techno Oil LFTZ Enterprise now restated.	-	-	-	(82,884)	-
Lease rental - land income reversed in 2018 due to termination of contract with Techno Oil LFTZ Enterprise now restated.	(520)	(520)	(520)	-	-
Per reporting accountants' report	(60)	(88,818)	(44,848)	1,199,990	1,507,722

STATUTORY AND GENERAL INFORMATION

1. AUTHORISATION OF THE PROGRAMME

By a resolution dated 01 June 2021, the Board of Directors of LFZC Funding SPV PLC and by a resolution dated 01 June 2021, the Board of Directors of Lagos Free Zone Company approved the establishment of a ₦50,000,000,000 (Fifty Billion Naira) Bonds Issuance Programme, and the issuance of Bonds thereunder.

2. INCORPORATION AND SHARE CAPITAL HISTORY OF THE ISSUER

LFZC Funding SPV PLC was incorporated on 23 April 2021. The registered address of the Company is at 6th Floor, Block A, NIPOST Office Towers, 23, Adeola Odeku Street, Victoria Island, Lagos, Lagos State, Nigeria. The Company currently has an authorised share capital of ₦10,000,000 comprising 10,000,000 ordinary shares of ₦1 each, while its issued and paid-up share capital is ₦10,000,000 comprising 10,000,000 ordinary shares of ₦1 each.

3. SHARE CAPITAL AND SHAREHOLDING STRUCTURE OF THE SPONSOR/ CO-OBLIGOR

The authorised and issued share capital of the Sponsor/ Co-Obligor at incorporation (evidenced by the Memorandum and Articles of Association dated 26 February 2020) was USD500,000,000 divided into 500,000,000 ordinary shares of USD1 each. The current issued share capital of the Co-Obligor is USD223,745,243.00 divided into 223,745,243.00 ordinary shares of USD1 each.

The shareholding structure as at 31 December 2020 is as follows:

Shareholder	Ordinary Shares held	%
Eurochem Corporation Pte Ltd	223,558,693	99.92
Q Triangle Limited	186,550	0.08
	<u>223,745,243</u>	<u>100</u>

4. CAPITAL STRUCTURE:

The capital structure of the Issuer as at 30 April 2021 is as follows:

		NGN
A)	Cash and cash equivalent	
B)	Short term debt	-
C)	Long term debt	-
D)	Total shareholders equity	10,000,000
E)	Guarantees	-

The capital structure of the Co-Obligor as at 31 December 2020 is as follows:

		USD'000
A)	Cash and cash equivalent	2,202
B)	Short term debt	18
C)	Long term debt	23,964
D)	Total shareholders equity	302,725
E)	Guarantees	-

5. CORPORATE DIRECTORY

Contact address of Issuer and Co-Obligor:

6th Floor, Block A
NIPOST Office Towers
23 Adeola Odeku Street
Victoria Island
Lagos
Telephone: +234 1 4620912/13
Email: lfzwebsite@tolaram.com

STATUTORY AND GENERAL INFORMATION

Contact address of Registrar:

Africa Prudential PLC

220B, Ikorodu Road

Somolu

Lagos

Telephone: 0700 AFRIPRUD (0700 23747783)

Email: cxc@africaprudential.com

6. DIRECTORS' BENEFICIAL INTERESTS

Mr. Mohan K Vaswani and Mr. Harkishin Ghanshamdas Aswani are beneficiaries of Tolaram Family Trust which owns the Tolaram Group Inc, the ultimate parent company of the Issuer and Sponsor

7. INDEBTEDNESS OF THE ISSUER AND CO-OBLIGOR

As at 31 May 2021, the Issuer had no indebtedness while as at 31 December 2020, total external indebtedness of the Co-Obligor(s) stood at ₦23.98 billion.

8. SUBSIDIARIES, ASSOCIATED COMPANIES AND INVESTMENTS

As at the date of this Shelf Prospectus the Issuer has no subsidiary or associated company, while the Co-Obligor has the following subsidiaries and associated companies:

- i) Free Zone Utilities LFTZ Enterprise
- ii) Lekki Bulk & General Cargo Terminal LFTZ Enterprise
- iii) Lekki Port Investment Inc
- iv) Lekki Port LFTZ Enterprise Limited
- v) Elevate Commercial Park Limited
- vi) LFZC Funding SPV PLC
- vii) Tolaram Port Investment Inc

9. CLAIMS AND LITIGATION

In the ordinary course of its business, 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.

In the ordinary course of its business, the Co-Obligor is currently involved in 5 (five) litigation proceedings all of which were instituted against the Co-Obligor.

The total amount claimed in the lawsuits instituted against the Co-Obligor is approximately ₦235,600,000.00 (Two Hundred and Thirty-Five Million, Six Hundred Thousand Naira), excluding the value of the land, interest and other unspecified costs that may be awarded at the discretion of the courts.

Except as stated above, the Solicitors to the Transaction are not aware of any other pending or threatened claims which are material to the Programme. The Solicitors to the Transaction are also of the opinion that none of the cases referred to above is likely to have any material adverse effect on the Co-Obligor or the Programme.

The directors of the Co-Obligor and the Solicitors to the Transaction/ Issue have indicated that they are not aware of any other pending and or threatened claims or litigation except for those referred to above and that in their opinion, none of the cases is likely to have any material adverse effect on the Co-Obligor or the Programme.

10. OFF BALANCE SHEET ITEMS

As at 31 December 2020, there were no contingent liabilities.

There are a number of litigations in which the Company is joined as a Co-defendant. Some of the cases relate to claims over portions of the land in which the zone is situated. The directors, on the advice of the external solicitors, believe the chances of any liabilities arising from these cases is

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remote. Therefore, no provisions in respect of such cases have been made in the financial statements for the year ended 31 December 2020.

11. COSTS AND 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.

12. MATERIAL CONTRACTS

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

10.1. Material Contracts

1. Agreement for the construction of residential apartments between LFZ and Sana Global Projects Limited (undated).
2. Contract Award Agreement between LFZ and M/S Rima Civil and Infrastructural Engineering Nigeria Limited dated 17 November 2020.
3. Contract for Drain Construction Works between LFZ and Rima Civil & Infrastructural Engineering Ltd dated 27 October 2020.
4. Steel Re-Engineered Steel Supply Agreement between LFZ and Zamil Steel Buildings Vietnam Company Limited dated 17 December 2019.
5. Standard Industrial Facility Construction Agreement between LFZ and Sana Industries FZE dated 27 February 2020.
6. Steel Supply Agreement between LFZ and Dalal Steel Industries dated 22 January 2021.
7. Sublease Agreement between LFZ and Lekki Port LFTZ Enterprise dated 1 January 2011.
8. 3rd Supplemental Agreement to the Sublease Agreement between LFZ and Lekki Port LFTZ Enterprise dated 29 December 2017.
9. 4th Supplemental Agreement to the Sublease Agreement between LFZ and Lekki Port LFTZ Enterprise dated 15 October 2019.
10. 1st Supplemental Agreement to the Sublease Agreement between LFZ and Lekki Port LFTZ Enterprise dated 1 January 2016.
11. Deed of Sublease between LFZ and Free Zone Utilities LFTZ Enterprise dated 31 March 2020.
12. 1st Addendum to the Sublease Agreement between LFZ and Free Zone Utilities LFTZ Enterprise dated 01 April 2020.
13. 2nd Addendum to the Sublease Agreement between LFZ and Free Zone Utilities LFTZ Enterprise dated 01 October 2020.
14. 2nd Addendum to the Deed of Sublease between LFZ and KT LFTZ Enterprise dated 01 August 2018.
15. Sublease Agreement between LFZ and Colgate Tolaram LFTZ Enterprise dated 6 June 2020.
16. Sublease Agreement between LFZ and KT LFTZ Enterprise (Undated).
17. Addendum to Sublease Agreement between LFZ and KT LFTZ Enterprise (Undated).
18. Deed of Sublease between LFZ and BASF Operations LFTZ Enterprise dated 31 October 2020.
19. Medical Retainership Agreement between LFZ and Lekki Port LFTZ Enterprise Limited dated 27 February 2020.
20. Sublease Agreement between LFZ and Sana Building Systems LFTZ Enterprise dated 2 September 2019.
21. Sublease Agreement between LFZ and Multipro LFTZ Enterprise dated 1 September 2014.
22. Sublease Agreement between LFZ and Raffles Oil LFTZ Enterprise dated 10 August 2015.
23. Asset Sale and Purchase Agreement between LFZ and Free Zone Utilities LFTZ Enterprise dated 31 March 2020.
24. Grant of land agreement between Lagos state government and LFZ dated 17th December 2012.
25. Shoreline license agreement between Lagos State and LFZ dated 21st March 2013.
26. Deed of sublicense between LFZ and Lekki Port LFTZ Ent Limited ("LPLEL") dated 1st August 2019 (for the exclusive use of the 140m shoreline).
27. 2nd supplemental agreement to the sublease agreement between LFZ and Lekki port

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28. Sublease agreement for 5 ha between LFZ and Lekki Port dated 1st January 2016
29. Sublease agreement for 1 ha between LFZ and Lekki Port dated 1st August 2019
30. Sublease direct agreement among LFZ, LPLEL and China Development Bank (undated)
31. Warehouse Lease Agreement between Free Zone Utilities LFTZ Enterprise ("FZULE") and Insignia Print Technology LFTZ Enterprise dated 10 October 2020.
32. Extension Letter between FZULE and Insignia Print Technology LFTZ Enterprise dated 09 January 2021.
33. Health care facility management agreement between LFZ and Vedic Lifecare Nigeria Limited dated 1st October 2019.
34. Addendum to the Healthcare facility management agreement with Vedic (undated)
35. Novation Agreement between LFZ, Vedic and Free Zone Utilities in relation to the Health care Facility management agreement dated 31st March 2020
36. Medical Retainership Agreement between FZULE and Raffles Oil LFTZ Enterprise dated 31 March 2020.
37. Novation agreement among LFZ, Lekki Port & Free Zone utilities in relation to the medical retainership agreement dated 3rd august 2020
Warehouse Lease Agreement between Free Zone Utilities LFTZ Enterprise and TG Arla Dairy Products LFTZ Enterprise dated 27 November 2020.

10.2. Contracts relating to Financial Indebtedness

BANK	DETAILS OF FACILITY / INDEBTEDNESS
First Bank of Nigeria Limited	Term Loan Agreement for the sum of ₦7.5 billion at 9% for 15 years under the Central Bank of Nigeria Differentiated Cash Reserve Ratio Window
First City Monument Bank Limited	Term Loan Agreement for the sum of ₦10 billion at 9% for 15 years under the Central Bank of Nigeria Differentiated Cash Reserve Ratio Window
Stanbic IBTC Bank	Term Loan Agreement for the sum of ₦5 billion at 9% for 10 years under the Central Bank of Nigeria Differentiated Cash Reserve Ratio Window
Titan Trust Bank Limited	Term Loan Agreement for the sum of ₦2.5 billion at 9% for 15 years under the Central Bank of Nigeria Differentiated Cash Reserve Ratio Window

Other material 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.

13. EXTRACTS FROM THE MEMORANDUM AND ARTICLES OF ASSOCIATION

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

MEMORANDUM OF ASSOCIATION

The objects for which the Company is established are:

- a) to borrow or raise money through the issuance of bonds and debt notes from the Nigerian debt capital markets or international markets, solely in connection with the company's private corporate debt issuance programme (the "Programme") in such manner as the company shall think fit;
- b) to lend, advance or pass-through the proceeds of all bonds issued under the programme exclusively to its co-obligors upon such terms and conditions as the company may deem fit, and to take security over such monies provided by the company, with or without recourse, and/or take security in such other manner as the company may deem fit to secure repayment of monies advanced, lent or passed-through;
- c) to secure the repayment of any monies borrowed, raised or owing by the company by mortgage, charge or lien upon all or part of the company's property or assets (whether present or future)

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including its uncalled capital) and obtain guarantees from third parties for the performance by the company of any obligations or liability it may undertake;

- d) to invest in such securities of companies or bodies, whether such body be governmental or otherwise, according to such authorised investment criteria approved by the board of directors;
- e) to support or subscribe to any charitable or public object or institution, society or club which may be for the benefit of the company or may be connected to any place where the company carried on or is carrying on its business;
- f) to raise or borrow money and to grant security over its assets, property and undertakings for such purpose, and to negotiate loans of every description; and
- g) to do all such other things as are necessary or incidental to the carrying out of any of the foregoing objects, provided that the company shall not engage in any activity that is not directly related to the objects above.

ARTICLES OF ASSOCIATION

BORROWING POWERS

The directors may exercise the powers of the company to borrow money for the purpose of its business or objects and may mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and issue debenture, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the company.

14. EXTRACTS FROM THE PROGRAMME TRUST DEED

The following are extracts from the Programme Trust Deed:

2. APPOINTMENT OF BOND TRUSTEES

- 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 each of the Bond Trustees 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 Bond Trustees (or any of them) from the Issuer shall be received on trust in accordance with the provisions of this Deed.
- 2.3 By execution of this Deed, the Bond Trustees has accepted and agreed to enforce the powers and perform the duties and obligations of the Bond Trustees as assigned and specifically set out in this Deed and generally provided for in the Trustees Investment Act. Notwithstanding the foregoing and other than in respect of duties and responsibilities assigned explicitly under the Issue Documents to solely the Guarantee Trustee, any Trustee may undertake, without the consent or cooperation of the other Trustee, the duties and responsibilities of Bond Trustees as set out/required under the Issue Documents and or Applicable Law. Nothing, however, in this Clause 2.3 or in this Agreement shall be construed as limiting the obligation or liability of any Bond Trustee where any duty, obligation or responsibility of the Bond Trustees under any Issue Document or Applicable Law (other than duties assigned to the Guarantee Trustee for which the Guarantee Trustee is solely responsible) is not performed in the manner required under such document or Applicable law.
- 2.4 The Bond Trustees 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 Each Bond 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 and conditions 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. Bond Trustees receives an unconditional confirmation in writing from the Registrar that there is no principal amount or Coupon outstanding in respect of the Bonds; or
 - ii. the Issuer receives an unconditional release in writing from the Bond Trustees (or any of them) from all of its obligations under this Deed; or
 - iii. 21 years from the date hereof.
- 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.

7. COVENANTS OF THE OBLIGORS

Each Obligor covenants to the Bond Trustees that it shall:

- 7.1 comply with and perform and observe all the obligations expressed to be undertaken by it or imposed on it under this Deed and the Bonds. The Bond Trustees or any of them shall be entitled to enforce the obligations of each Obligor 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;
- 7.2 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 Bond Trustees 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;
- 7.3 pay to the Bond Trustees in immediately available funds, the full principal amount of the Bonds 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 Bond Trustees or any of them, interest (which shall accrue from day to day) on the principal amount of the Bonds;
- 7.4 in the event the Issuer fails to make payment to the Bond Trustees 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;
- 7.5 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

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- any tax on income which the Issuer may by any Applicable Laws be required to deduct;
- 7.6 obtain and keep in full force and effect all authorisations required for the validity and enforceability of the Issue Documents against each of the Obligors;
- 7.7 promptly inform the Bond Trustees of any Event of Default or Potential Event of Default or as soon as it becomes aware of such event;
- 7.8 comply in all material 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;
- 7.9 furnish the Bond Trustees with a copy of its quarterly financial statements within ten (10) Business Days of sending the same to the SEC (or any other relevant Authority), or where the Obligor is a private company, within ten (10) business days from the end of the relevant quarter;
- 7.10 furnish the Bond Trustees with five (5) copies of its audited financial statements, including its Statement of Financial Position and statements of sources and application of funds for that fiscal year, prepared in accordance with IFRS and confirmed by the Auditor as fairly representing its financial condition at the close of that fiscal year, at the same time as such statements are being sent to the SEC;
- 7.11 for as long as any Bonds are outstanding, except with the prior written consent of the Bond Trustees or any of them (such consent not to be unreasonably withheld, conditioned or delayed), not 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:
- (a) no consolidation, corporate restructuring, merger or other change in the status of the Issuer shall be interpreted to avoid the Obligor'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 Obligor shall be held and deemed responsible for the due performance of the obligations intended by this Deed;
 - (b) immediately before and after giving effect to such consolidation or merger, no Event of Default shall have occurred and be continuing; and
 - (c) the Obligor or its successor-in-title, as the case may be, shall have delivered to the Bond Trustees, a certificate signed by two (2) of its directors stating that the consolidation or merger complies with the provisions of Clauses 7.11(a) and 7.11 (b) above.
- 7.12 unless with the prior written consent of the Bond Trustees or any of them first had and obtained (which consent shall not be unreasonably withheld, conditioned or delayed), not reduce its issued share capital or otherwise amend or change its share capital in a manner which, in the reasonable opinion of the Bond Trustees or any of them, 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;
- 7.13 in any case (other than as stipulated in Clause 7.12) of alteration of capital, and or amendment of its Memorandum and Articles of Association, it shall, inform the Bond Trustees in writing no later than ten (10) Business Days upon completion, giving full particulars of the status of its share capital as altered,

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- and or amendment of its Memorandum and Articles of Association accompanied with a formal representation by the Obligor 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 Bond Trustees in respect of such alteration or amendments;
- 7.14 retain a reputable firm of auditors as its auditors at all times;
- 7.15 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 allowed, without incurring penalties, except:
- (a) such payment is being contested in good faith;
 - (b) adequate reserves are maintained for those Taxes and any interest or penalties; and
 - (c) such payment can be lawfully withheld;
- 7.16 bear and pay any 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;
- 7.17 ensure that it maintains its legal status and complies with all Applicable Laws required to maintain such status;
- 7.18 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;
- 7.19 keep proper books of account and, at any time after an Event of Default has occurred or if the Bond Trustees reasonably believes that an Event of Default may have occurred or may be about to occur, allow the Bond Trustees and the Auditor free access to such books of accounts at all reasonable times during normal business hours, until such Event of Default ceases;
- 7.20 for as long as any Bonds are outstanding and, except with the prior written consent of the Bond Trustees or any of them (such consent not to be unreasonably withheld, conditioned or delayed), procure that its holding company (where applicable) does not divest its majority interest in the Issuer and or any of its Affiliates;
- 7.21 notify the Bond Trustees of any divestment or restructuring of its parent company or any of its Affiliates;
- 7.22 establish a Minimum Reserve Account in a manner as may be provided for under the relevant Final Terms;
- 7.23 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;

Provided that:

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- (a) if provided for in any Series, prior to the occurrence of an Event of Default, it shall obtain the prior written consent of the Bond Trustees or any of them to declare or pay any dividend or make a distribution; and
 - (b) where any Series enjoys the benefit of a Credit Enhancement, the Obligor shall only pay dividends or make any distributions or other form of payments (whether or not an Event of Default has occurred) in accordance with the relevant Credit Enhancement Documents.
- 7.24 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 Obligors may decide and upon obtaining a quotation or listing of such Bonds issued by the Issuer 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;
- 7.25 provide each of the Bond Trustees with all documents and information the Bond Trustees may reasonably require in connection with the performance of the Bond Trustees' obligations under this Deed, within fifteen (15) Business Days of receipt of a written request from the Bond Trustees (or any of them) or, in the event that the Obligor 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 Bond Trustees; and
- 7.26 by 31 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 Obligor have been put in place by the Obligor; 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.
- 7.27 ensure that all payments due to the Bondholders shall be paid to the Payment Account(s) as provided in the relevant Final Terms.
- 7.28 subject to the Final Terms, 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.

10. REPRESENTATIONS AND WARRANTIES

Representations and Warranties of the Issuer and Co-Obligors

Each Obligor hereby undertakes, represents and warrants to each of the Bond Trustees and the Bondholders that, as of the date of this Deed and on each Issue Date that:

10.1 Status

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- (a) It is a limited liability company, duly incorporated and validly existing under the laws of the jurisdiction of its incorporation;
 - (b) It has the power and authority to own, lease and operate its assets and carry on its business as it is being conducted.
- 10.2 Powers and authority
 - (a) It has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, the Issue Documents to which it is a party and the transactions contemplated by such Issue Documents to the extent applicable to it.
 - (b) No limit on its powers will be exceeded as a result of the borrowing or giving of guarantees or indemnities contemplated by the Issue Documents to which it is a party.
- 10.3 No adverse change: Save as disclosed in the Prospectus, since the date of its last audited financial statements delivered to the Bond Trustees, no event which is likely to have a Material Adverse Effect has occurred.
- 10.4 Non-conflict: The entry into and performance by it into, and the transactions contemplated by, the relevant Issue Documents to which it is a party do not, and will not contravene or conflict with the CAMA, ISA or any other law or regulation applicable to it; its constitutional documents; any document which is binding upon it or any of its assets; or any licence that is required for the carrying on of its business.
- 10.5 Valid and binding obligations

The obligations expressed to be assumed by it under the Issue Documents to which it is a party are legal and valid obligations, binding on it and enforceable against it in accordance with their respective terms.
- 10.6 Validity and admissibility in evidence

Other than the payment of applicable stamp duties and the stamping of the Issue Documents, all authorisations and any other acts, conditions or things required or desirable:

 - (a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Issue Documents to which it is a party; and
 - (b) to make the Issue Documents to which it is a party admissible in evidence in its jurisdiction of incorporation, have been obtained, effected, done, fulfilled or performed and are in full force and effect.
- 10.7 No filing or stamp taxes: it is not necessary that the Issue Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Issue Documents or the transactions contemplated by the Issue Documents except the stamping of the relevant Issue Documents with the Stamp Duties Office Commissioner of the Federal Revenue Services and registering the Issue Documents with the Commission and which will be made and paid by the Issuer and/or Co-Obligors promptly after the date of the relevant Issue Document and in any event within any period required under Applicable Law.

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10.8 Indebtedness and Solvency:

- (a) Save as disclosed in the Shelf Prospectus and the applicable Pricing Supplement it has no other loans, material contingent liabilities or other similar indebtedness, other than those permitted under an Issue Document;
- (b) Save as disclosed in the Shelf Prospectus and the applicable Pricing Supplement, it has no other debentures, mortgages, charges, or Security, other than those permitted under an Issue Documents;
- (c) It is neither unable nor has it admitted its inability to pay its debts as they fall due nor has it suspended the making of payments on any of its debts or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;
- (d) Save as otherwise disclosed in the Shelf Prospectus and the applicable Pricing Supplement no moratorium has been declared in respect of any of its Indebtedness; and
- (e) The value of its assets is not less than its liabilities (both actual and contingent).

10.9 Authorisations: All consents, licences, authorisations and approvals:

- (a) required to be obtained by it to enable the consummation of the transactions constituted by the Issue Documents to which it is a party; and
- (b) necessary for the conduct of its business substantially as conducted at the date hereof,

have been obtained (and are in full force and effect) or will be obtained (and remain in full force and effect) prior to the Closing Date for the first Series, their terms and conditions have been complied with in all material respects and they have not been and, so far as such Obligor is aware, will not be revoked or otherwise terminated as a result of entry into the Issue Documents to which it is a party, and the consummation of the transactions constituted thereby, and in each case if not obtained or complied with, or if revoked or terminated, would not be reasonably expected to have a Material Adverse Effect.

10.10 Litigation: Other than as disclosed in the Prospectus, no litigation, arbitration, administrative proceedings or other proceedings are current or, to the knowledge of the Issuer and Co-Obligors (having made all due enquiries), pending or threatened in writing, against the Issuer and/or Co-Obligors or against any of its directors or its assets which, if adversely determined, would reasonably be expected to have a Material Adverse Effect.

10.11 No deduction or withholding: It will not be required to make any deduction or withholding from any payment it may make under the Bonds except where such deduction or withholding is mandatorily required by law.

10.12 Compliance with Laws

- (a) To the best of its knowledge, no practice, procedure or policy employed by the Obligor in the conduct of its business violates any judgment, law, regulation, order or decree applicable to it and which violation, if enforced, would be reasonably likely to have a Material Adverse Effect.
- (b) All returns and resolutions and other documents required to be filed with or delivered by the Issuer and Co-Obligors to the Corporate Affairs

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Commission and the SEC pursuant to the CAMA, the ISA and the SEC Rules have been or will be duly filed or delivered, except where failure to do so would be reasonably likely to have a Material Adverse Effect.

10.13 General duty of disclosure

- (a) The Shelf Prospectus and the Pricing Supplement contain and will contain (as applicable) all such information which a reasonable investor will consider material to making informed assessments of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Co-Obligors and of the rights attaching to the Bonds.
- (b) All statements of fact contained in the Shelf Prospectus and the Pricing Supplement are true and accurate in all material respects and there are no material facts known to it that are not disclosed therein and the omission of which could make statements therein false or misleading and there are no other circumstances adversely affecting it which have not been disclosed in the Shelf Prospectus and the Pricing Supplement and which if disclosed would be calculated to affect materially the decision of a subscriber to the Bonds.
- (c) Except as already mentioned in the Shelf Prospectus and the Pricing Supplement and to the best of its knowledge and belief (having made due and careful inquiry), no circumstances have arisen whereby any person is entitled to require payment or seek redress in respect of any obligation or by reason of any of its default.
- (d) Since it commenced operations, its business has been carried out in the ordinary and usual manner.

10.14 Approval of Shelf Prospectus

- (a) Applications have been made for the Bonds to be registered by the SEC. The Shelf Prospectus comprises a prospectus issued in compliance with the SEC Rules.
- (b) No Event of Default will result from the execution, or the performance, of any transaction contemplated by any Issue Document.

10.15 No default

- (a) No Event of Default is continuing or might reasonably be expected to result from the issue of the Bonds or the entry into of, or the performance of any transaction contemplated by, the Issue Documents.
- (b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its assets which might have a Material Adverse Effect.

10.16 No Immunity: Neither it nor any of its assets has any right of immunity on the ground of sovereignty or otherwise, from 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.

10.17 Pari passu ranking: Its payment obligations under the Issue Documents rank at least pari passu with the claims of all its other senior secured creditors (in respect of Bonds with Credit Enhancement, as applicable) or unsecured and unsubordinated creditors (in respect of Bonds without Credit Enhancement), except for obligations mandatorily preferred by law applying to companies generally.

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- 10.18 Ranking and financial indebtedness:
- (a) No Security exists over all or any of its present or future assets other than as disclosed in the Shelf Prospectus or permitted by the Issue Documents.
 - (b) It has no Financial Indebtedness outstanding other than what is permitted under the Issue Documents.
- 10.19 Good title to assets: In the case of the Sponsor, it has good, valid and marketable title to, or valid leases or licences of, or is otherwise entitled to use, all assets necessary for the conduct of the business as it is presently being conducted, where failure to do so would be reasonably expected to have a Material Adverse Effect.
- 10.20 Material Contracts: It is not and to the best of its knowledge and belief (having made due and careful enquiry) and other person is not in breach of any material contract to which it is a party nor has anything occurred which entitled any party to any material contract to rescind or terminate it or decline to perform their obligations under it.
- 10.21 Insurance: In the case of the Sponsor, it has taken out all insurances in respect of its assets, business and operations that a reasonable and prudent operator would consider material under similar circumstances, and it is in full compliance with the terms of the insurance policies.
- 10.22 Anti-corruption law: To the best of its knowledge and belief, it has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintains as at the date of this Deed policies and procedures designed to promote and achieve compliance with such laws.
- 10.23 Times for making representations and warranties
- (a) The representations and warranties set out in this Clause 10 (Representations and Warranties of the Issuer and Co-Obligors) are made by the Issuer and each Co-Obligor on the date of this Programme Trust Deed and the initial Closing Date and are deemed to be repeated by the Issuer and each Co-Obligor on each Closing Date and Payment Date for each Series of the Bond.
 - (b) When a representation and warranty is repeated, it is applied to the facts and circumstances existing at the time of repetition, provided always that in respect of any Issue Date, the representations contained in Clauses 10.4 10.5, 10.13, and 10.14 shall be limited and refer only to the Tranche or Tranches of Bonds forming a single series of Bonds to be issued on such Issue Date and, to the extent that the representations contained in Clauses 10.4, 10.13, and 10.14 relate to the Shelf Prospectus, such representations shall be limited to the Pricing Supplement prepared in respect of such Tranche or Tranches of Bonds.
- Representations and Warranties of the Bond Trustees
- 10.24 Each Bond 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:
- (a) it is a company duly registered under the laws of the Federal Republic of Nigeria;
 - (b) it is duly registered and authorised by the Commission to act as a trustee in connection with capital market transactions;

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- (c) 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;
- (d) 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 Trustee Investments Act, this Deed and the relevant Series Trust Deeds in the performance of its obligations;
- (e) the obligations expressed to be assumed by it under this Deed are legal and valid obligations binding on it in accordance with their terms;
- (f) 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;
- (g) it shall not allow any conflicts to occur between its obligations in connection with the Bonds and its commercial interests;
- (h) it does not have any subsisting and undisclosed fiduciary relationship with the Issuer; and
- (i) it shall comply with its obligations under this Deed and the terms and conditions specified in this Deed.

11. ENFORCEMENT

The rights and duties of the Bond Trustees 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 First Schedule.

12. PAYMENT OF PRINCIPAL, COUPON AND PREMIUM

12.1 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 by the Account Bank on the instruction of any Bond Trustee into the nominated bank accounts of the Bondholders contained in the Register as made available to the Registrar by the Bondholders for this purpose (or in the case of joint registered Bondholders, by the joint Bondholders) or may be made by a cheque/warrant drawn on a bank duly licensed by the Central Bank of Nigeria and sent (by a Bond Trustee) by post to:

- (a) the relevant Bondholder at his registered address; or
- (b) in the case of joint registered Bondholders, the joint Bondholder whose name stands first in the Register; or
- (c) such person or persons or to such address as the relevant Bondholder or all the joint registered Bondholders may in writing direct.

Provided that any payment for an amount above N10,000,000.00 (Ten Million Naira) (or such other limit prescribed under applicable regulation) will be made through electronic payment transfer by credit into the bank account specified by the Bondholder. Where a Bondholder has not nominated any bank account and the amount is above N10,000,000.00 (Ten Million Naira) the Bond Trustees (or any of them) will notify the Bondholder and pending the time the Bondholder provides the account details, the Bond Trustees will withhold payment of such amount. For the avoidance of doubt, no coupon shall accrue from the period commencing on the date of notification of the Bondholder to the date on which the Bondholder provides the account details.

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- 12.2 Every cheque sent through the post will be sent at the risk of the relevant Bondholder or joint registered Bondholders and payment of any cheque or warrant by the banker upon whom it is drawn shall be a satisfaction of the principal, coupon and premium (if any) represented by such cheque.
- 12.3 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.

13. PRIORITY OF PAYMENTS

13.1 Pre-Enforcement Priority of Payment

Unless otherwise provided pursuant to the relevant Series Trust Deed, on each Payment Date occurring prior to the delivery of a notice of an Event of Default, monies standing to the credit of the Payment Account as at the Payment Date shall be applied by the Trustees (or any of them) in the following order of priority, (the "Priority of Payments") (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) payment of all Statutory Obligations (where applicable);
- (b) payment of all costs, charges, expenses and liabilities incurred and payments made in or about the execution of the relevant Series Trust Deed (as applicable) including the Bond Trustees' fees, costs and expenses;
- (c) payment of the interest and premium (where applicable) owing on the Bonds *pari passu*, in proportion to the amount due to the Bondholders in respect of the relevant Series respectively, and without preference or priority;
- (d) payment of the Principal Amount Outstanding on the Bonds *pari passu* in proportion to the amount of Bonds held by each Bondholder in respect of the relevant Series and without preference or priority; and
- (e) 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.

13.2 Post-Enforcement Priority of Payments

Clause 13.1 above notwithstanding, if the Bond Trustees are so authorised in accordance with this Deed (and unless otherwise provided in the relevant Series Trust Deed), on each Payment Date after the occurrence of an Event of Default, monies standing to the credit of the Payment Account as of the Payment Date shall be applied by any Trustee in the following order of priority, (in each case only if and to the extent that payments of a higher priority have been made in full):

- 13.1.1 to pay any Statutory Obligations;
- 13.1.2 to pay *pari passu* and *pro rata*: (a) the fees and expenses of the relevant receiver or manager; and (b) the Bond Trustees' fees costs and expenses;
- 13.1.3 where applicable, to pay *pari passu* and *pro rata* according to the respective amounts thereof, the interest due and payable on the Bonds;

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13.1.4 where applicable, to pay pari passu and pro rata according to the respective amounts thereof, the scheduled principal amounts due and payable on the Bonds; and

13.1.5 to apply pari passu and pro rata all available amounts remaining to prepay or repay the outstanding principal (until repaid in full).

13.3 If the Bond Trustees hold any moneys in respect of Bonds which have become void, or in respect of which claims have become prescribed, the Bond Trustees shall apply them in accordance with the order of payment set out above.

16. POWERS, DUTIES, AND INDEMNITIES OF BOND TRUSTEES

16.1 Subject to the provisions of this Deed including Clause 2.3 above, each of the Bond Trustees shall enjoy all powers, reliefs and indemnities granted to it, and perform the obligations imposed on it pursuant to the Trustee Investments Act and all Applicable Laws for the time being in force.

16.2 Subject to Clause 2.3, each of the Bond Trustees 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.

16.3 Each Bond Trustee shall have the following duties and responsibilities:

(a) 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;

(b) 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

(c) 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 trustees.

16.4 Each Bond Trustees shall be responsible for making 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, provided that any Bond Trustee may make the payments in accordance with the Conditions and this Deed.

16.5 No Bond Trustee shall 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 Bond Trustees.

16.6 Prior to an Event of Default and after curing or waiving all Events of Default which may have occurred, no Bond Trustee shall 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 Bond Trustees.

16.7 Each Bond 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 10:00 a.m. and 4:00 p.m. on any Business Day, at its specified office.

16.8 The duties and obligations of the Bond Trustees shall be determined solely by the express provisions of this Deed, and no implied powers, duties or

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obligations of the Bond Trustees, except as provided by the ISA or any other Applicable Law shall be construed into this Deed.

- 16.9 Upon the occurrence of an Event of Default, a single Bond Trustee (or the Bond Trustees acting jointly) shall, subject to the provisions of this Deed, exercise such rights and utilise such powers vested in the Bond Trustees under this Deed, and the ISA, and shall use the required degree of care and skill in the exercise of its duties.
- 16.10 No Bond Trustee shall 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 a Bond Trustee, except where such liability arises from its negligence, default and or misconduct.
- 16.11 Notwithstanding any other provisions of this Deed, no Bond Trustees shall be liable for: (a) an error of judgment made in good faith by any officer or employees, unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts and in such instance, any resulting liability shall be borne by the Bond 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.
- 16.12 The Bond Trustees 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 Bond Trustees acting upon such certificate.
- 16.13 It is hereby expressly agreed and declared as follows:
- (a) each Bond Trustee may in relation to this Deed, act on the opinion or advice of or any information from any solicitor, valuer, surveyor, broker, auctioneer, accountant, or other expert, whether obtained by the Issuer or by the Bond Trustee, and shall not be responsible for any loss occasioned by so acting provided that they have used its best efforts to ensure that such persons are competent; and any such advice, opinion or information may be obtained or sent by letter or electronic mail, and the Bond Trustee shall not be liable for acting on any advice, opinion or information purporting to be so conveyed even though the same shall contain some error or shall not be authentic; Provided that the Issuer shall bear the fees and costs and expenses incurred by the Bond Trustee in the appointment of any solicitor, valuer, surveyor, 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 Bond 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 Bond Trustee's written request;
 - (b) No Bond Trustees shall 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 them of this Deed);
 - (c) except as otherwise provided, no Bond Trustees shall 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;
 - (d) except as otherwise expressly provided, a Bond 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

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result from the exercise or non-exercise of its powers, and in particular, the Bond Trustee shall not be bound to act at the request or discretion of the Bondholders under any provision of this Deed unless the Bond 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;

- (e) no Bond Trustee shall be responsible for the monies subscribed by applicants for the Bonds;
- (f) each Bond Trustees shall be at liberty to accept a certificate signed by any two (2) Directors of the Issuer or the Sponsor or as appropriate any two (2) Directors of an Affiliate as to any fact or matter on which the Bond 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 the Bond Trustees 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
- (g) no Bond Trustee shall 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 Bond Trustee had knowledge of such defect prior to taking such action;
- (h) no Bond Trustee shall 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 Bond Trustees or any of them 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 Bond Trustees shall in any case inform the Bondholders of the happening of any Event of Default that comes to its knowledge;
- (i) without prejudice to the right of indemnity by law given to the Bond Trustees, each Bond 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 Bond 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 Bond Trustee, its attorney, agent or manager or other person appointed by the Bond Trustee have not acted negligently or in default of its powers, duty and obligations, and the Bond Trustee may retain and pay out of any monies in its hand upon the trusts of these, the amount of any such liabilities and expenses and also the remuneration of the Bond Trustees; and
- (j) no Bond Trustees shall be liable for anything except a breach of trust committed by it. Provided nevertheless that nothing contained in this Clause 16 shall exempt a Bond Trustee from indemnifying the Issuer or Bondholders against any liability for negligence or breach of trust where the Bond 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.

16.14 Power to Delegate or Appoint Agents

- (a) Instead of acting personally, a Bond 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 Bond Trustee, including the receipt and payment of money, in connection with this Deed, provided however, that no Bond Trustee shall delegate all its powers to an agent before notifying the Commission of such delegation.
- (b) It is hereby agreed that, for the purpose of liability, where a Bond Trustee appoints:
 - a) professional adviser(s), it will not be liable for the acts or omissions of such professional advisers provided that the Bond 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 Bond Trustee will be liable for the acts and omissions of such agent(s).

16.15 Dealings with the Issuer and its Securities

- (a) Subject to the provisions of the ISA, and the SEC Rules , any Bond Trustee under this Deed shall be at liberty in the ordinary course of its business, and every director, other officer or servant of the Bond Trustees 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 trustees 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.
- (b) Without prejudice to the generality of sub-clause 16.15(a), it is expressly declared that such contracts, transactions or arrangements may include:
 - (i) any contract for the purchase or leasing to the Bond Trustees 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 Bond Trustees 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;
 - (ii) 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
 - (iii) the Bond Trustee acting as trustees of any other securities or obligations of the Issuer, or its Affiliates.

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- (c) No Bond Trustees shall be accountable to the Issuer, a Co-Obligor or any of their 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 each Bond 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.

16.16 Authorisation of the Bond Trustees

Each Bondholder authorises each Bond Trustees (whether or not by or through employees or agents):

- (a) to exercise such rights, remedies, powers and discretions which are specifically delegated to or conferred upon the Bond Trustees by this Deed together with such powers and discretions as are reasonably incidental to the powers; and
- (b) to take such action on its behalf as may from time to time be authorised under or in accordance with this Deed.

16.17 Bond Trustees' Authority to Execute Documents

- (a) The Bond Trustees are authorised to enter into and execute any further document(s), which is required to be executed with respect to the Bond, provided that due execution of such document(s) by any Bond Trustee shall be deemed due execution by all Bond Trustees.
- (b) In each and every case, each Bond 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.

16.18 Power to retain Monies

- (a) At any time when payment is not due, any of the Trustees (or both of them as may be specified in the Final Terms) shall be entitled at their discretion to invest all or any of such monies in the Transaction Accounts in (a) direct obligations of the Federal Government of Nigeria and securities fully and unconditionally guaranteed as to the timely payment of principal and coupon by the Federal Government of Nigeria, (b) direct obligations of any state of the Federal Republic of Nigeria which has a minimum credit rating of 'A' from a rating agency registered by the Commission at the time of purchase or (c) deposit accounts, commercial papers or bankers' acceptances, or instruments (in each case having maturities of not more than 365 days following the date of purchase) of any bank duly licensed by the CBN to operate in Nigeria, provided that such bank is assigned a minimum corporate rating of A or its equivalent by a rating agency registered with the Commission and a minimum of a BB- or a comparable rating by an internationally recognized rating agency (the "Permitted Investments").
- (b) The maturity date or the date on which such Permitted Investments may be redeemed at the option of the Trustee(s) who made investments pursuant to this Clause 16.22 shall coincide as nearly as possible with (but shall in no event be later than) the date(s) on which monies in the relevant Transaction Accounts from which the said Permitted Investments was made will be required for the purposes

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thereof and the Trustee(s) shall select Permitted Investments in accordance with the provisions of this Deed.

- 16.19 The receipts or proceeds from any Permitted Investments shall upon receipt form part of the relevant Transaction Account.
- 16.20 The Trustees shall be responsible for any loss occasioned by Permitted Investments in instances of fraud, negligence, misconduct and other related discrepancies.
- 16.21 The returns on the investment of amounts comprised in the Transaction Accounts shall be benchmarked against prevailing 91 (ninety-one) days Treasury Bills and/or standard deposit rate depending on the volume of the funds at the time of investment.
- 16.22 Each Bond Trustee shall, in exercising its discretion in investment, be guided by the following investment principles:
- (a) investment must be made in accordance with this Deed and all Applicable Laws;
 - (b) the Bond Trustee shall not make speculative investments;
 - (c) the Bond Trustee shall make investments that deliver the best total return for the Bondholders in relation to the risks associated with the particular investments and taking into account both yield and capital growth;
 - (d) the Bond Trustee shall consider the capital needs of the Bondholders, the duration of the trust and the maturity of other investments;
 - (e) the Bond Trustee shall compare the value of the proposed investment with the whole portfolio of investments, to ensure that there is no potential mismatch;
 - (f) the Bond Trustee shall not invest in any assets which are not liquid or easily transferable or convertible to cash;
 - (g) the Trustee making investments pursuant to this Clause 16.22 shall only invest in instruments that yield a return that is at least Market Competitive; and
 - (h) where necessary, the Bond Trustee shall seek qualified investment advice.
- 16.23 Fiduciary Duties of the Bond Trustees
- Each Bond Trustees shall comply with the fiduciary duties owed to the Bondholders in accordance with this Deed and any other applicable laws, including to:
- (a) manage the trust property in a responsible, prudent and productive manner;
 - (b) act for the benefit of the Bondholders in the management of the trust property and not let its duties and that owed to the Bondholders conflict;
 - (c) ensure that the trust property is vested accordingly to the terms of the trust herein established;
 - (d) take custody and control of all trust property and open a separate trust account;

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- (e) not commingle its funds with those of the trust;
- (f) clearly identify the trust property and ensure that the segregation of the trust property from its assets and assets of other trusts administered by it;
- (g) not pledge or charge the trust property except as permitted by this Deed; any Series Trust Deed, the ISA, the SEC Rules or any applicable law;
- (h) act impartially and solely in the best interest of all Bondholders; and
- (i) not delegate its duties except as permitted by this Deed.

16.24 Covenant of Compliance

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

16.25 Bond Trustees' Indemnity

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

16.26 Powers Additional

The powers hereby conferred upon the Bond Trustees shall be in addition to any powers, which may from time to time be vested in it by general law or by the Bondholders.

15. DECLARATIONS

Except as otherwise disclosed in this Shelf Prospectus:

- a) No shares of the Issuer or Co-Obligor 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 Issuer or Co-Obligor to any person in connection with the Programme or sale of any securities of the Issuer;
- c) Save as disclosed herein, the directors of the Issuer or Co-Obligor have not been informed of any holding representing 5% or more of the issued share capital of the Issuer or Co-Obligor;
- d) There are no founders', management or deferred shares or any options outstanding in the Issuer or Co-Obligor;
- e) There are no material service agreements between the Issuer or Co-Obligor 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 Issuer or Co-Obligor or any of its directors and employees other than in the ordinary course of business;
- g) No director of the Issuer or Co-Obligor has had any interest, direct or indirect, in any property purchased or proposed to be purchased by the Issuer or Co-Obligor in the five (5) years prior to the date of this Shelf Prospectus;
- h) No prosecution or legal proceedings has commenced against the Issuer or Co-Obligor or any of its subsidiaries in respect of any breach of any securities or banking laws or Companies and Allied Matters Act, 2020; and

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- i) No action has been taken against the Issuer or Co-Obligor by NGX Exchange, FMDQ Exchange or any other recognised Exchange in respect of any breach of the listing requirements of The Exchange.

It is further declared that to the best of the Directors' knowledge as at 31 May 2021

- a) None of the Directors/shareholders/key management staff is under any bankruptcy or insolvency proceedings in any court of law;
- b) None of the Directors/shareholders/key management staff has been convicted in any criminal proceeding;
- c) None of the Directors/shareholders/key management staff is the subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty.

16. CONFIRMATION OF GOING CONCERN STATUS

The Directors affirm that the Co-Obligor is a going concern and has no pending insolvency proceedings instituted against it. The Directors also confirm that the Co-Obligor will continue in operations for the foreseeable future and that there are no threats to the operations of the Co-Obligor.

17. RELATIONSHIP BETWEEN THE ISSUER, ISSUING HOUSES AND OTHER ADVISERS

There are no relationships (other than the professional ones established pursuant to this Programme) existing between the Issuer and any of its advisers.

18. OVERVIEW OF CORPORATE GOVERNANCE

The Board and management of Lagos Free Zone Company (the "Company") is committed to maintaining the highest standards of corporate governance.

Although the Company is not a public company, it however strives to ensure compliance with the Nigerian Code of Corporate Governance 2018 and the SEC Corporate Governance Guidelines 2020. In addition to this, the Company has issued various codes and policies to strengthen its corporate governance and ensure its employees are properly guided.

The Board of Directors oversee the management and control of the Company. The Directors have a balance and depth of skills and experience, together with long-standing knowledge of the Company, which enables them to discharge their respective duties and responsibilities effectively.

The Board is collectively responsible for the long-term success of the Company. The Company's strategy and business model are developed by the Chief Executive Officer and the senior management team and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level. The Board is also responsible for overall corporate governance of the Company.

The Board consists of five Directors, with the Company recently appointing its first Independent Director.

The Company usually holds an Annual General Meeting and a minimum of 2 board meetings annually. This practice was however affected in 2020 by the pandemic. Several virtual meetings were however held in the last 1 (one) year. It is expected that this will improve in the next few months.

The Company has the following Board Committees:

Audit Committee – This committee oversees the financial reporting and disclosure process of the Company. It also monitors the Company's choice of accounting policies and principles. This committee is headed by Adesuwa Ladoja being an independent director, with Navin Nahata and

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Dinesh Rathi as members. Ashish Khemka is a permanent invitee to the committee, in his capacity as the Chief Financial Officer.

Remuneration Committee – The Remuneration Committee advises the Board on matters relating to the remuneration of the Board and the senior management, in order to motivate and retain executives and ensure that the Company is able to attract the best talents in the market in order to maximize shareholder value. This is headed by Navin Nahata with Harkishin Ghanshamdas Aswani and Adesuwa Ladoja being members.

Risk Committee – This Committee is responsible for the oversight of the risk management policies and practices of the Company. It is headed by Navin Nahata with Harkishin Ghanshamdas Aswani, Dinesh Rathi and Adesuwa Ladoja as members of the Committee. Ashish Khemka and Ololade Oladipupo are permanent invitees to the committee, in their capacity as the Chief Financial Officer and Head of Legal.

Procedure and requirements for board appointments:

The Chief Executive Office and the Senior Management Team would usually identify suitable candidates with appropriate skills, experience, expertise and diversity to complement the existing Board, in order for the Board to discharge its mandate effectively and to maintain the necessary mix of expertise on the Board. Appropriate checks are undertaken on the candidate and confirmation is gotten from the candidate that he/she will have sufficient time to fulfil his or her responsibilities as a director.

Subject to the results of such checks and confirmations, recommendations are made to the Board on their appointment.

The Company also has procedures and policies in place to assist Directors in fulfilling their responsibilities. As Directors join the Board, they undertake a comprehensive induction program, which includes information on the Company's core values, key strategies, objectives, product, and its governance framework and operations. New Directors also meet with key senior management to gain a better appreciation of the Company's services and capabilities.

Internal and External Audit process:

The Company does not currently have a formal internal audit function; however, management reviews the Company's major business units, organisational structure and accounting controls and processes on a regular basis and reports accordingly to the Chief Executive Officer and in turn to the Board. The Chief Executive Officer also meets regularly with the Chief Financial Officer to review the effectiveness of internal controls. The Board is satisfied that the processes in place to identify the Company's material business risks are appropriate and that these risks are being effectively managed. The Company's risk management processes continue to be monitored and reported against on an ongoing basis.

The external auditor of the Company is Akintola Williams Deloitte which provides assurance on financial reporting and ensures accountability and audit quality.

Relationship with shareholders:

The Board seeks to engage with shareholders to maintain a mutual understanding of objectives between them and the Company and manage their expectations. The Board ensures that it acts in the best interest of the Shareholders and all Stakeholders.

Compliance and internal controls:

The Head of Legal is responsible for ensuring compliance with applicable rules and regulations. The Board also oversees policies on risk assessment and its management.

Business Conduct and Ethics policies

The Board is committed to observing the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a Code of Conduct which sets out the way in which the Company seeks to conduct business, namely in an honest and fair manner, acting only in ways that reflect well on the Company in strict compliance with all laws and regulations. The Code of Conduct articulates acceptable practices for directors, senior executives and employees, to guide their behaviour and to demonstrate the commitment of the Company to ethical practices. The

STATUTORY AND GENERAL INFORMATION

Company also seeks to ensure that advisers, consultants and contractors are aware of the Company's expectations as set out in its Code of Conduct.

19. RELATED PARTY TRANSACTIONS

The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at year-end are unsecured. There have been no guarantees provided or received for any related party receivables or payables.

Parent and ultimate controlling party

The major shareholder of the Co-Obligor is Eurochem Corporation Pte. Ltd with a 99.92% shareholding.

Other related parties

- a. Lucky Fibres Limited
- b. Tolaram Corporation Pte Limited
- c. Tolaram Africa Enterprise Limited
- d. Tolaram Group
- e. De United Food Industries Ltd
- f. KT LFTZ Enterprise
- g. Energy Distribution LFTZ Enterprise
- h. Insignia Print Technology LFTZ Enterprise
- i. Lekki Port LFTZ Enterprise Limited
- j. Raffles Oil LFTZ Enterprise
- k. TG Arla Dairy Products LFTZ Enterprise
- l. Tolaram Port Investment Inc
- m. Free Zone Utilities LFTZ Enterprise
- n. Multipro Consumer Products Limited
- o. Ishk Tolaram Foundation
- p. Colgate Tolaram LFTZ Enterprise
- q. Lekki Bulk & General Cargo Terminal LFTZ Enterprise
- r. Infinity Logistics LFZ Enterprise
- s. LFZC Funding SPV PLC

Additional information on related party transactions can be found in the audited financial statements.

20. MERGERS AND TAKEOVERS

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

STATUTORY AND GENERAL INFORMATION

- a. a merger or takeover offer by third parties in respect of the Co-Obligor's securities; and
- b. a merger or takeover by the Co-Obligor in respect of another company's securities.

21. 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:	Harkishin Ghanshamdas Aswani Navin Nahata Dinesh Rathi Ashish Khemka
Company Secretary of the Issuer:	GFS Corporate Services Limited
Directors of the Co-Obligor:	Mohan Vaswani Harkishin Ghanshamdas Aswani Navin Nahata Dinesh Rathi Adesuwa Ladoja
Company Secretary of the Co-Obligor:	GFS Corporate Services Limited
Lead Issuing House:	Stanbic IBTC Capital Limited
Joint issuing Houses:	FBNQuest Merchant Bank Limited Radix Capital Partners Limited
Solicitor to the Issuer:	The Metropolitan Law Firm
Solicitor to the Transaction:	Templars
Joint Trustees:	Radix Trustees Limited Leadway Capital & Trusts Limited
Auditor:	Deloitte & Touche
Reporting Accountant:	PKF Professional Services
Receiving Bank:	First City Monument Bank Limited
Rating Agency:	Agusto & Co Limited

22. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the Issuing Houses offices between 8.00 a.m. and 5.00p.m. on any Business Day throughout the validity of the Programme:

- a. Certificate of Incorporation of the Issuer, duly certified by the CAC;
- b. Memorandum and Articles of Association of the Issuer, duly certified by the CAC;
- c. Certificate of Registration of the Co-Obligor, duly certified by the NEPZA
- d. Memorandum and Articles of Association of the Co-Obligor, duly certified by the NEPZA
- e. Reporting Accountant's Report on the audited accounts of the Co-Obligor for the years ended 31 December 2020, 2019, 2018, 2017 and 2016;
- f. The Programme Trust Deed dated 16 September 2021 among Lagos Free Zone Company, LFZC Funding SPV PLC, Radix Trustees Limited and Leadway Capital & Trusts Limited;

STATUTORY AND GENERAL INFORMATION

- g. Board Resolution of the Issuer dated 01 June 2021 authorising the Bond Issuance Programme;
- h. Board Resolution of the Co-Obligor dated 01 June 2021 authorising the Bond Issuance Programme;
- i. Letter from the SEC dated on or before 14 September 2021 approving the registration of the Shelf Prospectus;
- j. The schedule of the Claims and Litigation referred to above and the Solicitors' opinion thereon;
- k. The material contracts referred to on page 114 to 115;
- l. Audited Financial Statements of the Co-Obligor for the years ended December 2020, 2019, 2018, 2017 and 2016;
- m. Shelf Prospectus issued with respect to the Bond Issuance Programme;
- n. Audited Statement of Affairs for the Issuer for the period ended 30 June 2021; and
- o. Written consents of the Directors and Professional Parties to the Issue.

TEMPLARS

9F Flats, The Octagon, 13A AJ Martins Drive
Victoria Island, Lagos, Nigeria
Tel: +234 1 46 11 290-94, 46 11 891-93
Fax: +234 1 27 12 810
Email: info@templars-law.com
www.templars-law.com

8 June 2021

The Director-General
Securities and Exchange Commission
SEC Towers
Plot 272, Samuel Adesujo Ademulegun Street
Central Business District
Garki, Abuja

Dear Sir,

RE: Series 1 Bonds Issuance of up to N10,000,000,000 (Ten Billion Naira) under the N50,000,000,000 (Fifty Billion Naira) Bonds Issuance Programme to be established by LFZC Funding SPV Plc

We act as Solicitors to the Issue in connection with the proposed up to N10,000,000,000 (Ten Billion Naira) series 1 bond issuance under the N50,000,000,000 (Fifty Billion Naira) bond issuance programme to be established by LFZC Funding SPV Plc (the "Issuer") (the "Issuance"), sponsored by Lagos Free Zone Company (the "Sponsor"). It is in this capacity that we have provided below a summary of the litigation, arbitration and administrative proceedings involving the Sponsor.

Summary of Claims and Litigation

To the best of our knowledge, and based on the information provided to us by the Issuer, the Issuer is not involved in any litigation, arbitration or administrative proceedings.

Assumptions and Qualifications

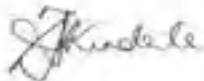
The information contained in this letter is provided subject to the following qualifications and limitations:

- a. The accuracy of the contents of this letter is dependent on the information provided by the Issuer being true, complete, accurate and not misleading.
- b. We do not accept responsibility for, duty in respect of, or liability with respect to, the truth, accuracy, or completeness of any information contained in any reports, opinions, or memoranda prepared by any third party that we have extracted from, included or referred to, in this letter.

Thank you for your attention.

If you require any additional information or clarification, please do not hesitate to contact the undersigned on +134-1-4611889 or zelda.akindele@templars-law.com.

Yours faithfully,
for: **TEMPLARS**



ZELDA AKINDELE

TEMPLARS

19 Floor, The Octagon, 15A Al Murtada Drive
Victoria Island, Lagos, Nigeria
Tel: +234 (0) 1 280 94 46 11 899-91
Fax: +234 1 27 42 940
Email: info@templars-law.com
www.templars-law.com

29 July 2021

The Director-General
Securities and Exchange Commission
SEC Towers
Plot 272, Samuel Adesoji Adeniyolegun Street
Central Business District
Carkl, Abuja

Dear Sir,

RE: Series 1 Bonds Issuance of up to N10,000,000,000 (Ten Billion Naira) under the N50,000,000,000 (Fifty Billion Naira) Bonds Issuance Programme to be established by LFZC Funding SPV Plc

We act as Solicitors to the Issue in connection with the proposed up to N10,000,000,000 (Ten billion Naira) series 1 bond issuance under the N50,000,000,000 (Fifty Billion Naira) bond issuance programme to be established by LFZC Funding SPV Plc (the "Issuer") (the "Issuance"), sponsored by Lagos Free Zone Company (the "Sponsor"). It is in this capacity that we have provided below a summary of the litigation, arbitration and administrative proceedings involving the Sponsor.

Summary of Claims and Litigation

To the best of our knowledge, and from our review of the information provided to us by the Sponsor, the Sponsor is currently involved in 5 (five) litigation proceedings. The claims are centered around disputes relating to title to land and payment of statutory contributions.

The aggregate principal amount claimed against the Sponsor in the ongoing proceedings is **N335,600,000.00 (Two Hundred and Thirty-Five Million, Six Hundred Thousand Naira)**, excluding the value of the land, interest and other unspecified costs that may be awarded at the discretion of the courts.

We are of the opinion that the outcome of the various proceedings is not likely to have any material adverse effect on the proposed Issuance or on the business and operations of the Sponsor.

We have set out as an enclosure to this letter, the claims and litigation review prepared for the Issuance on the basis of information provided by the Issuer as at 4 May 2021.

Assumptions and Qualifications:

The information contained in this letter is provided subject to the following qualifications and limitations:

- a. For the purpose of this letter, we have examined, reviewed and relied only on the documents provided to us by the Sponsor as at 4 May 2021 and we have not conducted any independent searches in respect of these proceedings.¹
- b. The accuracy of the contents of this letter is dependent on the information provided by the Sponsor being true, complete, accurate and not misleading.
- c. We do not accept responsibility for, duty in respect of, or liability with respect to, the truth, accuracy, or completeness of any information contained in any reports, opinions, or memoranda prepared by any third party that we have extracted from, included or referred to, in this letter.

Thank you for your attention.

If you require any additional information or clarification, please do not hesitate to contact the undersigned on +234-1-4611889 or zelda.akindele@templars.law.com.

Yours faithfully,
for: **TEMPLARS**



ZELDA AKINDELE

Encl: Templars' Claims and Litigation Review of Lagos Free Zone Company

¹There is no systematic way of undertaking a comprehensive search of court records or other registries to ascertain the existence or otherwise of litigation, arbitration or administrative proceedings against an entity in Nigeria. We have therefore relied on information provided to us by the issuer as at 4 May 2021 as constituting the current position in respect of claims and litigation involving the issuer.

LFZC FUNDING SPV PLC



5th Floor, Nipost Office Towers, 23 Adeola Odeku Street, Victoria Island, Lagos
RC No: 1786520

THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT 2020
PUBLIC COMPANY LIMITED BY SHARES
RESOLUTION OF THE BOARD OF DIRECTORS
OF
LFZC FUNDING SPV PLC

At the meeting of the Board of Directors of LFZC Funding SPV Plc (the "Company") held on the 7th day of June 2021 at 6th floor, Nipost Office Towers, 23 Adeola Odeku Street, Victoria Island, Lagos, the following resolutions were proposed and duly passed by the directors of the Company (the "Directors"):

1. BACKGROUND

- 1.1. The Company has been set up by Lagos Free Zone Company (the "Sponsor") to raise funds through the debt capital market, by launching a ₦50,000,000,000 (Fifty Billion Naira) bonds (the "Bonds") issuance programme (the "Programme") under the terms of a trust deed between Company, the Sponsor and the Trustees (as defined therein) (the "Programme Trust Deed"), proceeds of which will be passed through by the Company to the Sponsor pursuant to the Series 1 Trust Deed (as defined below) and utilised exclusively by the Sponsor towards (i) the repayment of the Sponsor's shareholders' advances; and (ii) reimbursing transaction expenses.
- 1.2. The first series of the Programme will comprise of an up to ₦10,000,000,000 fixed rate senior guaranteed bonds due 2041 (the "Series 1 Bonds"), to be issued under the terms of a series trust deed between the Trustees, the Company and the Sponsor (the "Series 1 Trust Deed").
- 1.3. The Series 1 Bonds will be backed by an unconditional and irrevocable guarantee (the "Guarantee") granted by Infrastructure Credit Guarantee Company Limited (the "Guarantor") in favour of the Trustees. In consideration for the provision of Guarantee by the Guarantor, the Company, the Sponsor and two other related entities; Free Zone Utilities LFZC Enterprise ("Free Zone Utilities") and Lekki Bulk and General Cargo Terminal LFTZ Enterprise ("Lekki Bulk"), will enter into various sponsor support related documents as required by the Guarantor.
- 1.4. The Sponsor has agreed to act as Co-obligor under the Trust Deed and assume payment and other related obligations of the Company in respect of the principal and interest amounts payable on the Bonds and any other amount payable by the Company under the Programme Trust Deed.
- 1.5. The Sponsor, Lekki Bulk and Free Zone Utilities have each agreed to act as Co-obligors under the Series Trust Deed and assume payment and other related obligations of the Company in respect of the principal and interest amounts payable on the Series 1 Bonds and any other amount payable by the Company under the Series Trust Deed.

Directors: Harkishin Awani (Singaporean), Navin Nakata (Indian), Dinesh Bathi (Indian), Ashish Khemka (Indian)

LFZC FUNDING SPV PLC



6th Floor, Nipost Office Towers, 23 Adeola Odoku Street, Victoria Island, Lagos
RC No: 1786520

2. DOCUMENTS

The following documents have been considered by the Directors in connection with the Programme:

- 2.1. The draft Programme Trust Deed.
- 2.2. The draft Series Trust Deed.
- 2.3. The draft Vending Agreement.
- 2.4. The draft Series 1 Bonds Account Bank Agreement.
- 2.5. The draft Prospectus.
- 2.6. The draft Pricing Supplement.
- 2.7. The draft Deed of Guarantee.
- 2.8. The draft Project Account Bank Agreement.
- 2.9. The draft Sponsor Support and Assurance Deed.
- 2.10. The draft Recourse Deed.
- 2.11. The draft Deed of Undertaking.

The documents set out in paragraphs 2.1 to 2.11 are together referred to as the "Transaction Documents".

3. RESOLUTIONS

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

- 3.1. the Company be and is hereby authorised to establish the Programme and issue the Bonds (Series 1 Bonds) to the public in the manner contemplated above, in such tranches, series or proportions; and on such terms and conditions as the Board of Directors of the Company may deem fit, subject to obtaining the approval of relevant regulatory authorities;
- 3.2. the terms of, and the transactions contemplated by, each of the Transaction Documents and any other ancillary agreements contemplated by each of the Transaction Documents to which the Company is a party (together with any variation or amendment of such document approved by the Authorised Signatories (as defined below) subsequent to the date of these resolutions) be and are hereby approved by the Company;
- 3.3. any of Dinesh Rathi and Ashish Khemka (each an "Authorised Signatory"), be and is hereby authorised to negotiate, finalize, execute, sign and deliver on behalf of the Company, all agreements, notices or other documents (together with such amendments) that are required, necessary and advisable in order to facilitate the consummation and enforceability of the transactions contemplated thereby;
- 3.4. each Authorised Signatory be and is hereby authorised to, (a) appoint financial, legal and other professional and/or other advisers; in each case, as necessary to give effect to the above resolution; and (b) sign and/or dispatch all documents and notices, required to be signed and/or to be dispatched by the Company in furtherance of the above resolutions; and
- 3.5. each Authorised Signatory be and is hereby authorised to take any other actions, in connection with the issuance of the Bonds and all transactions connected therewith as the Authorised Signatory

Directors: Harkishin Arwani (Singaporean), Navin Nahata (Indian), Dinesh Rathi (Indian), Ashish Khemka (Indian)

LFZC FUNDING SPV PLC



6th Floor, Nipost Office Towers, 23 Adeola Odeku Street, Victoria Island, Lagos
RC No: 1788520

considers to be necessary and advisable in order to consummate the issuance of the Bonds/Series 1 Bonds under the Programme and the transactions contemplated in the Transaction Documents.

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

BY ORDER OF THE BOARD

Dated the 1st day of July 2023

Ashish Khemka
Director

GFS Corporate Services Limited
Company Secretary

Directors: Harikrishn Akasari (Singapore), Ravin Ravnath (Indian), Dinesh Rathi (Indian), Ashish Khemka (Indian)



THE FEDERAL REPUBLIC OF NIGERIA
NIGERIA EXPORT PROCESSING ZONES ACT
CAP. N107 LAWS OF THE FEDERATION OF NIGERIA 2004
RESOLUTION OF THE BOARD OF DIRECTORS
OF
LAGOS FREE ZONE COMPANY

At a meeting of the Board of Directors of Lagos Free Zone Company (the "Company") held on the 1st day of June 2021 at 6th Floor, Nipost Office Tower, 23 Adeola Odeku Street, Victoria Island, Lagos, the following resolutions were proposed and duly passed by the directors of the Company (the "Directors"):

1. **BACKGROUND:**

- 1.1. The Company is seeking to raise funds through the debt capital market, by launching a ₦50,000,000,000 (Fifty Billion Naira) Bonds issuance programme (the "Programme") through a special purpose vehicle, LFZC Funding SPV PLC (the "Issuer"), under the terms of a trust deed between Company, the Issuer and the Trustees (as defined therein) (the "Programme Trust Deed"), proceeds of which will be passed through by the Issuer to the Company pursuant to a Series 1 Trust Deed (as defined below) and utilised exclusively by the Company towards (i) the repayment of the Sponsor's shareholders' advances; and (ii) reimbursing transaction expenses.
- 1.2. The first series of the Programme will comprise of an up to ₦10,000,000,000 fixed rate senior guaranteed bonds due 2041 (the "Series 1 Bonds"), to be issued under the terms of a series trust deed between the Trustees, the Company and the Issuer (the "Series 1 Trust Deed").
- 1.3. The Series 1 Bonds will be backed by an unconditional and irrevocable guarantee (the "Guarantee") granted by Infrastructure Credit Guarantee Company Limited (the "Guarantor") in favour of the Trustees. In consideration for the provision of Guarantee by the Guarantor, the Company, the Issuer and two other related entities of the Company, Free Zone Utilities LFZC

054 1 4000 0718

Site address: Nike Street, Ikeja - Lagos, Nigeria

Registered address: 25/100, Mark A. Mipost Office Tower, 23 Adeola Odeku Street, Victoria Island, Lagos

A member of Telecel Group, Nigeria

www.laxmiinvestments.com

Enterprise and L&M Bulk and General Cargo Terminal LTIC Enterprise, will enter into various sponsor support related documents as required by the Guarantor.

- 1.4. The Company has agreed to act as Co-obligor under the Series Trust Deed/Programme Trust Deed and accrete payment and other related obligations of the Issuer in respect of the principal and interest amounts payable on the Bonds/Series 1 Bonds and any other amount payable by the Issuer under the Programme Trust Deed/Series Trust Deed.

2. DOCUMENTS

The following documents have been considered by the Directors in connection with the Programme:

- 2.1. The draft Programme Trust Deed.
- 2.2. The draft Series Trust Deed.
- 2.3. The draft Vesting Agreement.
- 2.4. The draft Series 1 Bonds Account Bank Agreement.
- 2.5. The draft Prospectus.
- 2.6. The draft Pricing Supplement.
- 2.7. The draft Deed of Guarantee.
- 2.8. The draft Project Account Bank Agreement.
- 2.9. The draft Sponsor Support and Assurance Deed.
- 2.10. The draft Recourse Deed.
- 2.11. The draft Deed of Undertaking.

The documents set out in paragraphs 2.1 to 2.11 are together referred to as the "Transaction Documents".

3. RESOLUTIONS

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

- 3.1. the Company be and is hereby authorised to establish the Programme and issue the Bonds/Series 1 Bonds to the public, through the issuer, in the manner contemplated above, in such tranches, series or proportions, and on such terms and conditions as the Board of Directors of the Company may deem fit, subject to obtaining the approval of relevant regulatory authorities;
- 3.2. the terms of, and the transactions contemplated by, each of the Transaction Documents and any other ancillary agreements contemplated by each of the Transaction Documents to which the Company is a party (together with any variation or amendment of such document approved by the Authorised Signatories (as defined below) subsequent to the date of these resolutions) be and are hereby approved by the Company;
- 3.3. any of Dinesh Rathi and Ashish Khemka (each an "Authorized Signatory"), be and is hereby authorised to negotiate, finalize, execute, sign and deliver on behalf of the Company, all

LAKE INVESTMENTS

The address Block 10/10A, 10/11, 10/12, 10/13, 10/14

Registered address: 5th Floor, Block A, World Office

Sector 10, Aerodrome Complex, Vasant Vihar, New Delhi

LAKE INVESTMENTS PRIVATE LIMITED

www.laxmibonds.com

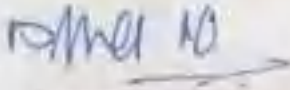
agreements, notices or other documents (together with such amendments) that are required, necessary and advisable in order to facilitate the consummation and enforceability of the transactions contemplated thereby;

- 3.4. the Authorized Signatories be and are hereby authorized to, (a) appoint financial, legal and other professional and/or other advisers; in each case, as necessary to give effect to the above resolution and (b) sign and/or dispatch all documents and notices, required to be signed and/or to be dispatched by the Company in furtherance of the above resolutions; and
- 3.5. the Authorized Signatories be and are hereby authorized to take any other actions, in connection with the Programme and all transactions connected therewith as the Authorized Signatories consider to be necessary and advisable in order to consummate the issuance of the Bonds/Series 1 Bonds under the Programme and the transactions contemplated under the Transaction Documents.

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

BY ORDER OF THE BOARD

Dated the 1st day of June 2023



Dinesh Rathi
Director



GFS Corporate Services Limited
Company Secretary

www.laxmibonds.com

Registered Office: 4th Floor, 101, Park Road, Sector 17, Gurgaon, Haryana

Registered Office: 4th Floor, 101, Park Road, Sector 17, Gurgaon, Haryana

Directors: Dr. Anil Kumar Sharma, Anand Kumar Sharma

Company Secretary: Anand Kumar Sharma

FORM OF PRICING SUPPLEMENT

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



LFZC FUNDING SPV PLC

RC 1786520

OFFER FOR SUBSCRIPTION [(BY WAY OF BOOK BUILDING)]

OF ₦[.]

**[.] YEAR [.] % SERIES [.] SENIOR GUARANTEED FIXED RATE BONDS DUE 2041
UNDER THE ₦50,000,000,000 LFZC FUNDING SPV PLC BOND ISSUANCE PROGRAMME**

BOOKBUILDING OPENS: [.]

BOOKBUILDING CLOSES: [.]

This Pricing Supplement is prepared for the purpose of Rule 279(3) (6) & (7) of the Rules and Regulation of the Securities and Exchange Commission (the "Commission" or "SEC") in connection with the ₦50,000,000,000.00 Bond Issuance Programme established by LFZC Funding SPV 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 to 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 as amended and / or supplemented from time to time. Offer is valid for High Net-worth Individuals and Qualified Institutional Investors. **Risks related to this offer can be found on page [.] of the Shelf Prospectus.** This Pricing Supplement has been delivered to the Commission to be registered and made available for download on the respective websites of the Commission (<http://sec.gov.ng>) and the Co-Obligor (<https://lagosfreezone.com/>), throughout its validity period. Copies of this Pricing Supplement may also be obtained free of charge from the offices of the Issuer and 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 [.] Bonds" or "Bonds"). The Bonds now being issued will upon admission to an exchange qualify as a security in which Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria, 2004. The Bonds also qualify as a security under Section 20(1)(g) of the Personal Income Tax Act, 1993 (as amended) as well as Section (19)(2) of the Companies Income Tax Act, 1997 (as amended).

The Directors of the Issuer collectively and individually accept 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 (having made all reasonable enquiry), 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.

This Pricing Supplement is dated [.]

FORM OF PRICING SUPPLEMENT

Final terms of the Series [●] Bonds

1. Issuer: LFZC Funding SPV PLC
2. Co-Obligor: Lagos Free Zone Company
3. Description of the Bond: [●]
4. Series Number: [●]
5. Specified Currency: [●]
6. Aggregate Nominal: ₦[●]
7. Issue Price: [●]
8. Gross proceeds: ₦[●]
9. Net proceeds: ₦[●]
10. Denominations: [●]
11. Minimum Acceptable Subscription: [●]
12. Issue Date: [●]
13. Coupon Commencement Date: [Coupon shall accrue from the allotment date]
14. Tenor: [●]
15. Maturity Date: [●]
16. Principal Moratorium: [●]
17. Coupon Basis: [●]
18. Coupon Rate: [●]% p.a
19. Source of Repayment: [●]
20. Redemption/Payment Basis: [●]
21. Status: [●]
22. Guarantor: [●]
23. Guarantee: [●]
24. Listing(s): [●]
25. **Use of proceeds**
[Insert details of use of proceeds]
26. Offer Period: [●] – [●]

FORM OF PRICING SUPPLEMENT

Provisions relating to coupon (if any) payable

27. Fixed Rate Bond Provisions:

- i. Coupon Payment Date(s)/Payment Dates: [●]
- ii. Coupon Amount(s): [●]
- iii. Day Count Fraction: [●]
- iv. Business Day Convention: [Modified Following: Where a Coupon Payment Date falls on a non-Business Day, such payment shall be postponed to the next day which is a Business Day provided that if such a Business Day falls into the next calendar month, such Coupon Payment Date shall be brought forward to the immediately preceding Business Day]
- v. Business Day: [Any day (other than a Saturday, Sunday or a Federal Government of Nigeria declared public holiday) on which commercial banks are open for general business in Lagos, Nigeria]
- vi. Other terms relating to method of calculating Coupon for Fixed Rate Bonds: [●]

General provisions applicable to the Bonds

- 28. Form of Bonds: Dematerialised
 - i) Form of Dematerialised Bonds: [Registered / Certificate / Dematerialised]
 - ii) Registrar: [●]
- 29. Trustee: [●]
- 30. Record Date: [●]
- 31. Other terms or special conditions: [●]

Distribution, clearing and settlement provisions

- 32. Issuing Houses: [●]
- 33. Method of Distribution: [●]
- 34. Underwriting: [●]
- 35. Clearing System: Central Securities Clearing System PLC

FORM OF PRICING SUPPLEMENT

36. Rating:
- i) Co-Obligor: [●]
 - ii) Issue: [●]

An issue rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

37. Terms of Settlement [●]

Provisions regarding redemption / Maturity

38. Redemption at the Option of the Issuer (Call Option): [Applicable / Not Applicable]

If applicable:

- (i) Optional Redemption Date(s) (Call) [[●] / Not Applicable]
- (ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s) [[●] / Not Applicable]
- (iii) Minimum period of notice (if different from Condition 7.2 of the Final Terms (*Early Redemption at the option of the Issuer (Call Option)*)) [[●] / Not Applicable]
- (iv) If redeemable in part: [[●] / Not Applicable]
 - (A) Minimum Redemption Amount(s) [●]
 - (B) Higher Redemption Amount(s) [●]
- (v) Other terms applicable on Redemption [[●] / Not Applicable]

General

39. Total Bonds in Issue (excluding current issue): [●]
40. Taxation: See "Taxation" on page [●] of the Shelf Prospectus dated [●] 2021
41. Risk Factors: See Risk Factors on page [●] – [●] of the Shelf Prospectus dated [●] 2021

FORM OF PRICING SUPPLEMENT

42. Governing Law: The Bonds will be governed by and construed in accordance with the laws of the Federal Republic of Nigeria
43. Board approval for issuance of Bonds obtained [●]
44. Selling restrictions: Strictly to Qualified Institutional Investors and High Net worth Individuals as stipulated by Rule 321 of the SEC Rules and Regulations
45. Details of Indebtedness: As at [●], total indebtedness of the Issuer stood at ₦[●]
46. Claims and Litigation: As at December [●], the Co-obligor in the ordinary course of business is presently involved in 5 litigation proceedings. The details of the total amounts claimed in the cases instituted against the Company can be found on pages [●] - [●] of this Prospect.
47. Other disclosures: Save as disclosed in the Prospectus, there has been no change to the material contracts of the Issuer.
- There have been no merger / take-over offers by third parties in respect of the Issuer's securities; or merger / take-over offers by the Issuer in respect of another company's securities
- Extracts of the resolution can be inspected at the offices of the Issuer and Issuing houses]

Material adverse change statement

Except as disclosed in this document and in the Shelf Prospectus dated [●], there has been no significant change in the financial or trading position of the Issuer since [●] and no material adverse change in the financial position or prospects of the Issuer since [●].