

RATING ANNOUNCEMENT

GCR assigns an indicative rating of $A_{(NG)(EL)(IR)}$ to Veritasi Homes & Properties Plc's NGN10Bn Series 1 Senior Medium-Term Bonds

Rating action

Lagos, 27 June 2025, GCR Ratings (GCR) has assigned an indicative national scale long-term issue rating of $A_{(NG)(EL)(IR)}$ * to Veritasi Homes & Properties Plc's NGN10Bn Series 1 Senior Medium-term Bonds, with the Outlook accorded as Stable. The indicative rating will expire on the earlier of 31 December 2025 or the issuance of the proposed bonds.

Rated issue	Rating class	Rating scale	Rating*	Outlook	IR expiry date
NGN10Bn Series 1 Senior Medium-term Bonds	Long-term issue	National	$A_{(NG)(EL)(IR)}$	Stable	31/12/2025

*Structured bond ratings are based on an estimate of the expected loss in the event of an issuer default and are a function of the estimated probability of default of the issuer and the potential losses that may be incurred. As such, the ratings carry an 'EL' suffix. The ratings are derived by applying a notching approach, starting from the long-term issuer rating. Should the issuer rating or the estimated recovery rate calculated by GCR change, the ratings assigned to the Senior Secured Notes may also change.

*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 180days.

Rating rationale

Veritasi Homes & Properties Plc (Veritasi or the Issuer) is a residential property development company in Nigeria. Veritasi has a long-term national scale issuer rating of $BBB_{(NG)}$.

The issuer is in the process of registering a NGN30Bn bond issuance programme (the programme) with the Securities and Exchange Commission and proposing to raise an initial up to NGN10Bn in series 1 senior medium-term secured fixed rate bond under the programme. The bonds shall have a tenor of three (3) years and a legal maturity date of 2028. Payment obligations including the coupon and principal redemption shall be payable semi-annually in arrears from the issue date till the maturity date. The series 1 bonds shall constitute direct, unconditional, senior, irrevocable, unsubordinated, and secured obligations of the issuer, backed by a deed of legal mortgage (security deed) on the assets pledged by the Issuer. Pursuant to the security deed, Veritasi confirms that the mortgaged asset is free from any security interest or encumbrance of any kind other than the security created by the deed.

According to the legal mortgage deed, the pledged asset includes 600,120.385 square metres of land and the development on it, lying and situate at Government Allocation Resettlement Scheme Abomiti Community, Epe in the Epe Local Government Area of Lagos State covered by Survey Plan No FAO/0702/2022/LA registered at the Lagos State Land Registry. Based on the external valuation report dated 25 February 2025, the property has a market value of NGN57.2 billion.

The series 1 bonds shall be direct, secured, senior and unconditional obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among each other. The payment obligations of the issuer in respect of the Series 1 Bonds shall, save for such obligations as may be preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other secured and unsubordinated indebtedness and monetary obligations of the issuer, present and future. According to the draft series 1 trust deed and the pricing supplement, the

bonds proceeds shall be utilised to finance the development of Tinuola Towers 2, a 26-storey high-rise luxury residential project located at Eko Atlantic City, Lagos.

We have received a legal opinion which confirms inter alia that the transaction documents (upon execution) and the deed of legal mortgage shall be valid, binding and enforceable in accordance with their terms.

The indicative rating of the series 1 bonds is derived by applying a notching approach, starting from the long-term national scale issuer rating of Veritasi. The notching approach involves an assessment of the estimated recovery rate expected from the stressed market value of the assets that serve as security for the issuer's outstanding bond obligation and two other secured loan repayments due to Providus Bank Limited and Keystone Bank Limited, under the assumption that the issuer is in default. Our analysis considered only the land bank as security provided by the deed of legal mortgage. As such, the estimated stressed recovery calculations show a recovery rate well above 100% which qualifies the bonds rating for a four-notch uplift above the Issuer's long-term national scale 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 Issuer will directly impact the rating of the series 1 bond issue.

Outlook statement

The Stable Outlook reflects our expectation that Veritasi's diversified product offering and ongoing expansion projects will support enhanced cash flows, ensuring adequate leverage levels and liquidity over the construction phase.

Rating triggers

Given that the indicative rating is intrinsically linked to the issuer's long-term national scale rating, any change in the rating assigned to the issuer or non-compliance with the transaction terms, will directly affect the bond rating. Additionally, lower recoveries could negatively affect the bond rating.

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Related criteria and research

Criteria for the GCR Ratings Framework, May 2024
Criteria for Rating Corporate Entities, May 2024
Criteria for Secured Bond Expected Loss Credit Ratings, May 2024
GCR Ratings Scales, Symbols & Definitions, May 2023
GCR Country Risk Scores, May 2025
GCR Nigeria Corporate Sector Risk Scores, June 2024

Ratings history

Veritasi Homes & Properties Plc's NGN10Bn Series 1 Senior Medium-term Bonds

Rating class	Review	Rating scale	Rating	Outlook	Date
Long-term issue	Initial/Last	National	N/A	N/A	N/A

Glossary

Assets	A resource with economic value that a company owns or controls with the expectation that it will provide future benefit.
Bondholder	Investor of capital market securities.
Capital Markets	The part of a financial system concerned with raising capital by dealing in shares, bonds, and other long-term debt securities.
Cash Flow	The inflow and outflow of cash and cash equivalents. Such flows arise from operating, investing and financing activities.
Conditions	Provisions inserted in an insurance contract that qualify or place limitations on the insurer's promise to perform.
Debt	An obligation to repay a sum of money. More specifically, it is funds passed from a creditor to a debtor in exchange for interest and a commitment to repay the principal in full on a specified date or over a specified period.
Deed	A legal document that is signed and delivered, especially one regarding the ownership of property or legal rights.
Default	A default occurs when: 1.) The Borrower is unable to repay its debt obligations in full; 2.) A credit-loss event such as charge-off, specific provision or distressed restructuring involving the forgiveness or postponement of obligations; 3.) The borrower is past due more than typically 90 days on any debt obligations as defined in the transaction documents; 4.) The obligor has filed for bankruptcy or similar protection from creditors.
Enforceable	To make sure people do what is required by a law or rule et cetera.
Guarantee	An undertaking in writing by one person (the guarantor) given to another, usually a bank (the creditor) to be answerable for the debt of a third person (the debtor) to the creditor, upon default of the debtor.
Irrevocable	Not able to be changed, reversed, recovered and final.
Notching	A movement in ratings.
Pari Passu	Side by side; at the same rate or on an equal footing. Securities issued with a pari passu clause have rights and privileges that are equivalent to those of existing securities of the same class.
Pledge	An asset or right delivered as security for the payment of a debt or fulfilment of a promise, and subject to forfeiture on failure to pay or fulfil the promise.
Proceeds	Funds from issuance of debt securities or sale of assets.
Recovery	The action or process of regaining possession or control of something lost. To recoup losses.
Unconditional	Not subject to any conditions.

Salient points of accorded ratings

GCR affirms that a.) no part of the ratings process was influenced by any other business activities of the credit rating agency; b.) the ratings were based solely on the merits of the rated entity, security or financial instrument being rated; and c.) such ratings were an independent evaluation of the risks and merits of the rated entity, security or financial instrument.

The credit ratings have been disclosed to the rated entity. The ratings above were solicited by, or on behalf of, the rated entity.

The rated entity participated in the rating process via in person interaction and/or via online virtual interaction and/or via electronic and/or verbal communication and correspondence. Furthermore, the quality of information received was considered adequate and has been independently verified where possible. The information received from the rated entity and other reliable third parties to accord the credit ratings included:

- Draft programme trust deed
- Draft shelf prospectus
- Draft deed of legal mortgage
- Draft series I trust deed
- Draft series I pricing supplements
- Legal opinion

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