

This document is important and should be read carefully. If you are in any doubt about its contents or the action to take, please consult your banker, stockbroker, accountant, solicitor or any other professional adviser immediately. Investing in this offer involves risks. For information concerning certain risk factors which should be considered by prospective investors, see "risk factors" on pages 120 to 124 of the Shelf Prospectus.

The Investment and Securities Act (the "ISA" or the "Act") No. 29, 2007 provides for civil and criminal liabilities for the issue of a prospectus, which contains false or misleading information. The registration of this Pricing Supplement and the Securities, which it offers, does not relieve the parties of any liability arising under the Act for false or misleading statements or for any omission of a material fact in this Pricing Supplement. Investors are advised to note that liability for false or misleading statements or acts made in connection with the Prospectus is provided in Sections 85 and 86 of the ISA.

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



AXXELA FUNDING 1 PLC

RC: 1517428

**Offer for Subscription
(By way of Book Building)
of**

**₦16,400,000,000 Series I: 10 Year 21% Fixed Rate Bonds due 2034
(being offered to Qualified Institutional Investors and High Net Worth Individuals)**

Under the ₦50,000,000,000 Multi-Instrument Issuance Programme

**Book Building Opens: 5 March 2024
Book Building Closes: 15 March 2024**

This Pricing Supplement has been prepared pursuant to Rules 279, 280, and 321 of the Rules and Regulations of the Securities & Exchange Commission ("the Commission" or "the SEC"), 2013 (as amended) and the listing requirements of the FMDQ Securities Exchange Limited ("FMDQ") in connection with the issuance of ₦16,400,000,000 Bonds under the ₦50,000,000,000.00 Multi-Instrument Issuance Programme established by Axxela Funding SPV 1 Plc ("the Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the Shelf Prospectus dated the [.] and any other supplements to the Shelf Prospectus as may be issued by the Issuer. Terms defined in the Shelf Prospectus have the same meaning when used in this Pricing Supplement. A copy of this Pricing Supplement has been delivered to the Commission for registration.

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. The Pricing Supplement is made available for download on the respective websites of the Commission (<http://sec.gov.ng>) and the Sponsor (<https://axxelagroup.com/>), throughout its validity period. Copies of the Shelf Prospectus can 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 I Bonds" or "Bonds"). An application will be made to FMDQ Exchange for the admission of the Series I Bonds to the Daily Quotations List. The Bonds now being issued will upon admission to an Exchange qualify as security in which Trustees may invest under the Trustee Investments Act (Cap T22) Laws of the Federation of Nigeria ("LFN"), 2004 (the "Trustee Investment Act"). 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, 1977 (as amended). Investors are advised to also note that liability for false or misleading statements or acts made in connection with the prospectus is provided in sections 85 and 86 of the ISA 2007.

The Issuer and 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. 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 and the securities which it offers have been registered with the Commission. The Investments and Securities Act ("ISA") provides for criminal and civil liabilities for the issue of a prospectus which contains false or misleading information. The registration of this Pricing Supplement and the securities which it offers does not relieve the parties of any liabilities for false or misleading statements or for any omission of a material fact in this Pricing Supplement. Investors are advised to note that liability for false or misleading statements or acts made in connection with the Pricing Supplement is provided in sections 85 and 86 of the ISA.

LEAD ISSUING HOUSE/ BOOK RUNNER

Stanbic IBTC Capital Limited



Stanbic IBTC
Capital

RC 1031358

JOINT ISSUING HOUSE/ BOOK RUNNERS

Chapel Hill Denham Advisory Limited



CHAPEL HILL DENHAM

RC 1381308

**Afrinvest Capital
Limited**



RC 1706693

**FBNQuest Merchant
Bank Limited**



RC 264978

**FCMB Capital
Markets Limited**



RC 446561

**Rand Merchant Bank
Nigeria Limited**



RC 1031371

United Capital Plc



RC 444999

**Vetiva Advisory
Services Limited**



RC 1804609

www.axxelagroup.com

This pricing supplement is dated the 12th day of April 2024

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KEY TERMS AND ABBREVIATIONS

| | |
|------------------------------------|--|
| “Account Bank” | Ecobank Nigeria Limited |
| “Agusto & Co” | Agusto & Co Limited |
| “Allotment Date” | The date on which Bonds are allotted to Successful Bidders |
| “Allotment” | The issue of Bonds to Successful Bidders pursuant to this Pricing Supplement |
| “Auditors” | Ernst & Young Nigeria, or any other appointed auditor |
| “Axxela” or “Company” or “Sponsor” | Axxela Limited |
| “Axxela Funding” or “Issuer” | Axxela Funding 1 Plc |
| “Bidder” | Any Qualified Investor, as defined by SEC Rules, who makes a bid pursuant to the terms of this Pricing Supplement |
| “Board” or “Directors” | Board of Directors of Axxela Funding |
| “Bonds” or “Series 1 Bonds” | The Series I Bonds being issued in accordance with the terms of the Shelf Prospectus and this Pricing Supplement |
| “Bond Maturity Date” | The date on which the final payment(s) on a Bond is due to Bondholders as specified in this Pricing Supplement |
| “Bondholder(s)” | Any registered owner or beneficial owner of Bonds to be issued under the Programme |
| “Bond Trustee” | ARM Trustees Limited, STL Trustees Limited or any successor trustee acting on behalf of the Bondholders that may be appointed by the Issuer from time to time, acting in respect of the Bonds and the Notes |
| “Book” | The "book" is the off-market collation of investor demand by the Book Runner and is confidential to the Book Runner and Issuer |
| “Book Building” | A process of price and demand discovery through which a Book Runner seeks to determine the price at which securities should be issued, based on the demand from Qualified Institutional Investors and High Net-Worth Investors |
| “Book Runner(s)” | The Issuing House(s) duly appointed by the Issuer to manage the order book in respect of the Bonds being offered by way of Book Building |
| “Business Day” | Any day(s) except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Lagos, Nigeria |
| “CAC” | Corporate Affairs Commission |

| | |
|--|--|
| “Chapel Hill Denham” | Chapel Hill Denham Advisory Limited |
| “CITA” | Companies Income Tax Act Cap C21, LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007) and the Finance Acts, 2019, 2020, 2021, 2022 and 2023)) |
| “Conditions” or ‘Terms and Conditions” | The terms and conditions pursuant to which the Bonds will be issued from time to time and includes the information set out in the section “Terms and Conditions of the Bonds” in the Shelf Prospectus; the “Summary of the Offer” in this Pricing Supplement; the information in the Programme Trust Deed, and the Series 1 Trust Deed |
| “Co-Obligors” | Axxela Limited, Gaslink Nigeria Limited, or as may be supplemented or replaced from time to time in accordance with the Trust Deeds |
| “Coupon” | The interest payable to Bondholders as specified in this Pricing Supplement |
| “Coupon Commencement Date” | The date on which the Coupons on each Bond start accruing to Bondholders as specified in this Pricing Supplement |
| “Coupon Payment Date” | The date on which the Coupons are payable to the Bondholders as specified in this Pricing Supplement |
| “Central Securities Depository” or “CSD” | Central Securities Clearing Systems Plc, FMDQ Depository Limited or any other SEC recognized Central Securities Depository |
| “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 FMDQ Securities Exchange Limited, published daily, detailing price movements and information on all securities quoted on the FMDQ Securities Exchange Limited platform |
| “Events of Default” | All such events of default as are defined under the Programme Trust Deed and as stated in the Series 1 Trust Deed |
| “Exchanges” | Nigeria Exchange Limited, FMDQ Securities Exchange Limited, and any other SEC-approved securities exchanges that the Issuer elects to list the Bonds |
| “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, which will not change during the tenor of the Bonds |
| “Final Terms” | Means the final terms applicable to this Series |
| “FMDQ” | FMDQ Securities Exchange Limited |

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|---------------------------------------|---|
| “Gaslink” or “GNL” | Gaslink Nigeria Limited, a subsidiary of Axxela |
| “GCR” | Global Credit Ratings Company Limited |
| “High Net-Worth Investors or “HNI” | As defined in the SEC Rules 321 |
| “Instruments” | The registered debt securities issued under the Programme including but not limited to Bonds, Green Bonds, Sustainability Linked Bonds, Transition Bonds, Fixed Rate Bonds, Floating Rate Bonds, Zero Coupon Bonds and other non-interest bearing securities including Sukuk, Floating Rate Sukuk, Fixed Rate Sukuk, and any combinations thereof (as applicable, where possible) or any other type of instruments or securities that will be issued by the Issuer from time to time in accordance with the terms of this Shelf Prospectus and any applicable Pricing Supplement / Supplementary Prospectus, with the maximum aggregate principal amount not exceeding N 50,000,000,000. |
| “ISA” | Investments and Securities Act (No 29 of 2007), as may be amended |
| “Issue Date” | The date on which the Series 1 Bonds is issued, as specified in this Pricing Supplement |
| “Issue Price” | The price at which the Series I Bond are issued as specified in this Pricing Supplement |
| “Issuing Houses” | Stanbic IBTC Capital Limited, Chapel Hill Denham Advisory Limited, Afrinvest Capital Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, Rand Merchant Bank Nigeria Limited, United Capital PLC and Vetiva Advisory Services Limited; |
| “Lead Issuing House” | Stanbic IBTC Capital Limited |
| “LFN” | Laws of the Federation of Nigeria 2004 |
| “Master Notes Subscription Agreement” | Means the agreement dated on or about the date of the Prospectus and made between the Issuer, the Note Issuers, and the Bond Trustee in relation to the Notes |
| “Minimum Reserve Account” | Means an account established by the Issuer with the Account Bank in the name of and under the exclusive control of the Bond Trustees and applied for the purpose of supplementing the Payment Account, if necessary, to make the next scheduled Coupon payment |
| Minimum Required Balance | Means such amounts as are required to ensure that the amount standing to the credit of the Minimum Reserve Account during the two (2)-year moratorium period is not less than the aggregate Coupon due on the Series I Bonds over a six (6) months period |

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| “Multi-Instrument Issuance Programme” or the “Programme” | The N 50,000,000,000 Multi-Instrument Issuance Programme being undertaken by the Issuer as described in the Shelf Prospectus, pursuant to which the Company may issue series and/or tranches of Instruments from time to time, provided however that the aggregate value does not exceed N 50,000,000,000 |
| “Nigeria” | The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly |
| “Note Issuers” | Means Axxela Limited, Gaslink Nigeria Limited, and Transit Gas Nigeria Limited which provides security and/or undertaking, accedes to a deed of accession in the form provided in Schedule [4] of the Master Notes Subscription Agreement and is entitled to issue Notes in accordance with the Master Notes Subscription Agreement |
| “Note(s)” | The notes to be issued by each Note Issuer to Axxela Funding, which shall collectively not exceed the total value of Bonds permitted to be issued under the Bond Issuance Programme |
| “Payment Account” | The account established by the Issuer for purposes of servicing the Bond repayment obligations under the Programme; which shall be administered by the Bond Trustee(s) and from which the Trustee shall make payments to Bondholders of Coupon and Principal Amount at the times and in such amounts as are specified in the repayment schedule set out in this Pricing Supplement |
| “Payment Date” | The date on which instalment repayment of the principal amount is made as specified in this Pricing Supplement |
| “PITA” | Personal Income Tax Act Cap, P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011 and the Finance Acts, 2019, 2020, 2021, 2022 and 2023) |
| “Pricing Supplement” | This document, with respect to the Bonds to be issued, pursuant to the Shelf Prospectus which provides final terms and conditions of a specific Series or Tranche of Bonds under the Programme and read in conjunction with the Shelf Prospectus |
| “Programme Trust Deed” | The Trust Deed between the Issuer, the Co-obligors and the Bond Trustee(s) dated on or about the date of the Shelf Prospectus as may be amended, supplemented or restated from time to time |
| “Qualified Institutional Investor” | As defined in the 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 PE funds and Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, and Stock Broking Firms |
| “Qualified Investors” | Qualified Institutional Investors and High Net-Worth Investors |

| | |
|------------------------------------|--|
| “Register” | The record maintained by the Registrar detailing the particulars of Bondholders, respective Bonds held by each Bondholder and the particulars, transfers and redemption of Bonds held by each Bondholder |
| “Registrar” | Any SEC licensed registrar company appointed by the Issuer and specified in this Pricing Supplement |
| “SEC” or “The Commission” | Securities and Exchange Commission, Nigeria |
| “SEC Rules” | The Rules and Regulations of the Securities and Exchange Commission issued pursuant to the ISA |
| “Series” | <p>A Tranche of Bonds together with any further Tranche(s) of Bonds which are:</p> <ul style="list-style-type: none"> - expressed to be consolidated and form a single series; and - are identical in all respects except for their respective Issue Dates, Coupon Payment Dates and/or Issue Prices |
| “Series I Trust Deed” | The Deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer, the Co-Obligors and the Bond Trustee and empowering the Bond Trustee to act on behalf of Bondholders, and hold, manage and administer applicable assets in relation to the issuance of the Series I Bonds |
| “Shelf Prospectus” or “Prospectus” | The document issued in accordance with the SEC Rules, which details the aggregate size and broad terms and conditions of the Programme |
| “SPV” | Axxela Funding 1 PLC |
| “Stanbic IBTC Capital” | Stanbic IBTC Capital Limited |
| “Successful Bidder” | Bidders who are allocated a part or the whole of their bid following the Book Building |
| “Tranche” | Bonds which are identical in all respects (including as to listing) |
| “Transaction Documents” | The Shelf Prospectus, Series 1 Pricing Supplement, Programme Trust Deed, Series I Trust Deed and all documents issued in respect of the Series I Bond issuance |
| “Transit Gas” | Transit Gas Nigeria Limited, a subsidiary of Axxela |
| “Trust Deeds” | The Programme Trust Deed and Series I Trust Deed |
| “Validity Period” | A period expiring three (3) years from the date of SEC approval of the Shelf Prospectus |
| “VAT” | Value Added Tax as provided for in the Value Added Tax Act, Chapter V1, LFN 2004 (as amended by Value Added Tax |

(Amendment) Act No. 12 of 2007 and the Finance Acts of, 2019, 2020, 2021 and any subsequent amendment or enactment)

“WHT”

Withholding Tax as provided for in section 78(2) of CITA

PARTIES TO THE OFFER

ISSUER AND SPONSOR

The Issuer

Axxela Funding 1 Plc

The Wings Office Complex, East Tower
17A, Ozumba Mbadiwe Avenue
Victoria Island, Lagos

Email: enquiries@axxelagroup.com

Website: <https://axxelagroup.com/>

Tel: +234 1 27000035

Issuer's Board of Directors

Mr. Lazarus Angbazo
(Chairman)

Mr. Mobolaji Osunsanya
(Chief Executive Officer)

Mr. Ogbemi Ofuya
(Director)

Mr. Jeremy Bending
(Director)

Ms. Kaat Van Hecke
(Director)

Issuer's Company Secretary
Mr. Tuoyo Ejueyitchie

Tuoyo Ejueyitchie
TUOYO EJUEYITCHIE

The Sponsor

Axxela Limited

The Wings Office Complex, East Tower
17A, Ozumba Mbadiwe Avenue
Victoria Island, Lagos

Sponsor's Board of Directors

Mr. Boye Olusanya
(Chairman)

Mr. Mobolaji Osunsanya
(Chief Executive Officer)

Mr. Jeremy Bending
(Director)

Ms. Kaat Van Hecke
(Director)

Mr. Nitin Kaul
(Director)

Mr. Lazarus Angbazo
(Director)

Mr. Ogbemi Ofuya
(Director)

Mr. Satoshi Awaya
(Director)

Sponsor's Company Secretary
Mr. Tuoyo Ejueyitchie

Tuoyo Ejueyitchie
TUOYO EJUEYITCHIE

PARTIES TO THE OFFER

PROFESSIONAL PARTIES TO THE ISSUE

Issuing Houses:

Stanbic IBTC Capital Limited

Stanbic IBTC Towers, Walter Carrington Crescent
Victoria Island
Lagos

Chapel Hill Denham Advisory Limited

10 Bankole Oki Street
Ikoyi
Lagos

Afrinvest Capital Limited

27 Gerrard Road
Ikoyi
Lagos

FBNQuest Merchant Bank Limited

2 Broad Street,
Lagos Island
Lagos

FCMB Capital Markets Limited

First City Plaza (6th Floor)
44 Marina
Lagos

Rand Merchant Bank Nigeria Limited

3rd Floor, Wings East Tower,
17A Ozumba Mbadiwe Street
Victoria Island
Lagos

United Capital PLC

266B Kofo Abayomi Street
Victoria Island
Lagos

Vetiva Advisory Services Limited

266B Kofo Abayomi St,
Victoria Island,
Lagos

Solicitors to the Issuer:

The New Practice (TNP)

49 Raymond Njoku Street
Ikoyi
Lagos

Solicitors to the Offer:

Aluko & Oyebo

1 Murtala Muhammed Drive
Ikoyi
Lagos

Auditors:

Ernst & Young

10th Floor, UBA House
57 Marina Rd
Lagos

Reporting Accountant:

Pricewaterhouse Coopers

5B Water Corporation Road
Landmark Towers
Victoria Island
Lagos

Ratings Agencies:

Agusto & Co Limited

5th Floor, UBA House
57 Marina
Lagos

Global Credit Rating Co. Limited

11th Floor, New Africa House
31 Marina
Lagos

Bond Trustees:

ARM Trustees Limited

1, Mekunwen Road
Off Oyinkan Abayomi Drive
Ikoyi
Lagos

STL Trustees Limited

183, Moshood Olugbani Street
Victoria Island
Lagos

Receiving Banks:

Ecobank Nigeria PLC

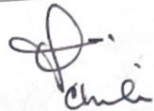
270 Ozumba Mbadiwe Avenue
Victoria Island
Lagos

Stanbic IBTC Bank Limited

Stanbic IBTC Towers, Walter Carrington Crescent
Victoria Island
Lagos

PARTIES TO THE OFFER

Registrar:
Greenwich Registrars & Data Solutions Limited
274 Murtala Muhammed Way
Yaba
Lagos
Email: info@gtlregistrars.com
Website: <https://www.gtlregistrars.com/>
Tel: +234-(0)1-01-2793160-2



Oligeli Chike-Jeghem

SUMMARY OF THE OFFER

The following are the final terms of the Series I Bonds that are the subject of this Pricing Supplement. These terms and conditions are only applicable to this Issue.

1. Issuer: Axxela Funding 1 Plc
2. Sponsor: Axxela Limited
3. Co-Obligors: Axxela Limited and Gaslink Nigeria Limited
4. Note Issuers: Axxela Limited, Gaslink Nigeria Limited and Transit Gas Nigeria Limited
5. Description: 10 Year 21% Senior Unsecured Fixed Rate Bonds due 2034
6. Series Number: I
7. Aggregate Nominal Amount: ₦16,400,000,000.00
8. (i) Issue Price: At par, i.e., ₦ 1,000 (One Thousand Naira) per unit
(ii) Coupon Rate: 21% per annum
(iii) Coupon Basis: Fixed Rate
9. (i) Gross Proceeds: ₦16,400,000,000.00
(ii) Net Proceeds: ₦16,105,944,250.00
10. Denomination: The Series I Bonds will be issued in denominations of ₦1,000 (One Thousand Naira) and integral multiples of ₦1,000 in excess thereof, subject to the Minimum Acceptable Subscription
11. Minimum Acceptable Subscription: ₦1,000,000 (i.e 1,000 units at ₦1,000 per unit) and multiples of ₦1,000 (1 unit) thereafter. Bids below the Minimum Acceptable Subscription will be disregarded unless they form part of a cumulative bid from the same institutional investor that is greater than the Minimum Acceptable Subscription. Final allotment to respective bidders may be less than the Minimum Acceptable Subscription if bids must be pro-rated for any reason
12. (i) Issue Date: 12 April 2024
(ii) Coupon Commencement Date: 12 April 2024
13. Tenor: 10 years
14. Maturity Date: 12 April 2034
15. Source of Repayment: The Issuer shall pay, and the Co-Obligors shall procure the payment of the coupon and repay the principal amount outstanding from the cash flows of the Note Issuers.

The Issuer and the Co-obligor shall maintain the Minimum Reserve Account in the name and under the control of the Bond Trustee. The Minimum Reserve Account shall be funded by the Co-Obligors with the Minimum Required Balance immediately upon receipt of the proceeds of the Series 1 Bonds, in line with terms stipulated in the Series I Trust Deed

SUMMARY OF THE OFFER

16. Redemption/Payment Basis: Amortising following 24 months moratorium on principal repayment
17. Principal Moratorium 24 months from the Issue Date
18. Status of the Bond: The Series I Bonds will constitute senior, unsecured, and unconditional obligations of the Issuer and Co-Obligors and shall at all times rank *pari passu* and rateably without any preference to one obligation above the other by reason of priority of issue, currency of payment or otherwise with all other senior unsecured and subordinated obligations of the Co-Obligors, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment.
- The Bonds qualify as securities in which trustees, insurance companies, and pension fund administrators may invest under the Trustee Investment Act, the Insurance Act, 2003, and the Pension Reform Act, 2014 respectively.
19. Listing: An application will be made to list the bonds on the FMDQ Securities Exchange Limited and/or Nigeria Exchange Limited
20. Use of Proceeds: The estimated net issue proceeds of the Series I Bonds, which is ₦16,105,944,250 after deducting issue costs (including VAT) of ₦294,055,750 representing 1.79% of the issue, shall be applied as follows:

| Activity/Project | Beneficiary | Amount ('Nm) | % of Proceeds | Completion Timeline |
|--|-----------------------------|---------------|---------------|-------------------------|
| Sagamu Pipeline Construction | Transit Gas Nigeria Limited | 2,751 | 16.8% | 12 months |
| Sagamu Phase 2E (Electro-Pro) | | 2,751 | | |
| Construction of Backbone Gas Pipeline | Gaslink Nigeria Limited | 4,140 | 25.2% | 12 months |
| VI- Lekki Backbone Project- Phases 1-4 | | | | |
| Construction of Transmission Pipeline System | Gaslink Nigeria Limited | 5,900 | 36.0% | 12 months |
| Ibafo Lagos Industrial Area | | | | |
| Oil Pipeline Licence Renewal | Gaslink Nigeria Limited | 213 | 1.3% | 12 months |
| Connection of Customer Spurlines | Gaslink Nigeria Limited | 688 | 4.2% | 12 months |
| Replacement of Pressure Regulation and Metering Station (PRMS) | Gaslink Nigeria Limited | 135 | 0.8% | 12 months |
| Construction of pipeline Mile 2 to Trade Fair (Greater Lagos 5 Phase 1) | Gaslink Nigeria Limited | 104 | 0.6% | 12 months |
| Installation of Microturbine | Gaslink Nigeria Limited | 165 | 1.0% | 12 months |
| Installation of Gas Scrubber for Lagos Industrial Area City Gate | Gaslink Nigeria Limited | 221 | 1.4% | 12 months |
| Engineering, Procurement, Construction and Installation of Water Bath Gas Heater | Gaslink Nigeria Limited | 63 | 0.4% | 12 months |
| Transaction Expenses | Axxela Funding 1 Plc | 294 | 1.8% | Immediately after issue |
| Minimum Reserve Account | Axxela Funding 1 Plc | 1,727 | 10.5% | Immediately after issue |
| Total | | 16,400 | 100.0% | |

21. Bookbuild Period

5 March 2024 - 15 March 2024

SUMMARY OF THE OFFER

22. Event of Default
- Any of the conditions, events or acts provided in Clause 10 (Events of Default) of the Series Trust Deed to be events upon the happening of which the Series I Bonds is repayable on demand once the Bond Trustee demands the repayment.

Provisions relating to coupon (if any) payable

23. Fixed Rate Bond Provisions
- (i) Coupon Rate: 21% per annum
- (ii) Coupon Payment Dates: 12 April and 12 October (Semi-annual) each year from the Issue Date up to and including the Maturity Date
- (iii) Coupon Amount(s)/Payment Amount(s): Please refer to the Interest and Principal Amortization Payment Schedule on page 45
- (iv) Business Day Convention: Modified Following: Where a 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 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) Day Count Fraction: Actual/365 (actual number of days in a month / 365 days in the year)
- (vii) Other terms relating to method of calculating interest for Fixed Rate Bonds: Not Applicable

Provisions relating to redemption

24. Optional Early Redemption (Call Option):
- The Bonds may be redeemed at the option of the Issuer in whole on any Scheduled Redemption Date at the relevant Optional Redemption Amount by the Issuer giving no less than 20 days' notice to the Bondholders

25. Scheduled Redemption Dates and Optional Redemption Amounts:

| Period | Date | Price |
|-------------|--|----------------------|
| Year 5 - 6 | 9th Payment Date to 12th Payment Date, both dates inclusive | 101.00% of par value |
| Year 7 - 8 | 13th Payment Date to 16th Payment Date, both dates inclusive | 100.50% of par value |
| Year 9 - 10 | 17th Payment Date to 20th Payment Date, both dates inclusive | 100.00% of par value |

26. Optional Early Redemption (Put Option): Not applicable
27. Final Redemption Amount: Any portion of the Bond not redeemed under the provisions of the Optional Early Redemption will be redeemed at ₦1,000

General provisions applicable to the bonds

SUMMARY OF THE OFFER

28. Form of Bonds: Dematerialised
- (i) Coupon Rate: Electronic registration on the Central Securities Clearing System PLC and / or FMDQ Depository Limited platforms or any SEC recognised Depository
- (ii) Registrar: Greenwich Registrars & Data Solutions Limited
29. Trustees: ARM Trustees Limited
STL Trustees Limited
30. Record Date: No Bondholder may require the Registrar to register any transfer of a Bond on any date within 10 (ten) Business Days of the due date for any payment of principal or Coupon on the Bond
31. Other terms or special conditions: Not applicable

Distribution, clearing and settlement provisions

32. Issuing Houses: Stanbic IBTC Capital Limited (Lead Issuing House);
Chapel Hill Denham Advisory Limited, Afrinvest Capital Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, Rand Merchant Bank Nigeria Limited, United Capital PLC and Vetiva Advisory Services Limited (Joint Issuing Houses);
33. Method of Distribution: Book Building to Qualified Institutional Investors and High Net Worth Individuals as defined in the SEC Rules
34. Underwriting: Not applicable
35. Bond Settlement: Bond purchases will be settled by electronic funds transfers through either CBN Inter-Bank Funds Transfer System ("CIBFTS"), National Electronic Funds Transfer ("NEFT") or Real Time Gross Settlement ("RTGS")
36. Clearing System: FMDQ Depository Limited or any Depository registered or recognised by the SEC
37. Rating:
- (i) Sponsor: A- (GCR); A- (Agusto)
- (ii) Issue: A- (GCR); A- (Agusto)
- 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.
38. Terms of Settlement: Kindly refer to Payment Instructions on page 35 of this Pricing Supplement

General

39. Taxation: See "Tax Considerations" on page 37 of the Shelf Prospectus dated 12 April 2024
40. Risk Factors: See Risk Factors on pages 120 to 124 of the Shelf Prospectus dated 12 April 2024
41. Governing Law: The Bonds will be governed by, and construed in accordance with the laws of the Federal Republic of Nigeria

SUMMARY OF THE OFFER

- | | |
|---|---|
| 42. Selling restrictions: | Strictly to Qualified Institutional Investors and High Net worth Individuals as stipulated by the SEC Rules |
| 43. Details of Indebtedness: | <p>As of 30 September 2023, the Issuer's total indebtedness was ₦9,787,982,739.79 (Nine Billion, Seven Hundred and Eighty Seven Million, Nine Hundred and Eighty Two Thousand, Seven Hundred and Thirty Nine Naira and Seventy Nine Kobo)</p> <p>As of 30 September 2023, the Sponsor's total indebtedness was ₦73,069,000,000 (Seventy Three Billion, sixty Nine Billion Naira Only)</p> |
| 44. Authorisation of the Series I Bond issuance: | By resolutions dated 4th day of October 2023, the Board of Directors of Axxela Funding 1 Plc and the Board of Directors of Axxela Limited respectively authorised the issuance of the up to ₦15 billion Bonds |

Material adverse change statement

Except as disclosed in this document and in the Shelf Prospectus dated 12 April 2024, there has been no significant change in the financial or trading position of the Issuer since the date of incorporation and no material adverse change in the financial position or prospects of the Issuer since the date of incorporation.

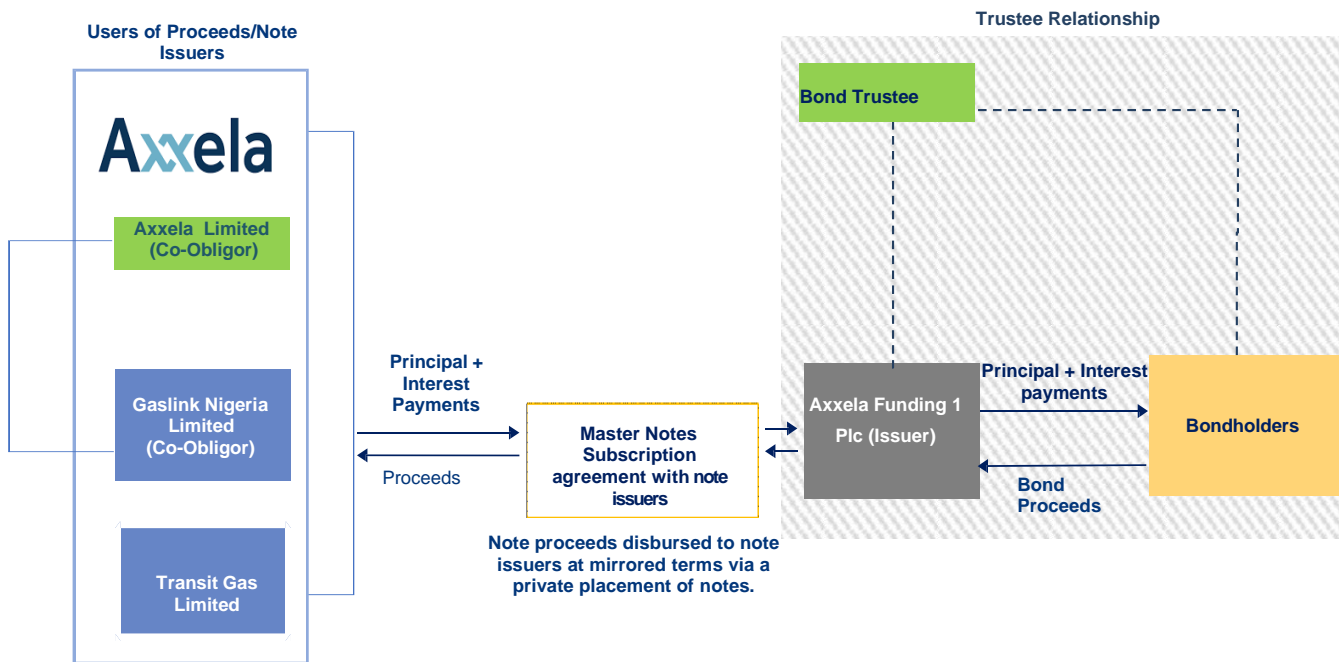
INDICATIVE TRANSACTION TIMELINE

| Date | Activity | Responsibility |
|---------------|---|--|
| 1 March 2024 | Receive SEC approval to commence book building | Lead Issuing House |
| 5 March 2024 | Commence book building | Issuing Houses and Bookrunners |
| 15 March 2024 | Conclude book building | Issuing Houses and Bookrunners |
| 15 March 2024 | Determine Coupon Rate and aggregate Principal Amount of the Series I Bonds to be issued | Issuer, Issuing Houses and Bookrunners |
| 15 March 2024 | Dispatch Allocation Confirmation Notices to Successful Bidders | Issuing Houses and Bookrunners |
| 19 March 2024 | File updated Pricing Supplement and other Issue documents with SEC | Lead Issuing House |
| 12 April 2024 | Hold Signing Ceremony | All Parties |
| 12 April 2024 | Effect payment of Participation Amounts to Receiving Bank | Successful Bidders |
| 15 April 2024 | Remit net Issue proceeds to the Issuer | Lead Issuing House, Receiving Bank |
| 16 April 2024 | File executed Issue documents with SEC | Lead Issuing House |
| 16 April 2024 | File Allotment Proposal with SEC | Lead Issuing House |
| 19 April 2024 | Receive SEC clearance of Allotment | Lead Issuing House |
| 22 April 2024 | Effect Allotment using an approved basis of allotment from SEC | Lead Issuing House |
| 25 April 2024 | Announce Allotment | Lead Issuing House |
| 30 April 2024 | Credit depository accounts of Allottees | Registrar |
| 3 May 2024 | Listing and commencement of trading in the Series I Bonds | Lead Issuing House |
| 08 May 2024 | File post allotment compliance report with SEC | Lead Issuing House |

***NB: These dates are indicative and are subject to change.**

DESCRIPTION OF THE ISSUE

TRANSACTION STRUCTURE DIAGRAM



Key features of the Issuance include:

- Axxela Funding 1 Plc will issue Bonds to Qualified Investors in exchange for cash.
- Axxela Funding 1 Plc will use the net proceeds of the Series I Bonds to purchase the Notes through a private placement programme constituted by the Master Notes Subscription Agreement.
- The repayment obligations on the Bonds will be the joint and several obligations of Axxela Limited and Gaslink Nigeria Limited ("the Co-Obligors") contracting as primary obligors to the Bonds alongside the Issuer under the Trust Deeds.
- The Co-Obligors and / or Note Issuers will pay interest and principal amounts due to Axxela Funding 1 Plc under the Trust Deeds and or a Master Notes Subscription Agreement directly to the Payment Account held by the Bond Trustee to fund full payment by the Issuer of the interest and principal due on the Bonds to Bondholders pursuant to the Trust Deeds.
- The Co-Obligors shall irrevocably and unconditionally guarantee and undertake to act as the primary obligors with respect to the payment and performance of all the obligations under the Notes issued by the Note Issuers provided that the obligation of Transit Gas shall be limited to the payment of principal and interest outstanding on any Note issued by it.

MATERIAL CONTRACTS

The following agreement(s) have been entered into by the Issuer and are considered material to the Issue:

With respect to its ~~N~~50,000,000,000 Bond Issuance Programme registered on 20 May 2020: -

- (i) A Programme Trust Deed dated 20 May 2020 among Axxela Funding 1 PLC, Axxela Limited, Gaslink Nigeria Limited, and ARM Trustees Limited;
- (ii) A Series 1 Trust Deed dated 20 May 2020 among Axxela Funding 1 PLC, Axxela Limited, Gaslink Nigeria Limited, and ARM Trustees Limited;
- (iii) A Series 1 Vending Agreement dated 20 May 2020 among Axxela Funding 1 PLC, Axxela Limited, Stanbic IBTC Capital Limited, Chapel Hill Denham Advisory Limited, Afrinvest Capital Limited, FBNQuest Merchant Bank Limited, Rand Merchant Bank Nigeria Limited, Renaissance Securities (Nigeria) Limited and Vetiva Advisory Services Limited;
- (iv) A Master Notes Subscription Agreement dated 20 May 2020 among Axxela Funding 1 PLC, Axxela Limited, Transit Gas Nigeria Limited, Gaslink Nigeria Limited and ARM Trustees Limited;
- (v) A Deed of Undertaking dated 20 May 2020 made by Axxela Limited Transit Gas Nigeria Limited and Gaslink Nigeria Limited in favour of Axxela Funding 1 PLC and ARM Trustees Limited;
- (vi) Security Deed dated 20 May 2020 between Axxela Limited and STL Trustees Limited;
- (vii) Security Deed dated 20 May 2020 between Gaslink Nigeria Limited and STL Trustees Limited;

With respect to its ~~N~~50 billion Multi-Instrument Issuance Programme registered on 12 April 2024: -

- (viii) A Programme Trust Deed dated 12 April 2024 among Axxela Funding 1 PLC, Axxela Limited, Gaslink Nigeria Limited, ARM Trustees Limited, and STL Trustees Limited;
- (ix) A Series I Trust Deed dated 12 April 2024 among Axxela Funding 1 PLC, Axxela Limited, Gaslink Nigeria Limited, ARM Trustees Limited, and STL Trustees Limited;
- (x) A Series I Vending Agreement dated 12 April 2024 among Axxela Funding 1 PLC, Axxela Limited, Stanbic IBTC Capital Limited, Chapel Hill Denham Advisory Limited, Afrinvest Capital Limited, FBNQuest Merchant Bank Limited, FCMB Capital Markets Limited, Rand Merchant Bank Nigeria Limited, Vetiva Advisory Services Limited and United Capital Plc;
- (xi) A Master Notes Subscription Agreement dated 12 April 2024 among Axxela Funding 1 PLC, Axxela Limited, Transit Gas Nigeria Limited, Gaslink Nigeria Limited, ARM Trustees Limited, and STL Trustees Limited;
- (xii) A Deed of Undertaking dated 12 April 2024 made by Axxela Limited, Gaslink Nigeria Limited and Transit Gas Nigeria Limited in favour of Axxela Funding 1 PLC, ARM Trustees Limited and STL Trustees Limited

Other than as stated above, the Company has not entered into any material contract except in the ordinary course of business.

DOCUMENTS AVAILABLE FOR INSPECTIONS

From the date of issuance of this Shelf Prospectus, copies of the following documents may be inspected at the offices of Stanbic IBTC Capital Limited or Chapel Hill Denham Advisory Limited during normal business hours on any weekday (except public holidays):

- (a) The Certificate of Incorporation of the Company duly certified by the CAC;
- (b) The Memorandum and Articles of Association of the Company duly certified by the CAC;
- (c) The Certified True Copy of the Board Resolution dated October 4th, 2023 approving the Multi-Instrument Issuance Programme;
- (d) The Audited Financial Statements of the Company for each of the five years ended 31 December 2022;
- (e) The Reporting Accountants Report on audited accounts of the Company for historical five years ended 31 December 2022;
- (f) The Shelf Prospectus issued in respect of the Multi-Instrument Issuance Programme;
- (g) The Programme Trust Deed in respect of the Multi-Instrument Issuance Programme;
- (h) The Master Notes Subscription Agreement;
- (i) The Series I Pricing Supplement under this Programme;
- (j) The Series I Trust Deed under this Programme;
- (k) The schedule of claims and litigations and the opinion of the Solicitors to the Issue prepared in connection therewith;
- (l) The material contracts referred to on page 19 above;
- (m) The written consents referred to above;
- (n) The letter from the SEC approval the Issue;

CONSENTS

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

| | |
|--|--|
| Directors of Axxela Funding 1 Plc: | Mr. Lazarus Angbazo Mr. Mobolaji Osunsanya Mr. Ogbemi Ofuya Mr. Jeremy Bending Ms. Kaat Van Hecke |
| Company Secretary of Axxela Funding 1 Plc: | Mr. Tuoyo Ejueyitchie |
| Directors of Axxela Limited: | Mr. Boye Olusanya Mr. Mobolaji Osunsanya Mr. Ogbemi Ofuya Mr. Jeremy Bending Mr. Lazarus Angbazo Ms. Kaat Van Hecke Mr. Nitin Kaul Mr. Satoshi Awaya |
| Company Secretary of Axxela Funding 1 Plc: | Mr. Tuoyo Ejueyitchie |
| Lead Issuing House: | Stanbic IBTC Capital Limited |
| Joint Issuing Houses: | Chapel Hill Denham Advisory Limited Afrinvest Capital Limited FBNQuest Merchant Bank Limited FCMB Capital Markets Limited Rand Merchant Bank Nigeria Limited United Capital Plc Vetiva Advisory Services Limited |
| Solicitors to the Issuer: | The New Practice |
| Solicitors to the Offer: | Aluko & Oyebo |
| Bond Trustees: | ARM Trustees Limited STL Trustees Limited |
| Auditors: | Ernst & Young |
| Reporting Accountant: | PricewaterhouseCoopers |
| Rating Agencies: | Agusto & Co Global Credit Rating Co. (GCR) |
| Receiving Banks: | Ecobank Nigeria Limited Stanbic IBTC Bank Limited |
| Registrars | GTL Registrars and Data Solutions Limited |

APPENDIX I – EXTRACT OF THE BOARD RESOLUTION

At the meeting of the Board of Directors of Axxela Funding 1 Plc duly convened and held at the office of the Company at Wings Office Complex, 17A, Ozumbia Mbadiwe Avenue, Victoria Island, Lagos, on the 4th day of October 2023 at 9.00a.m, the following resolutions were proposed and duly passed:

1. *“That the Company be and is hereby authorised to establish a Multi Instrument Issuance Programme in an aggregate amount not exceeding ~~N~~50,000,000,000.00 (Fifty Billion Naira) for the purpose of issuing bonds, green bonds or other debt instruments by way of a public offering, private placement, book building process or any other methods, in such series, tranches or proportions and on such terms and conditions as may be determined by the management of the Company, subject to obtaining all relevant regulatory approvals;*
2. *That pursuant to the establishment of the Programme, the Company be and is hereby authorised to issue the first series of the Bonds in an amount of up to 15,000,000,000 (Fifteen Billion Naira) under the Programme, on such terms and conditions as may be determined by the Directors subject to obtaining all relevant regulatory approvals. The Company also reserves the right to absorb any surplus amount raised not exceeding 15% of the offer size, subject to the Securities and Exchange Commission Rules;*
3. *That the Company be and is hereby authorized to enter into all such agreements, deeds, notices and other documents, appoint such professional parties and advisers and perform all such other things as may be necessary to give effect to the above resolutions, including without limitation, complying with the directive of any regulatory authority;*
4. *That any two (2) Directors or a Director and the Company Secretary be and are hereby authorised to do all acts and things and to approve and or execute all documents and agreements in connection with the Programme and subsequent tranches, series, or proportions under the Programme;*
5. *That all acts already carried out by the Management in connection with the above, be and are hereby ratified.”*

APPENDIX II – EXTRACT FROM SERIES I TRUST DEED

The information in this section is a summary of the certain provisions of the series 1 trust deed. this summary should be read in conjunction with and is qualified in its entirety by reference to all the provisions of the series 1 trust deed. a copy of the series 1 trust deed is available for inspection at the registered office of the bond trustee.

2. APPOINTMENT OF THE BOND TRUSTEES

- 2.1 Subject to the terms and conditions of this Deed, the Issuer hereby appoints the Bond Trustees to act on behalf of the Bondholders, to hold the benefit of the covenants and other obligations of the Issuer and the Sponsor on behalf of the Bondholders and itself. Any sums received by the Bond Trustees from the Issuer shall be received in trust in accordance with the provisions of this Deed.
- 2.2 By the execution of this Deed, the Bond Trustees have accepted and agreed to enforce the powers and perform the duties and obligations of the Bond Trustees specifically set out in this Deed and generally provided for in the Trustee Investments Act.
- 2.3 The Bond Trustees shall have no duty, responsibility or obligation for the issuance of the Series 1 Bonds or for the validity or exactness of the Bond, or of any documents relating to such issuance.

3. DECLARATION AND DURATION OF TRUST

- 3.1 The Bond Trustees hereby declare themselves trustees for the Bondholders with effect from the date of this Deed to hold the benefit of the Issuer's covenants and other obligations in this Deed in trust for the Bondholders according to their respective interests and subject to the terms of this Deed. The trust created by this Deed shall remain in full force and effect until the later of:
 - 3.1.1 the date on which the Bond Trustees receive an unconditional confirmation in writing from the Registrar that there is no Principal Amount or Coupon outstanding in respect of the Series 1 Bonds; and
 - 3.1.2 the date on which the Issuer receives an unconditional release in writing from the Bond Trustees (for the Issuer and Co-Obligors) from all of their obligations under this Deed or other documents pursuant to this Deed, if any.
- 3.2 For the avoidance of doubt, the Parties to this Deed agree that the common law rules against perpetuities will apply to this Deed and the Deed shall terminate in accordance with Clause 3.1 above.

4. TRUST DEED BINDING ON ALL PARTIES

- 4.1. The provisions of this Deed are binding on the Issuer, the Sponsor, the Co-Obligors, the Bond Trustees and the Bondholders and all persons claiming through them respectively as if such Bondholders and persons claiming through them are parties to this Deed.
- 4.2. Subject to the provisions of this Deed and Section 201 (2) of CAMA, and notwithstanding the powers of the Bond Trustees to seek redress on its behalf, a Bondholder or a person claiming through a Bondholder shall have the right to sue:
 - 4.2.1. the Issuer for the enforcement of any benefit conferred on the Bondholder by virtue of this Deed; and
 - 4.2.2. the Bond Trustees, for any breach of their duties owed to the Bondholders under this Deed.

- 4.3. Unless otherwise expressly stated, all the provisions of the Programme Trust Deed including its schedules shall remain in full force and effect in accordance with their respective terms and shall apply mutatis mutandis to this Deed and the Series 1 Bonds.

5. **ISSUANCE OF THE SERIES 1 BONDS**

- 5.1 The aggregate Principal Amount of the Series 1 Bonds is up to ₦15,000,000,000 (Fifteen Billion Naira) issued at par.
- 5.2 The Series 1 Bonds shall be issued in minimum denominations of means ₦1,000,000 (1,000 units), subject to the Minimum Acceptable Subscription and integral multiples of ₦1,000 (1 unit) thereafter.
- 5.3 The Series 1 Bonds shall have a tenor of ten (10) years.
- 5.4 *Status of the Series 1 Bonds*
- 5.4.1. The Series 1 Bonds constitute direct, unconditional and unsecured obligations of the Issuer and the Co-Obligors and shall at all times rank *pari passu* and rateably without preference among them and at least *pari passu* with all other unsecured claims and obligations of the Issuer and the Co-Obligors.
- 5.4.2. The payment obligations of the Issuer and the Co-Obligors shall at all times rank *pari passu* with all other outstanding unsecured indebtedness and monetary obligations of the Issuer and the Co-Obligors respectively, both present and future, save for such obligations mandatorily preferred by law applying to companies generally.
- 5.4.3. The Series 1 Bonds qualify as securities in which the Bond Trustees, insurance companies, and pension fund administrators may invest under the Trustee Investments Act, the Prudential Guidelines and the Pension Regulations, respectively.
- 5.5 The Series 1 Bonds constituted under this Deed shall be issued by way of an offer for subscription through book building.
- 5.6 Subject to the approval of the relevant Exchange, the Series 1 Bonds shall be, and the Co-Obligors shall ensure that the Bonds are, listed on an Exchange and that such listing is maintained until the Maturity Date, unless otherwise provided for in this Deed.
- 5.7 The Series 1 Bonds are to be issued in a dematerialised form and shall be registered with a separate securities identification code with the CSD. The Series 1 Bonds shall be dematerialised and shall be credited by the Registrar to the CSD accounts of the Bondholders. Dealings in the Series 1 Bonds shall be in accordance with CSD rules and procedures.
- 5.8 *Coupon Payment*
- Coupon shall be payable on the Series 1 Bonds in accordance with Condition 6 under Schedule 1 (*Terms and Conditions of the Series 1 Bonds*) of this Deed.
- 5.9 *Principal Repayment*
- The Series 1 Bonds shall be redeemed in accordance with Condition 2 under Schedule 1 (*Terms and Conditions of the Series 1 Bonds*) of this Deed.
- 5.10 *Source of Payment/Repayment*
- The Issuer and the Co-Obligors shall pay the Coupon and repay the Principal Amount Outstanding by funding the Payment Account in line with provisions of Clause 11 (*Establishment and Funding*

of the *Payment Account*) of this Deed.

6. PURPOSE AND APPLICATION OF THE PROCEEDS OF THE SERIES 1 BONDS

- 6.1 The net proceeds of the Series 1 Bonds (after deduction of statutory fees, all other costs and expenses incurred in connection with the issuance of the Bonds) shall be used for the purpose of purchasing Notes issued by Gaslink, Transit Gas and any other subsidiary of the Sponsor, which accedes to the Master Notes Subscription Agreement.
- 6.2 Without prejudice to the generality of the foregoing and the subsequent provisions of this Deed, the Bond Trustees shall not be bound to inquire as to the application of the proceeds of the Series 1 Bonds.

7. COVENANTS OF THE ISSUER AND THE CO-OBLIGORS

The covenants and obligations of the Issuer and the Co-Obligors in Clauses 19 and 20 of the Programme Trust Deed shall be read as part of this Deed and apply to the Series 1 Bonds for so long as any of the Bonds remain outstanding.

8. REPRESENTATION AND WARRANTIES OF THE CO-OBLIGORS AND THE BOND TRUSTEES

- 8.1 The representations and warranties of the Issuer, the Sponsor, and the Bond Trustees in Clause 18 (*Representations and Warranties*) of the Programme Trust Deed shall be read as part of this Deed and apply to the Series 1 Bonds.
- 8.2 In addition to Clause 8.1 above, the Issuer represents and warrants to the Bond Trustees that as at the Issue Date:
- 8.2.1 the execution and delivery of the Issue Documents, the performance of all of its obligations thereunder and the issuance of the Series 1 Bonds have been duly authorised by all the necessary authorisations; and
- 8.2.2 none of the Events of Default contained in Clause 21 (*Events of Default*) of the Programme Trust Deed have occurred and are continuing.

9. LIABILITY OF THE CO-OBLIGORS

The provisions of Clause 12 (*Obligation of Co-Obligors*) of the Programme Trust Deed shall apply to this Deed as if the same were set out in full in this Deed.

10. EVENTS OF DEFAULT

If any of the Events of Default (as defined in Condition 15, Schedule 1 (*Terms and Conditions of the Series 1 Bonds*) of this Deed) occurs and is continuing, the Bond Trustees at its discretion may, or if so requested in writing by the Majority Bondholders, or if so directed by an Extraordinary Resolution of the Bondholders shall, give written notice to the Issuer and the Sponsor at their specified office that the Series 1 Bonds are immediately repayable, whereupon the Principal Amount of the Series 1 Bonds together with accrued Coupon shall become immediately due and payable.

11. ESTABLISHMENT AND FUNDING OF THE PAYMENT ACCOUNT

11.1 *Establishment and Funding of the Payment Account*

- 11.1.1 The Issuer shall on or before the Issue Date of the Series 1 Bonds, open and maintain with the Account Bank, a Payment Account in the name and under the control of the Bond Trustees. For the avoidance of doubt, all interest income accrued in the Payment Account shall be for the benefit of the Issuer, provided that all payment obligations of the Issuer or Co-Obligors, which are due and outstanding under this Deed, have been satisfied in full.
- 11.1.2 The Issuer shall pay or cause to be paid into the Payment Account such amounts equal in aggregate to the next scheduled Coupon or Principal Amount no later than five (5) Business Days before the next Payment Date.
- 11.1.3 The money standing to the credit of the Payment Account on any Payment Date shall not be less than the Principal Amount Outstanding and/or Coupon due on the Series 1 Bonds on a relevant Payment Date.
- 11.1.4 The Issuer shall no later than 10.00 am on the Business Day immediately succeeding the date on which the payments referred to in Clause 11.1.2, are made, send a payment confirmation or another acceptable form of notification to the Bond Trustees confirming that the relevant payment has been made into the Payment Account.
- 11.1.5 The Bond Trustees shall utilise the funds in the Payment Account to effect payments to the Bondholders on each Payment Date.
- 11.1.6 The Bond Trustees, shall, at the expense of the Issuer, immediately notify the Issuer and the Co-Obligors in writing:
 - (i) if they have not by close of business on the date specified in Clause 11.1.4 received the full amount required for payment to the Bondholders, that they have not received the full amount required for payment to the Bondholders; or
 - (ii) if it has received the full amount of any sum payable in respect of the Series 1 Bonds, that it has received the full amount required for payment to the Bondholders and the Issuer is accordingly discharged of its payment obligations then due.
- 11.1.7 In the event that the Bond Trustees determine not later than ten (10) Business Days before a Payment Date, that the funds in the Payment Account are insufficient to pay the Coupon and/or Principal Amount due on the Series 1 Bonds, the Bond Trustees shall immediately issue a written notice to the Issuer and the Co-Obligors. Upon receipt of the written notice, the Issuer and the Co-obligors shall, not later than five (5) Business Days before such Payment Date, remit sufficient funds into the Payment Account to meet such shortfall as calculated by the Bond Trustee.
- 11.1.8 The Bond Trustee shall not later than two (2) Business Days before a Payment Date remit the balance in the Payment Account to the Registrar as required.

11.2 *Establishment and Funding of the Minimum Reserve Account*

- 11.2.1 The Issuer shall on or before the Closing Date open the Minimum Reserve Account, in the name and under the control of the Bond Trustees. For the avoidance of doubt, all interest income accrued in the Minimum Reserve Account shall be for the benefit of the

Issuer, provided that all payment obligations of the Issuer or the Co-Obligors, which are due and outstanding under this Deed, have been satisfied in full.

- 11.2.2 The Minimum Reserve Account shall be funded by the Issuer or the Co-Obligors with the Minimum Required Balance or the Post Moratorium Minimum Reserve Balance, as applicable.

Funding of the Minimum Reserve Account during the Moratorium Period

- 11.2.3 The Issuer or Co-Obligors shall not later than twenty-four (24) hours after the receipt of the net proceeds of the Series 1 Bonds (the **MRA Funding Date**), pay into the Minimum Reserve Account an amount no less than the Minimum Required Balance.

Funding of the Minimum Reserve Account Post-Moratorium

- 11.2.4 Following the Moratorium Period, the Issuer or Co-Obligors shall not later than three (3) Business Days after the end of the Moratorium Period (the **Post Moratorium MRA Funding Date**), pay into the Minimum Reserve Account an amount no less than the Post Moratorium Minimum Required Balance.
- 11.2.5 From the MRA Funding Date or the Post Moratorium MRA Funding Date, the Issuer shall ensure that at all times during the tenor of the Series 1 Bonds, and until its obligations in respect of the Series 1 Bonds are discharged in full, the amounts standing to the credit of the Minimum Reserve Account shall not be less than the Minimum Required Balance or Post Moratorium Minimum Required Balance, as applicable.
- 11.2.6 In the event that the Bond Trustees determine not later than three (3) Business Days before a Payment Date, that the funds standing to the credit of the Payment Account are insufficient to pay the Coupon and/or Principal Amount due on the Series 1 Bonds, and following the issuance of the written notice by the Bond Trustees as contemplated under Clause 11.1.7, the Bond Trustees shall effect the transfer of the required funds from the Minimum Reserve Account to pay the Coupon and/or Principal Amount falling due on the next relevant Payment Date, as applicable.
- 11.2.7 Not later than five (5) Business Days following any withdrawal from the Minimum Reserve Account under Clause 11.2.6, the Issuer shall credit such additional amount to the Minimum Reserve Account as is necessary to bring the Minimum Reserve Account balance back to the Minimum Required Balance or the Post Moratorium Minimum Required Balance, as applicable.
- 11.2.8 Save as set out above, no payments or withdrawals shall be made from the Minimum Reserve Account until such time as all obligations of the Issuer in respect of the Series 1 Bonds have been irrevocably and unconditionally been discharged in full.

11.3 *Trust of Payment Account*

The Issuer and each of the Co-Obligors irrevocably acknowledges and accepts that the monies in the Payment Account, and any other account opened by the Issuer and the Co-Obligors either in addition to or replacement of the Payment Account from time to time in accordance with the terms of this Deed, shall be held by the Bond Trustees, for the Bondholders, upon similar trusts to those held by the Bond Trustees under this Deed.

12. **AMENDMENT OF THE DEED**

- 12.1 Subject to Clause 34 (*Modification*) of the Programme Trust Deed, the Parties may amend, add to or revoke any provision of this Deed, (including this Clause 12) if the amendment, addition, revocation in the opinion of the Parties is:
- 12.1.1 necessary or expedient to comply with the provisions of any Applicable Law;
 - 12.1.2 made to correct a manifest error or is of a formal, technical or administrative nature only;
 - 12.1.3 desirable for any reason.
- 12.2 If in the reasonable opinion of the Bond Trustees, any amendment, addition or revocation is likely to be prejudicial to the interests of all Bondholders, the amendment, addition or revocation may only be effected if the Bondholders pass an Extraordinary Resolution approving such amendment, addition or revocation.
- 12.3 Notwithstanding the provisions of Clause 12.2 above, the Bond Trustees shall seek the consent of Bondholders to any proposed amendment where such proposed amendments will affect any of the following:
- 12.3.1 the Amortization Payment Schedule, as set out in Schedule 2 (Amortization Payment Schedule) of this Deed;
 - 12.3.2 the status of the Series 1 Bonds as set out in Condition 4 of Schedule 1 (*Terms and Conditions of the Series 1 Bonds*) of this Deed;
 - 12.3.3. any payment obligations (Principal Amount, Coupon, Redemption Amount, fees, cost or indemnities) of the Issuer and Co-Obligors under this Deed;
 - 12.3.4 any matter involving the waiver, reduction of or relieving the Issuer or the Co-obligors of any liability or responsibility under the Issue Documents.
- 12.4 The Parties will not amend, add or revoke any provision of this Deed unless, (except in relation to sub-Clause 12.1.2):
- 12.4.1 ten (10) Business Days' prior written notice was given to the Rating Agencies in relation to the Series 1 Bonds to be affected by the amendment, addition or revocation; and
 - 12.4.2 at the expiration of the above-mentioned notice period, the Rating Agencies have not advised the Bond Trustees that the amendment, addition or revocation if executed will cause the then credit rating assigned to the Series 1 Bonds to be withdrawn or downgraded.
- 12.5 No such consolidation, modification, alteration or addition shall impose any further payment on the Bondholders in respect of the Series 1 Bonds held by them or any liability in respect thereof.
- 12.6 Notwithstanding the above, the Issuer and the Bond Trustees shall seek the approval of the Commission for any proposed modification to this Deed by service of notice on the Commission. Such proposed change shall not be given effect to, until the proposed change has been approved by the Commission.

13. **POWERS, DUTIES AND INDEMNITIES OF THE BOND TRUSTEES**

This Clause 13 supplements Clause 29 (*Powers, Rights and Duties of the Bond Trustees*) and other relevant provisions of the Programme Trust Deed.

Additional Duties of the Bond Trustees

13.1 Each Bond Trustee shall:

- 13.1.1 exercise all of its powers in the best interest of the Bondholders, subject to the terms of this Deed and in compliance with Applicable Law;
- 13.1.2 notify the Commission, the Issuer and the Co-Obligors promptly of any proposed changes in the management of the Series 1 Bonds;
- 13.1.3 not 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 statutory obligations of trustees;
- 13.1.4 not place itself in a position of conflict of interest with the trust created hereunder to the detriment of the Bondholders;
- 13.1.5 report to the Commission any irregularity concerning the trust of which they are aware and shall report such irregularity to the Commission no later than ten (10) Business Days from the date on which the event giving rise to such irregularity occurred or the Bond Trustee become aware of such irregularity;
- 13.1.6 take all necessary actions to ensure that its assets are segregated from the assets under the trust and all other assets of any other trust under the administration of the Bond Trustees;
- 13.1.7 throughout the period that this Deed shall remain in force, ensure that all fund/assets which are held in trust for Bondholders as beneficiaries shall always be clearly identified and sufficiently protected;
- 13.1.8 have no power or authority to charge or pledge or deal with any fund/asset of the trust except in a manner authorised by this Deed, the ISA and SEC Rules and Regulations;
- 13.1.9 in dealing with the funds/assets under trust, act honestly, prudently and in good faith in the performance of its duties and the exercise of discretions; and
- 13.1.10 exercise all due care, skill, diligence and vigilance in carrying out its functions and duties as a trustee and in safeguarding the rights and interests of the Bondholders.

14. **REMUNERATION OF THE BOND TRUSTEES**

- 14.1 The provisions of Clause 28 (*Remuneration and Indemnification of Bond Trustees*) set forth in the Programme Trust Deed are hereby incorporated herein by reference with the same force and effect as though fully set forth herein.
- 14.2 The Issuer shall pay all pre-agreed travelling and other reasonable, direct and verifiable costs, charges and expenses which the Bond Trustees may incur in relation to the execution of the trusts hereof and of the reasonable exercise by the Bond Trustees of the powers, authorities and discretions vested in them pursuant to this Deed. All remuneration, costs, charges and expenses due to the Bond Trustees shall be payable when due and upon demand, provided such remuneration, costs, charges and expenses had been prior agreed with the Issuer.

15. **RESIGNATION OR REMOVAL OF THE BOND TRUSTEES**

The provisions of Clause 37 (*Bond Trustees' Retirement and Removal*) set forth in the Programme Trust Deed are hereby incorporated herein by reference with the same force and effect as though fully set forth

herein.

16. **INCORPORATION OF SCHEDULES**

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

17. **NOTICE OF BREACH TO THE COMMISSION**

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

18. **COMPLIANCE WITH EXTANT LAWS**

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

18.2 This Deed is subject to the provisions of the ISA, SEC Rules and Regulations and the Trustee Investments Act.

19. **NOTICES**

The provisions of Clause 44 (*Notices*) of the Programme Trust Deed shall be read as part of this Deed and apply to the Series 1 Bonds.

20. **UNDERTAKINGS**

The Obligors undertake to procure that the rating of the Series 1 Bonds is reviewed annually by the Rating Agencies, as may be required under the ISA and the SEC Rules and Regulations.

21. **INVESTMENT**

The provisions of Clause 27 (*Investment by Bond Trustees*) of the Programme Trust Deed shall be read as part of this Deed and apply to the Series 1 Bonds.

22. **TRUST OF RECEIPTS**

The provisions of Clause 25 (Trust of Receipts) of the Programme Trust Deed (*Notice of Payments*) shall be read as part of this Deed and apply to the Series 1 Bonds.

23. **PROCEEDINGS, ACTION AND INDEMNIFICATION**

The provisions of Clause 24 (Proceedings, Action and Indemnification) of the Programme Trust Deed shall be read as part of this Deed and apply to the Series 1 Bonds.

24. **MISCELLANEOUS**

24.1 No failure or delay by the Bond Trustees in exercising any right or remedy shall operate as a

waiver of such right or remedy, nor shall any single or any partial exercise or waiver of any right or remedy preclude its further exercise or the exercise of any other right or remedy.

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

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

24.4 The Issuer will promptly, and before any charges or penalties become payable, pay any stamp duties, issue, registration, documentary and other fees, duties and Taxes (including mandatory payments arising as a matter of law, regulation or court order) payable on or in connection with:

24.4.1 the execution and delivery of the Issue Documents;

24.4.2 the constitution and original issue of the Series 1 Bonds; and

24.4.3 any action taken by or behalf of the Bond Trustees or (where permitted under this Deed) any Bondholder to enforce, or to resolve any doubt concerning, or for any other purpose in relation to this Deed.

24.5 Nothing in this Deed shall be taken to constitute or create a partnership between any of the parties to this Deed or to make a Bondholder the agent of any other Bondholder.

25. **GOVERNING LAW AND JURISDICTION**

The provisions of Clause 45 (*Governing Law and Dispute Resolution*) of the Programme Trust Deed shall apply *mutatis mutandis* to the Series 1 Bonds.

26. **DISPUTE RESOLUTION**

The provisions of Clause 45 (*Governing Law and Dispute Resolution*) of the Programme Trust Deed shall apply *mutatis mutandis* to the Series 1 Bonds.

27. **BENEFIT OF THE SERIES 1 TRUST DEED**

Nothing in this Deed or in the Series 1 Bonds, express or implied, shall give to any person, other than the parties hereto and their successors hereunder and the Bondholders, and, where specified herein, the beneficial owners of the Series 1 Bonds, any benefit or any legal or equitable right, remedy or claim under this Deed.

28. **COUNTERPARTS**

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

SCHEDULE 1

Terms and Conditions of the Series 1 Bonds

*The following are the text of the terms and conditions applicable to the Series 1 Bonds. The terms and conditions contained in Schedule 1 of the Programme Trust Deed, as amended, modified, supplemented or completed by the terms and conditions set out below (together the “**Conditions**”) are applicable to the Series 1 Bonds, and, save for the italicised text, will govern and are expressly incorporated by reference into the Series 1 Bonds. Certain provisions of these terms and conditions are summaries of, and are subject to, the detailed provisions of the Programme Trust Deed.*

The **Series 1 Bonds** or the **Bonds**) are constituted by a trust deed dated on or about the date of the Programme Trust Deed (the **Series 1 Trust Deed** or the **Deed**) between Axxela Funding 1 Plc (the **Issuer**), Gas Link Nigeria Limited and Axxela Limited (as **Co-Obligors**), Axxela Limited (as **Sponsor**), ARM Trustees Limited and STL Trustees Limited (the **Bond Trustees**), which expression shall include any person or persons for the time being appointed as the trustees under the Series 1 Trust Deed as trustees for the holders (as defined below) of the Series 1 Bonds (the **Bondholders**).

The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Series 1 Trust Deed and those applicable to them under the Programme Trust Deed. Copies of the Series 1 Trust Deed are available for inspection at the office of the Bond Trustees, at 1, Mekunwen Road, Off Oyinkan Abayomi Drive, Ikoyi, Lagos or at 183, Moshood Olugbani Street, Victoria Island, Lagos. The Programme Trust Deed and the Series 1 Trust Deed are collectively referred to as the **Trust Deeds**.

Words and expressions defined in the Series 1 Trust Deed (as the same has been and may be amended, varied or supplemented from time to time with the consent of the Parties) are expressly and specifically incorporated to and shall apply to these Conditions, unless otherwise expressly stated.

Unless the context otherwise requires or unless otherwise stated, capitalised terms used but not defined in these Conditions shall have the meanings attributed to them in the Trust Deeds.

1. **Form, Denomination and Title**

- 1.1. The Series 1 Bonds will be issued in uncertificated (dematerialised or book-entry) form in denominations of ₦1,000,000 (1,000 units) and multiples of ₦1,000 (1 unit) thereafter, which shall be registered with a separate securities identification code with the applicable CSD stated in the Pricing Supplement.
- 1.2. The Series 1 Bonds will be listed on an Exchange, as determined by the Issuer, subject to any Applicable Laws.
- 1.3. Transfer of title to the Series 1 Bonds shall be effected in accordance with the rules governing transfer of title in securities held by the applicable CSD. The holder of a Series 1 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 and no person will be liable for so treating the Bondholder.
- 1.4. In these Conditions, Bondholders and (in relation to a Series 1 Bond) holder means the person in whose name a Series 1 Bond is registered in the Register.
- 1.5. Statements issued by the CSD as to the aggregate number of such Bonds standing to the credit of the CSD account of any person shall be conclusive and binding for all purposes save in the case of manifest error.

2. **Redemption**

- 2.1 Following the Moratorium Period, Principal Amount repayments of the Series 1 Bonds shall be redeemed in the instalments and on the dates set out in Schedule 2 (Amortization Payment Schedule) of this Deed by the Issuer until fully redeemed on the Maturity Date.
- 2.2 The Principal Amount Outstanding shall be reduced by the relevant Principal Amounts paid following each Payment Date, unless payment of a Principal Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the relevant date such Principal Amount is paid. The Registrar shall update the Register to reflect the Principal Amount Outstanding within five (5) Business Days from the date of last Payment Date.
- 2.3 The Issuer may, at its sole option and after giving notice of not less than twenty (20) days and not more than sixty (60) days to the Bondholders and the Bond Trustees (which notice shall be irrevocable and binding on the Issuer), redeem the Series 1 Bonds in whole or in part ("**Early Redemption**").
- 2.4 The Issuer shall only redeem the Bonds on a Coupon Payment Date and not otherwise.
- 2.5 At the expiration of the notice in Condition 2.3 above, the Issuer shall be entitled and bound to redeem the Bonds in respect of which such notice has been given. Such notice shall state the amount of the Bond due for redemption and the condition under which such redemption is to be effected
- 2.6 The Redemption Amount shall be the Principal Amount Outstanding of the Series 1 Bonds together with Coupon accrued up to but excluding the date of redemption, in line with the Amortization Payment Schedule. The amount of the Series 1 Bonds due for redemption shall be specified in the Early Redemption notice.
- 2.7 Early Redemption may be made at any time within the tenor of the Bonds without any penalty for early redemption.
- 2.8 The Issuer shall be entitled to a five (5) day period from the service of the redemption notice within which it can cancel the redemption process without the application of any further Coupon.

3. **Purchase of Bond by the Issuer**

The Issuer or any Co-Obligors may at any time and from time to time purchase any part of the Series 1 Bonds in any manner and at any price. Any Bond so purchased will be cancelled and will not be available for re-issue.

4. **Status of the Series 1 Bonds**

4.1 *Status of Series 1 Bonds*

4.1.1 The Series 1 Bonds constitute direct, irrevocable obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer and the Co-Obligors shall at all times rank at least equally with all senior unsecured indebtedness and monetary obligations of the Issuer and the Co-Obligors present and future, except for obligations mandatorily preferred by Applicable Law.

4.1.2 Amounts payable in respect of the Series 1 Bonds shall constitute an obligation by the Issuer to pay to the Bondholders to the extent of the amounts received and retained (after deduction of statutory fees and all other SEC-approved expenses) by or for the account of the Issuer pursuant to the Series 1 Bonds.

4.2 *Liability of the Co-Obligors*

Pursuant to the Trust Deed, 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 Deed, which obligations shall include monetary damages arising out of any failure by the Issuer to perform its obligations under the Deed or any other Issue Document to the extent that any failure to perform such obligations gives rise to monetary damages. Provided that upon the appointment of any Additional and or Substitute Co-Obligors in accordance with Clause 12.4 (*Addition and/or Substitution of Co-Obligors*) of the Programme Trust Deed, the liability of the Co-Obligors shall be joint and several without preferences or distinction among them.

4.3 *Tenor*

The tenor of the Series 1 Bonds shall be ten (10) years.

5. **Negative Pledge**

Other than any Permitted Financial Indebtedness, for as long as any of the Series 1 Bonds are outstanding, the Issuer and the Co-obligors shall not:

5.1 create or permit to subsist (without the written consent of the Bond Trustees, such consent not to be unreasonably withheld delayed or conditioned (such consent not to be unreasonably withheld) any Security other than the Permitted Security over any of its undertakings, business, Assets or revenues, present or future, to secure any Financial Indebtedness, or any guarantee of or indemnity in respect of any Financial Indebtedness;

5.2 directly or indirectly secure any other Financial Indebtedness represented by bonds or any other debt securities which are, or are capable of being, traded or listed on any stock exchange or over-the-counter

or similar securities market without the prior written consent of the Bond Trustees, such consent not to be unreasonably withheld delayed or conditioned; and

- 5.3 without the prior approval of the Bond Trustees (obtained following an Extraordinary Resolution granting the Bond Trustees authority to grant such approval or in writing by the Bondholders of at least one-fifth in Principal Amount of the Bonds then outstanding granting the Bond Trustees authority to grant such approval) sell, assign (other than an assignment that constitutes Permitted Security), lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in its Assets other than:

- 5.3.1 trading stock in the ordinary course of business;
- 5.3.2 Assets exchanged for or to be replaced by other Assets comparable or superior as to type, value and quality;
- 5.3.3 obsolete or surplus Assets;
- 5.3.4 shares in Gas Network Services Limited;
- 5.3.5 any assignment by way of security under any Permitted Financial Indebtedness;
- 5.3.6 shares of any entity that is not a Co-Obligor; and
- 5.3.7 disposal of Assets in any given year other than a disposal falling within Conditions 5.3.1 to 5.3.6, whose market value is worth less than ~~N~~3,000,000,000 (Three Billion Naira)

6. **Coupon**

- 6.1 The Coupon Rate shall be payable semi-annually in arrears, on the Principal Amount, on the Coupon Payment Date.
- 6.2 Each Bond will cease to bear Coupon from and including the Maturity Date unless, upon due presentation, payment of principal is improperly withheld or refused, in which event Coupon will continue to accrue (both before and after any judgment or other order of a court of competent jurisdiction) at the Coupon Rate in the manner provided in this Condition.
- 6.3 All payments made pursuant to these Conditions shall be made in Naira.
- 6.4 The Coupon Rate payable in respect of each Bond shall be a fixed rate of 21% per annum and benchmarked to equivalently tenured FGN Bonds.
- 6.5 The amount of Coupon payable in respect of any Series 1 Bond for any period shall be calculated on the basis of the actual number of days elapsed divided by 365. [*Coupon Rate*Principal Amount*(actual number of days/365)*].

7. **Purchase and Cancellation of Series 1 Bonds**

7.1 *Purchase of Bonds*

All purchases and sales of Series 1 Bonds may be made by way of private treaties over the counter and/or an Exchange.

7.2 *Purchases by the Issuer*

The Issuer or any Co-Obligors may at any time purchase the Series 1 Bonds. Such purchased Series 1 Bonds shall be surrendered to the Registrar for cancellation.

7.3 *Cancellation*

Any part of the Series 1 Bonds redeemed or purchased in accordance with this Trust Deed 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 requires, the Registrar shall promptly inform the Exchange of the cancellation of any Series 1 Bonds under this Condition 7.

Prior to the Maturity Date, all Series 1 Bonds so cancelled shall not be subject to any additional Coupon or other payment in respect of such cancellation.

All Series 1 Bonds so cancelled shall thereafter be forwarded to the Issuer and the obligations of the Issuer in respect of any such Series 1 Bonds shall be discharged.

8. Trusts

8.1 The Bond Trustees are the representatives of the Bondholders and are authorised to act on behalf of the Bondholders in accordance with these Conditions and the Deed.

8.2 Except as required by law or as ordered by a court of competent jurisdiction, the Issuer will recognise the holder of any Series 1 Bond as the absolute owner of such Series 1 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 Series 1 Bond may be subject.

8.3 The receipt by a Bondholder for the time being of any Series 1 Bond (or in the case of joint registered holders, the payment to the joint Bondholder whose name stands first in the Register) of the principal of such Bond or of any other money payable in respect of 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, Coupon 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 Series 1 Bond.

8.4 The Bond 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 1 Bond, (ii) on the identity of Bondholders; and (iii) for the purposes of giving notices to Bondholders under Condition 16 (*Notices*).

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

9. Freedom from Equities

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

10. Registration and Transfer of Series 1 Bonds

10.1 *Registration of the Series 1 Bonds*

A Register of the Series 1 Bonds shall be kept by the Registrar at its office, and there shall be entered in such Register:

10.1.1 the names and addresses of the holders for the time being of the Series 1 Bonds;

10.1.2 the amount of the units of Series 1 Bonds held by every registered Bondholder;

- 10.1.3 the account number of the Bondholder;
- 10.1.4 the date at which the name of every registered holder is entered in respect of the Series 1 Bond standing in his name;
- 10.1.5 the duration of the investment and the expected date of redemption; and
- 10.1.6 the serial number of each certificate issued in respect of a Bond and date of issue thereof.
- 10.2 Any change of name or address on a part of the Bondholder shall forthwith be notified to the Registrar and thereupon the Register shall be altered accordingly. The Bond Trustees and the Bondholders and any person authorised by any of them shall be entitled at all reasonable times during office hours to inspect the Register and to make copies of or take extracts from the same.
- 10.3 *Transfer of the Series 1 Bonds*
 - 10.3.1 The Series 1 Bonds are transferable in whole or in part in denominations of minimum denominations of ₦1,000,000 (1,000 units) and integral multiples of ₦1,000 (1 unit) thereof.
 - 10.3.2 Transfers of the Series 1 Bonds shall be by way of book entry in the securities accounts held by the transferor and transferee with the Bond Trustees, in accordance with the procedures of the CSD and registration of the name of the transferee in the Register in respect of the Series 1 Bonds being transferred.
 - 10.3.3 The transferor shall be deemed to remain the owner of the Series 1 Bonds until the name of the transferee is entered in the Register.
 - 10.3.4 The Bond Trustees and the Registrar may call for and, except in the case of manifest error, shall be at liberty to accept and place full reliance on (without liability), a letter of confirmation issued on behalf of the CSD or any form or record made by the CSD or such other form of evidence and/or information and/or certification as the CSD shall, in its absolute discretion, think fit as sufficient evidence thereof to the effect that at any particular time or throughout any particular period any particular person is or was, shown in the Register as the holder of a particular nominal amount of Series 1 Bonds and, if they do so rely, such letter of confirmation, form of record, evidence, information or certification shall be conclusive and binding on all concerned.
 - 10.3.5 Registration of the transfer of any Series 1 Bond shall not be carried out within fifteen (15) days of a Payment Date for such Series 1 Bond.
 - 10.3.6 Subject to the provisions of the Programme Trust Deed and the rules and regulations of the SEC, the Registrar may refuse to register any transfer of the Series 1 Bonds where Applicable Law permits or requires the Issuer to do so, or where the transfer is lodged after the Record Date.
 - 10.3.7 Where registration of a transfer of the Series 1 Bonds is refused under Condition 10.3.6, the Registrar shall give written notice of the refusal and the precise reasons for the refusal to the party lodging the transfer, if any, within five (5) Business Days after the date on which the transfer was lodged. The failure to give such a notice will not invalidate the decision not to register the transfer.
 - 10.3.8 Any power of attorney granted by a Bondholder empowering his agent to deal with, or transfer any Series 1 Bond in accordance with the applicable CSD procedures and guidelines and the terms of the Deed, which is lodged, produced or exhibited to the Registrar will be deemed to continue and remain in full force and effect as between the Issuer, the Bond Trustees, the Registrar and the grantor of that power, and may be acted on until express notice in writing that it has been revoked or notice of the death of the grantor has been received by the Registrar.

11. Transmission

- 11.1 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.
- 11.2 Any person becoming entitled to any Series 1 Bond in consequence of the death or bankruptcy of any Bondholder or of any other event giving rise to the transmission of such Series 1 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 Series 1 Bond or subject to Condition 10 may transfer the Series 1 Bond without being registered as the holder.

12. Method of Payment of Principal Money, Coupon and Premium

- 12.1 Payment of the Principal Amount and Coupon due on all or any part of the Series 1 Bonds 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).
- 12.2 All payments of the Principal Amount, Coupon and any other sum due in respect of the Series 1 Bonds shall be made free and clear of, and without withholding or deduction for, any Taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Federal Republic of Nigeria, unless such withholding or deduction is required by law. In that event, no additional amounts shall be paid to the Bondholders as a result thereof.
- 12.3 Whenever any part of the Series 1 Bond is redeemed, a proportionate part of each holding of the Bond shall be repaid to the Bondholders.
- 12.4 At the time and place so fixed for redemption, each Bondholder shall, where applicable, deliver to the Registrar evidence of title to the Series 1 Bonds issued by the CSD in order that the same may be cancelled together with a receipt for the redemption moneys payable in respect of the Series 1 Bonds, and upon such delivery, the Bond Trustees acting through the Registrars shall pay the Bondholder the amount payable to him in respect of such redemption, together with all Coupon accrued.
- 12.5 If, on the Maturity Date, any Bondholder whose Series 1 Bonds are liable to be redeemed fails or refuses to accept payment of the redemption moneys payable in respect of the Series 1 Bonds, 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 Series 1 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 Series 1 Bonds. If the Bond Trustees place the moneys so paid to them 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.

13. Representations and Warranties

The representations and warranties of the Issuer, the Sponsor or the Co-Obligors and the Bond Trustees in Clause 18 (*Representations and Warranties*) of the Programme Trust Deed shall be read as part of this

Deed and apply to the Series 1 Bonds. In addition, the Issuer represents and warrants to the Bond Trustees that as at the date of this Deed and the Closing Date of this Series 1 Bonds none of the Events of Default contained in Condition 15 (*Events of Default*) has occurred and/or is continuing.

14. **Receipts for Money Paid**

If several persons are entered in the Register as joint holders of any Series 1 Bond, then the receipt of such person whose name stands first in the Register, of any Coupon or Principal Amount or other money payable on or in respect of such Series 1 Bond shall be as effective a discharge to the Issuer as if the person signing such receipt were the sole registered holder of such Series 1 Bond.

15. **Events of Default**

15.1 If any of the following events stated in this Condition 15 (**Events of Default**) have occurred and is continuing in accordance with the time frame set out below, the Bond Trustees may at their discretion or shall,

15.1.1 if so requested in writing by the Majority Bondholders; or

15.1.2 if so directed by an Extraordinary Resolution of the Bondholders;

give written notice to the Issuer and the Co-Obligors that an Event of Default has occurred.

Following receipt of the Bond Trustees' written notice (except in the case of non-payment of principal, Coupon, premium or any applicable fees), the Issuer and Sponsor, shall continue to make the scheduled Principal Amount and Coupon payments on the Series 1 Bonds in accordance with Schedule 2 (Amortization Payment Schedule). The repayment of the Series 1 Bonds shall be accelerated by the Bond Trustees, the Bondholders, or any other person at the expiration of the notice period where such Event of Default is continuing, after which, subject to the Pricing Supplement, the Principal Amount on the Series 1 Bonds together with accrued Coupon shall become immediately due and repayable.

a) *Non-Payment*

If the Issuer, the Sponsor and or any of the Co-Obligors fail to pay any sums representing principal, Coupon and premium (if any) on the Series 1 Bonds or any fees or other sums within thirty (30) Days of its due date (the **Grace Period**). Provided however, that where the Issuer, Sponsor or Co-Obligor during the Grace Period satisfies the Bond Trustees that such sums were not paid (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, the Issuer, the Sponsor, the Co-Obligor, the Bond Trustees or the relevant Bondholder; or (ii) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the Grace Period by independent legal advisers acceptable to the Bond Trustees, no Event of Default shall occur.

b) *Cross Default*

If any Financial Indebtedness of the Issuer and or any of the Co-Obligors of a value exceeding [N1, 000, 000, 000.00 (One Billion Naira)] (or its equivalent in any other currency) in aggregate (for the avoidance of doubt, any amounts which in the opinion of the Bond Trustees acting reasonably, is 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 later.

c) *Insolvency*

If:

- i) the Issuer and or any of the Co-Obligors is unable, for the purposes of CAMA, to pay their debts, or admits inability to pay its debts as they fall due, suspends making payments on any of its debts or, by reason of actual financial difficulties, commences negotiations with one or more of its creditors with a view to rescheduling any of its Financial Indebtedness;
- ii) a moratorium is declared in respect of any Financial Indebtedness of the Issuer or Co-Obligors, and such moratorium is not discharged within forty-five (45) Business Days after it was declared. Provided that the Issuer and or any of the Co-Obligors are able to show to the reasonable 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;
- iii) any corporate action or legal proceeding is concluded and judgment of the High Court or Federal High Court or if that judgment is appealed, the judgment of the Court of Appeal, or Supreme Court as the case may be is given against the Issuer and/ or any of the Co-Obligors in relation to:
 - (A) a moratorium of any Financial Indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Issuer and /or any of the Co-Obligors other than a solvent liquidation or any reorganisation of the Issuer or any of the Co-Obligors;
 - (B) the appointment of a liquidator (other than in respect of a solvent liquidation) receiver, administrator, administrative receiver or other similar officer in respect of the Issuer and or any of the Co-Obligors or any of their respective assets; or
 - (C) any analogous procedure or step is taken in any jurisdiction, and such proceeding is not dismissed or terminated on or before the forty-fifth (45th) Business Day (which would exclude days on which Nigerian courts are on vacation) after the order is made or if any such dismissal or stay ceases to be in effect (or such longer period as the Bond Trustees may permit).

d) *Cessation of Business*

If the Issuer (to the extent applicable) and /or any of the Co-Obligors cease to conduct all or substantially all of its respective business as it now conducts or changes all or substantially all of the nature of such business or merges or consolidates with any other entity without the prior written consent of the Bond Trustees.

e) If a Material Adverse Effect has occurred;

f) *Enforcement Proceedings*

If any distress, execution or other process shall be levied or enforced upon or against any material assets of the Issuer, the Sponsor or any of the Co-Obligors where the value of such property, assets or revenues is in excess of ₦3,000,000,000 (Three Billion Naira) and is not discharged, or stayed within ninety (90) days of service by the relevant officer of the court of such attachment, execution or other legal process, or if there is an encumbrance or a receiver is appointed over any material assets of the Issuer, the Sponsor and or any of the Co-Obligors and such event is certified in writing by the Bond Trustees to be in their opinion materially prejudicial to the interests of the Bondholders.

g) *Breach of Other Obligations*

If the Issuer, the Sponsor and or any of the Co-Obligors default in the performance or observance of any covenant, condition, provision or agreement including the representations and warranties, (other than any covenant for the payment of any sum owing on any part of the Series 1 Bonds) binding on them under this Deed, or required by the Issue Documents to which it is a party or any other document delivered in connection with the Series 1 Bonds, and the Issuer fails to perform fully or make good the breach of such covenant, condition, provision or agreement within thirty (30) days from receipt of notice in writing by the Bond Trustees.

h) Seizure/Compulsory Acquisition of Assets

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

i) Change of Control

If there is Change of Control without the consent of the Bond Trustees, obtained following an Extraordinary Resolution of Bondholders.

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 Series 1 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 Series 1 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 Series 1 Bonds and such service or delivery shall for all purposes be deemed sufficient service or delivery of such notice or document on all persons interested (whether jointly with or claiming through or under him) in the Series 1 Bonds.
- 16.4 Any notice shall be deemed to have been served on the 5th day following the day which the letter containing the notice is posted and in proving such service it shall be sufficient to prove that the envelope containing the notice or the notice itself was properly addressed, stamped and posted. Any notice given by delivery otherwise than by post shall be deemed given at the time it is delivered to the address specified.

17. Enforcement

At any time after the occurrence of an Event of Default, the Bond Trustees may, in their discretion or upon an Extraordinary Resolution of the Bondholders passed at a special meeting convened for that purpose, institute proceedings and or take other actions against or in relation to the Co-Obligors or any other person as they may think fit to enforce the obligations of the Issuer under the Series 1 Bonds.

18. Proceeding Against the Issuer

Only the Bond Trustees may enforce the performance of the Issuer's obligations under this Deed. No Bondholder or a person claiming through a Bondholder shall be entitled to proceed directly against the Issuer to enforce the performance of any of the obligations under this Deed or the Series 1 Bonds, save for the through the Bond Trustees. Only the Bond Trustees may submit a claim in the liquidation of the Issuer unless the Bond Trustees having become bound so to proceed to submit such claims or being able to submit such a claim, fails to do so and notifies 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 authorised), other Bondholders holding not less than 10% (ten percent) of the Principal Amount of the Series 1 Bonds, for the recovery of the payments due on the Series 1 Bonds; or (ii) take such proceedings in his name for the recovery of his own portion of the Series 1 Bonds.

19. Registrar

The Registrar shall be appointed by the Issuer and shall act solely as an agent of the Issuer but shall act under instructions of the Bond Trustees at any time after the occurrence of an Event of Default. Except as otherwise provided, the Registrar shall not assume any obligation or relationship of agency or trust for or with any Bondholder.

20. Taxation

All payments of principal, Coupon and any other sum due in respect of the Series 1 Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Federal Republic of Nigeria or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, no additional amounts shall be paid to the Bondholders as a result thereof.

21. Prescription

Claims against the Issuer in respect of the Series 1 Bonds shall be time barred and become void unless presented for payment within six (6) years from the appropriate Payment Date in respect of the Principal Amount and the Coupon due on such Bonds.

22. Meetings of Bondholders

The rights and duties of the Bondholders in respect of attendance at meetings of Bondholders are set out in Schedule 3 (*Provisions for Meetings of Instrumentholders*) of the Programme Trust Deed. Decisions taken at Bondholders meetings may only be exercised by the Bond Trustees in accordance with the Programme Trust Deed or under these Conditions. For the avoidance of doubt, the Conditions of the Series 1 Bond can only be amended with the written consent of the Parties.

23. Governing Law

23.1 The Series 1 Bonds are governed by and shall be construed in accordance with the laws of the Federal

Republic of Nigeria.

23.2 The provisions of Clause 45 (*Governing Law and Dispute Resolution*) of the Programme Trust Deed will apply to any dispute that may arise in connection with the Bonds.

APPENDIX III – USE OF PROCEEDS

Axxela Funding 1 Plc

Proceeds of the Series I Bonds issued by the Issuer will be used to purchase Notes issued by the Note Issuers on similar terms through a private placement programme constituted by the Master Notes Subscription Agreement.

Axxela Limited and Gaslink Nigeria Limited

The net proceeds of the intercompany notes issued to Axxela Funding 1 Plc will be utilised as follows:

| Activity/Project | Beneficiary | Amount ('Nm) | % of Proceeds | Completion Timeline |
|--|-----------------------------|---------------|---------------|-------------------------|
| Sagamu Pipeline Construction | Transit Gas Nigeria Limited | 2,751 | 16.8% | 12 months |
| Sagamu Phase 2E (Electro-Pro) | | 2,751 | | |
| Construction of Backbone Gas Pipeline | Gaslink Nigeria Limited | 4,140 | 25.2% | 12 months |
| VI- Lekki Backbone Project- Phases 1-4 | | | | |
| Construction of Transmission Pipeline System | Gaslink Nigeria Limited | 5,900 | 36.0% | 12 months |
| Ibafo Lagos Industrial Area | | | | |
| Oil Pipeline Licence Renewal | Gaslink Nigeria Limited | 213 | 1.3% | 12 months |
| Connection of Customer Spurlines | Gaslink Nigeria Limited | 688 | 4.2% | 12 months |
| Replacement of Pressure Regulation and Metering Station (PRMS) | Gaslink Nigeria Limited | 135 | 0.8% | 12 months |
| Construction of pipeline Mile 2 to Trade Fair (Greater Lagos 5 Phase 1) | Gaslink Nigeria Limited | 104 | 0.6% | 12 months |
| Installation of Microturbine | Gaslink Nigeria Limited | 165 | 1.0% | 12 months |
| Installation of Gas Scrubber for Lagos Industrial Area City Gate | Gaslink Nigeria Limited | 221 | 1.4% | 12 months |
| Engineering, Procurement, Construction and Installation of Water Bath Gas Heater | Gaslink Nigeria Limited | 63 | 0.4% | 12 months |
| Transaction Expenses | Axxela Funding 1 Plc | 294 | 1.8% | Immediately after issue |
| Minimum Reserve Account | Axxela Funding 1 Plc | 1,727 | 10.5% | Immediately after issue |
| Total | | 16,400 | 100.0% | |

APPENDIX IV – COUPON AND PRINCIPAL AMORTISATION SCHEDULE

The following table indicates the semi-annual coupon payments due to Bondholders during the tenor of the Issue.

| Period | Bond Obligation Repayment Dates | Semi-annual Interest Payment (N'000) | Principal Repayments Payment (N'000) | Total Repayments Payment (N'000) |
|--------------|---------------------------------|--------------------------------------|--------------------------------------|----------------------------------|
| 1 | 12-Oct-24 | 1,726,717,808.22 | - | 1,726,717,808.22 |
| 2 | 12-Apr-25 | 1,717,282,191.78 | - | 1,717,282,191.78 |
| 3 | 12-Oct-25 | 1,726,717,808.22 | - | 1,726,717,808.22 |
| 4 | 12-Apr-26 | 1,717,282,191.78 | - | 1,717,282,191.78 |
| 5 | 12-Oct-26 | 1,726,717,808.22 | 432,250,347.01 | 2,158,968,155.23 |
| 6 | 12-Apr-27 | 1,672,020,251.33 | 486,947,903.89 | 2,158,968,155.23 |
| 7 | 12-Oct-27 | 1,629,937,564.98 | 529,030,590.25 | 2,158,968,155.23 |
| 8 | 12-Apr-28 | 1,574,237,166.12 | 584,730,989.11 | 2,158,968,155.23 |
| 9 | 12-Oct-28 | 1,512,672,201.98 | 646,295,953.25 | 2,158,968,155.23 |
| 10 | 12-Apr-29 | 1,436,731,079.33 | 722,237,075.90 | 2,158,968,155.23 |
| 11 | 12-Oct-29 | 1,368,582,546.34 | 790,385,608.89 | 2,158,968,155.23 |
| 12 | 12-Apr-30 | 1,278,340,835.46 | 880,627,319.77 | 2,158,968,155.23 |
| 13 | 12-Oct-30 | 1,192,645,486.48 | 966,322,668.75 | 2,158,968,155.23 |
| 14 | 12-Apr-31 | 1,084,942,401.04 | 1,074,025,754.19 | 2,158,968,155.23 |
| 15 | 12-Oct-31 | 977,821,952.52 | 1,181,146,202.71 | 2,158,968,155.23 |
| 16 | 12-Apr-32 | 853,461,819.45 | 1,305,506,335.78 | 2,158,968,155.23 |
| 17 | 12-Oct-32 | 716,008,097.58 | 1,442,960,057.65 | 2,158,968,155.23 |
| 18 | 12-Apr-33 | 560,999,777.07 | 1,597,968,378.16 | 2,158,968,155.23 |
| 19 | 12-Oct-33 | 395,835,824.19 | 1,763,132,331.04 | 2,158,968,155.23 |
| 20 | 12-Apr-34 | 209,051,094.59 | 1,996,432,483.63 | 2,205,483,578.22 |
| TOTAL | | 25,078,005,906.66 | 16,400,000,000.00 | 41,478,005,906.66 |

AXXELA FUNDING 1 PLC

Up to ₦15 Billion 10-Year Series 1 Fixed Rate Bonds Due 2033

Under the ₦50 Billion Multi-Instrument Issuance Programme

Issue Rating:

A-*

Outlook: Stable

Issue Date: 28 November 2023

Expiry Date: 30 November 2024

**The Issue rating is indicative and a final rating will be based on receipt of all duly executed transaction documents.*

The Issue rating is subject to annual renewals.

Sponsor's Rating: A-

Issuer Expiry Date: 30 June 2024

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RATING RATIONALE

- Agusto & Co. hereby assigns an indicative "A-" rating to Axxela Funding 1 Plc's up to ₦15 Billion 10-Year Series 1 Fixed Rate Bonds Due 2033 ("Series 1", "the Bond" or "the Issue") under the ₦50 Billion Multi-Instrument Issuance Programme. The Bond which ranks pari passu with other senior obligations of the Co-Obligors - Axxela Limited and Gaslink Nigeria Limited, mirrors the standalone rating of the Sponsor (Axxela Limited¹). The Issue rating is also supported by an irrevocable and unconditional undertaking of the Co-Obligors to meet the Bond obligations from its consolidated operating cash flow as well as the presence of a dedicated minimum reserve account funded from the Issue proceeds (managed by the Bond Trustees) to cover up to one-time semi-annual coupon payment obligation if there is any shortfall in the Payment Account.
- Axxela Funding 1 Plc ("the Issuer") is a special purpose vehicle incorporated by Axxela Limited with the sole aim of providing debt finance to Axxela and its subsidiaries. Axxela Limited (along with its subsidiaries²) is a leading player in the natural gas processing, marketing and distribution value chain in Nigeria, providing bespoke energy solutions to customers in Nigeria and the West African region. The Company has developed over 300 kilometres (km) of gas pipeline infrastructure and delivers about 90 million standard cubic feet per day (mmscf/d) to over 200 industrial and commercial customers in Nigeria and West Africa. Axxela is also involved in alternative power generation and distribution solutions and has deployed circa 22.55 megawatts (MW) of captive and embedded power to industrial customers in Nigeria.
- Axxela Funding 1 Plc plans to issue up to ₦15 Billion Series 1 Ten-Year Fixed Rate Bonds Due 2033 under its ₦50 Billion Multi-Instrument Issuance Programme in Q4'2023, in addition to the earlier issuance of ₦11.5 billion 7-Year 14.3% Fixed Rate Bonds in May 2020. The net proceeds of the Bond will be used to purchase Notes to be issued by Axxela Limited, Gaslink Nigeria Limited and Transit Gas Nigeria Limited, while the Note Issuers will ultimately utilize the proceeds to finance the Sagamu Pipeline Construction (Phase 2E), VI-Lekki Backbone Project (Phases 1-4), Ibafor LIA, OPL License Renewal, initial funding of the reserve account, amongst other earmarked capital projects.

This rating report should be read in conjunction with the 2023 Corporate Rating Report of Axxela Limited

¹ Axxela Limited has a rating of "A-" by Agusto & Co, which expires 30 June 2024.

² Axxela Limited's operating entities are Gaslink Nigeria Limited (GNL), Central Horizon Gas Company Limited (CHGC), Gas Network Services Limited (GNSL) and Transit Gas Nigeria Limited (TGNL).

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Axxela Funding 1 Plc's Up to ₦15 Billion 10-Year Series 1 Fixed Rate Bonds Due 2033 Under the ₦50 Billion Multi-Instrument Issuance Programme

TRANSACTION PARTIES

Issuer:

Axxela Funding 1 Plc

Sponsor:

Axxela Limited

Co-Obligors:

Axxela Limited

Gaslink Nigeria Limited

Note Issuers:

Gaslink Nigeria Limited

Transit Gas Nigeria Limited

Lead Issuing House:

Stanbic IBTC Capital Limited

Joint Issuing Houses:

Afrinvest (West Africa) Limited

Chapel Hill Denham Advisory Limited

FBNQuest Merchant Bank Limited

FCMB Capital Markets Limited

Rand Merchant Bank Nigeria Limited

United Capital Plc

Vetiva Capital Management Limited

Bond Trustees:

ARM Trustees Limited

STL Trustees Limited

Solicitors to the Issuer:

The New Practice (TNP)

Solicitors to the Issue:

Aluko & Oyebo

Trustees advised by:

Olaniwun Ajayi LP

Registrar:

Greenwich Registrars & Data Solutions Limited

Reporting Accountants:

PricewaterhouseCoopers

Auditors:

Ernst & Young

Stockbrokers to the Issue:

Afrinvest Securities Limited

Receiving Banks:

Ecobank Nigeria Plc

TRANSACTION STRUCTURE

Bond Tenor:

10 years, with semi-annual payment of coupon and bi-annual repayment of principal after 2 years of principal moratorium.

Bond Status:

Senior, direct, secured and unsubordinated obligation of the Issuer and Co-obligors.

Use of Bond Proceeds:

The net proceeds were used by the Issuer to purchase the notes issued by Gaslink Nigeria Limited and Transit Gas Nigeria Limited. However, the Note Issuers will utilize the proceeds to fund capital projects as noted in the schedule of utilization of proceeds (see Table 2).

Source of Repayment:

The irrevocably and unconditionally undertaking of the Co-Obligors to repay the Bond obligations from their operating cash flows jointly and severally.

- The proposed Series 1 Bond will attract a fixed coupon rate (to be determined via a book-building process) with a ten-year tenor. The Issue's coupon shall be payable semi-annually in arrears on the coupon payment date over its duration. The principal will also be repaid half-yearly upon the expiration of a two-year moratorium upon issuance. The Bond constitutes a senior secured obligation of the Issuer and the Co-Obligors and will rank pari passu without any preference with all other senior secured obligations of the Issuer and Co-Obligors, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment. In line with the draft Trust Deed and Pricing Supplement, the obligations of the Series 1 Bond shall be redeemed primarily from the Co-Obligor's consolidated operating cash flows.
- Regarding the transaction structure, a Payment Account shall be opened by the Issuer in the name of the Bond Trustees on or before the issue date. The Account shall be under the custody and administration of the Trustees for the benefit of the Series 1 Bondholders. The Issuer shall ensure that funds required to meet any of its payment obligations under the Trust Deed shall be paid into the Payment Account not later than five business days before the next coupon payment or principal repayment date.
- In addition, a Minimum Reserve Account ("Reserve Account") shall be opened in the name and under the control of the Bond Trustees. The Reserve Account shall be funded on the issue date to cover up to one-time semi-annual coupon payment obligation (Minimum Reserve Amount). If the Bond Trustees determine, not later than three business days before the coupon payment date, that the funds in the Payment Account are insufficient to pay the coupon amount due on the Bond, the Trustees shall effect a transfer of required funds from the Reserve Account to the Payment Account to pay the amount outstanding. Upon utilization of monies in the Reserve Account, the Co-Obligors shall ensure that the Reserve Account is funded up to the Minimum Reserve Amount no later than five business days before the payment date.
- Based on Agusto & Co.'s review of the consolidated financial forecast throughout the Series 1 Bond tenor, we believe that Axxela's cash flow is satisfactory, evidenced by a cumulative operating cash flow to interest payment and total debt service ratios of 7.12 times and 3.72 times respectively over the tenor of the Issue.
- Based on the above, Agusto & Co. hereby assigns a **stable** outlook to the rating of the Series 1 Bond.



CREDIT RATING ANNOUNCEMENT

GCR assigns an Indicative Rating to Axxela Funding 1 Plc's proposed up to NGN15Bn series 1 bonds

Rating action

Lagos, 27 November 2023 – GCR Ratings (GCR) has assigned a national scale long-term indicative issue rating of A-(NG)(IR) to Axxela Funding 1 Plc's proposed up to NGN15Bn series 1 fixed rate bonds, with the outlook accorded as stable. The indicative rating will expire on the earlier of 31 May 2024 or the issuance of the proposed bonds.

| Rated issue | Rating class | Rating scale | Rating | Outlook | IR expiry date |
|-----------------------------------|-----------------|--------------|-------------|---------|----------------|
| NGN15Bn series 1 fixed rate bonds | Long-term Issue | National | A-(NG)(IR)* | Stable | 31/05/2024 |

*An Indicative Rating is denoted by an 'IR' suffix to indicate that a credit rating has been accorded based on review of final draft documentation and expectations regarding final documentation. The Indicative Rating is expected to convert to a final credit rating subject to the receipt of final documentation in line with GCR's expectations. Typically, this suffix will be used when awaiting the finalisation of notes for a debt or program issuance. In this case, once the final documents are available the IR suffix may be removed. We expect the rating to convert upon regulatory approval, within the next 180 days.

Rating rationale

Axxela Funding 1 Plc (the issuer) is a special purpose vehicle owned and sponsored by Axxela Limited (Axxela or the sponsor) as a funding entity, solely for the purpose of raising finance for its sponsor and Gaslink Nigeria Limited (Gaslink or the co-obligor), Transit Gas Nigeria Limited (TGNL) and other subsidiaries. The issuer is in the process of registering a NGN50Bn Multi-Instrument Issuance Programme (the programme) with the Securities and Exchange Commission and proposing to raise an initial NGN15Bn in series 1 fixed rate bond under the programme. This is the Issuer's second registered programme, the first programme (now expired) was for the sum NGN50Bn of which N11.5bn was issued.

The sponsor is a leading gas distributor within the Nigerian oil and gas sector. To see the latest rating action on Axxela, please see [GCR affirms Axxela Limited's national scale long-term and short-term Issuer ratings of A-\(NG\) / A2\(NG\) respectively, Outlook revised to Stable – GCR Ratings](#)

According to the draft series 1 trust deed and the pricing supplement, the bonds proceeds shall be utilised to fund specific expansion projects. The bonds shall have a tenor of ten (10) years and a legal maturity date of 2033. Principal redemption is on an amortising basis, payable semi-annually in arrears after a two-year moratorium, while coupon will accrue from the issue date and payable semi-annually in arrears on each coupon payment date till the maturity date. The series 1 Bonds shall constitute direct, unconditional, senior, irrevocable, unsubordinated, and unsecured obligations of the issuer, backed by an irrevocable and

unconditional undertaking of the sponsor and the co-obligor, and shall rank pari passu without any preference among themselves.

Axxela, the issuer, Gaslink and the bonds' trustees (acting on behalf of the bondholders) are entering into a covenant, pursuant to which Axxela and Gaslink, in their capacity as the guarantors, shall absolutely, irrevocably, and unconditionally guarantee the punctual and full payment of all debt and obligations owed by the issuer under the programme. According to the draft deed of undertaking, Axxela and the co-obligor undertake that if the issuer does not pay any of the obligations, they will immediately perform the payment obligations of the issuer as if they were the primary obligors. In addition, we have received a draft legal opinion which confirms inter alia that co-obligors' (Axxela and Gaslink) guarantee is irrevocable, unconditional, and enforceable in line with its terms. The transaction documents (upon execution) and the deed of undertaking shall be valid, binding and enforceable in accordance with their terms.

In respect of the series 1 bonds terms, the programme trust deed does not offer series 1 bondholders security over assets but does feature a negative pledge and other covenants to protect the interest of bondholders. In addition, a minimum reserve account is required to be maintained and funded by the Issuer or co-obligors to cover up to a six-month coupon payment during the moratorium period and then increase to cover a semi-annual payment obligation (principal repayment and coupon payment) after the moratorium period.

Given that Axxela offers timely and full coverage of all payments due to the bondholders, under series 1 fixed rate bonds through the deed of undertaking, the bonds bear the same default risk as its sponsor and would reflect similar recovery prospects to senior unsecured creditors in the event of a default. As such, the long-term Issue rating of the series 1 bonds is equivalent to the sponsor's long term senior unsecured corporate rating.

The indicative rating assumes that the conditions in the transaction documents will not change and will receive regulatory approval. The final rating is contingent on the proper execution of the transaction documents in favour of the bondholders. A change in the rating of the sponsor will directly impact the rating of the series 1 bond issue.

Outlook statement

The stable outlook reflects our opinion that Axxela will continue to garner scale that supports sustained earnings and cash flows even during the ongoing capacity expansion. This should improve financial profile over the rating horizon with less recourse to debt.

Rating triggers

Given that the indicative rating is intrinsically linked to the sponsor's long-term national scale rating, any change in the rating assigned to the sponsor or non-compliance with the transaction terms, will directly affect the bonds rating.

APPENDIX VI: PROCEDURE FOR APPLICATION AND ALLOTMENT

1. Invitation for Participation

Qualified Investors are hereby invited to place orders in respect of the Issue through the Issuing Houses and the Book Runners who shall be the receiving agents for the Series 1 Bonds Offer.

- 1.1. The Book Building process opens on March 5 2024 and closes on March 15 2024 **Orders must be for a minimum of ₦1,000,000 (One Million Naira) (i.e., 1,000 units at ₦1,000 per unit) and multiples of ₦1,000 (One Thousand Naira) thereafter.** Orders below the Minimum Acceptable Subscription will be disregarded unless they form part of cumulative order from the same institutional investor that is greater than the Minimum Acceptable Subscription. Final allotment to respective bidders may be less than the Minimum Acceptable Subscription if orders must be pro-rated for any reason.
- 1.2. Orders should be entered in the space provided in the prescribed commitment form on pages 53 to 54 of this Pricing Supplement.
- 1.3. **By completing the Commitment Form, each Bidder hereby agrees that the order is irrevocable and, to the fullest extent permitted by law, the obligations in respect thereof shall not be capable of rescission or termination by any bidder.**
- 1.4. Bidders may place orders for the Bonds at any price within the price range subject to the minimum participation amount and the terms and conditions stated on the commitment form.
- 1.5. A corporate bidder should affix its official seal in the box provided and state its incorporation (RC) number or, in the case of a corporate foreign subscriber, its appropriate identification/incorporation number in the jurisdiction in which it is constituted.
- 1.6. Upon the completion and submission of the commitment Form, the bidder is deemed to have authorised the Issuer and the Issuing Houses/Book Runners to effect the necessary changes in the Pricing Supplement as would be required for the purposes of filing an application for the clearance and registration of the Pricing Supplement with the SEC. The commitment form shall be considered as the application form for the purposes of registration of the Pricing Supplement with the SEC.
- 1.7. Bidders may not be entitled to withdraw/modify orders after the book building closing date.
- 1.8. The commitment form presents the bidder with the opportunity to indicate up to three optional bid Coupon Rates within the price range and to specify the participation amount applicable to each option. The bid coupon rates and the participation amounts submitted by the bidder in the commitment form will be treated as optional demands from the bidder and **will not be aggregated.**
- 1.9. After determination of the Coupon Rate, the maximum participation amount specified by a bidder at or below the clearing price will be considered for allocation and the rest of the order(s), irrespective of the corresponding bid Coupon Rate(s), will become automatically invalid.
- 1.10. The Issuer, in consultation with the Issuing Houses/Book Runners, reserves the right not to proceed with the Issue at any time including after the book building opening date but before the allotment Date, without assigning any reason thereof.

2. Payment Instructions

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

| Bank | Account Name | Account Number |
|---------------------------|---|----------------|
| Stanbic IBTC Bank Limited | Axxela Funding 1 PLC Series 1 Bond Proceeds Account | 0051658266 |
| Ecobank Nigeria Limited | Axxela Funding 1 PLC Series 1 Bond Proceeds Account | 0010125152 |

APPENDIX III: PROCEDURE FOR APPLICATION AND ALLOTMENT

3. Allocation/Allotment

- 3.1. On the pricing date, the Issuing Houses/Book Runners will analyse the demand generated at various price levels and, in consultation with the Issuer, finalise the Coupon Rate and the allocation to each bidder. Allocation confirmation notices will be sent to successful bidders thereafter.
- 3.2. The Directors of the Issuer and the Issuing Houses/Book Runners reserve the right to accept or reject any application in whole or in part for not complying with the terms and conditions of the Issue.
- 3.3. Allotment of Bonds will be effected only upon clearance of the Pricing Supplement by the Commission. The allotment shall be effected by means of the following:

3.3.1. Allotment of Bonds in Electronic Form (e-Allotment)

Successful applicants are mandatorily required to specify their CSD investor account number in the spaces provided on the commitment form.

In addition to providing the above information:

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

Bidders must ensure that the name specified in the commitment form is the same as the name in which the CSD account is held. In case the application is submitted in joint names, it should be ensured that the beneficiary CSD account is also held in the same joint names and are in the same sequence in which they appear in the commitment form. Subject to there being no issues with investor CSD details, credit to the CSD account of investors shall be done no later than 15 (fifteen) Business Days from the date of clearance of allotment by the SEC.

4. Bank Account Details

- 4.1. Bidders are required to indicate their bank account details in the space provided on the commitment form for the purposes of future payments of Coupon and repayments of the Principal Amount.
- 4.2. Bidders are advised to ensure that bank account details stated on the commitment form are correct as these bank account details shall be managed by the Trustees and / or the Registrar for all payments indicated in 4.1 above in connection with the Bonds.

Failure to provide correct bank account details could result in delays in credit of such payments or the issuance of cheques/warrants which shall be sent by registered post to the specified addresses of the affected investors. The Issuer, the Issuing Houses/Book Runners, the Receiving Bank, the Trustees and the Registrar shall not have any responsibility nor will any of these specified parties undertake any liability for the same.

| BOOK BUILD PERIOD | |
|-------------------|---------------|
| OPENS | CLOSES |
| 5 March 2024 | 15 March 2024 |

RC 1381308

RC 1804609

PLEASE TURN OVER TO COMPLETE THIS FORM

