Dated 20th August 2021

COMMODITIES FUNDING SPV PLC.

(A Special Purpose Vehicle incorporated in Nigeria with Registration Number: 1713630)

SECURITISATION OF COLLATERALISED LOANS RECEIVABLES
₦50,000,000,000 ASSET BACKED COMMERCIAL PAPER ISSUANCE PROGRAMME

You should carefully read the Risk Factors beginning on Page 82 of this Programme Memorandum. The Commercial Paper notes ("**CP Notes**" or "**Notes**") issued under the Programme are asset-backed securities and will be the sole obligation of the Issuer. The Assigned Rights that have been assigned from the Originator to the Issuer shall be the principal source of funds to be used by the Issuer for the repayment of its obligations under the Programme in accordance with the Priority of Payments described herein.

Commodities Funding SPV Plc (the "Issuer") is a Special Purpose Vehicle ("SPV") set up as a financing vehicle with the objective of using short term funding raised in the money market for the purchase of Assigned Rights from Citihomes Finance Company Limited ("CitiHomes" or the "Originator"), which shall include all rights to the Loan Receivables and any Security attached thereto.

The Issuer has established this [₦50 billion] Asset Backed Commercial Paper Issuance Programme (the "**CP Programme**" or the "**Programme**") under which the Issuer may from time-to-time issue CP Notes denominated in Nigerian Naira (NGN) or in any such other currency, subject to it being in compliance with all relevant laws and in accordance with the Terms and Conditions contained in this Programme Memorandum ("Memorandum"). Each Series under the Programme (as defined under the Terms and Conditions) will be issued in such amounts, and will have such discounts, period of maturity, and other terms and conditions as set out in the Pricing Supplement applicable to such series or tranche (the **"Applicable Pricing Supplement**"). The maximum aggregate nominal amount of all CPs outstanding at any time under the CP Programme shall not exceed [₦50billion] over a three-year period that this Programme Memorandum, including any amendment thereto, shall remain valid.

This Programme Memorandum is to be read and interpreted in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any Series or Tranche (as defined herein), together with the Applicable Pricing Supplement. This Programme Memorandum shall be read and construed on the basis that such documents are incorporated and form part of this Programme Memorandum. This Programme Memorandum and any Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom the Programme and any Pricing Supplement is delivered (the "Recipient") and should not be distributed by the Recipient to any other parties nor shall any offer made on behalf of the Issuer to the Recipient be capable of renunciation and assignment by the Recipient in favour of any other Party.

The CP Notes issued under the Programme shall be in dematerialised form, registered, quoted and shall be traded over the counter ("OTC") between counterparties via FMDQ Securities Exchange Limited ("FMDQ Exchange") platform in accordance with the rules, guidelines and such other regulation with respect to the issuance, registration and quotation of commercial paper as may be prescribed by the Central Bank of Nigeria ("**CBN**") and FMDQ Exchange from time to time, or any other recognized trading platform as approved by the CBN. The securities will settle via a depository registered, recognised by the Securities and Exchange Commission, acting as the Registrars and Clearing Agents for the Notes.

This Programme Memorandum has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances, and Commercial Papers issued on September 11, 2019, the CBN Circular to all deposit money banks and discount houses dated July 11, 2016 on Mandatory Registration and Listing of Commercial Paper (together the "**CBN Guidelines**") and the Commercial Paper Registration and Quotation Rules (the "**Rules**") of FMDQ Exchange in force as at the date thereof.
This document is important and should be read carefully. If any recipient is in any doubt about its contents or the actions to be taken, such recipient should please consult his/her investment banker(s), stockbroker, accountant, solicitor or any other professional adviser for guidance immediately. This Programme Memorandum has been seen and approved by the Board of Directors of the Issuer and they individually and jointly accept full responsibility for the accuracy of all information given.

Arranger/Issuing & Placing Agent

DLM Advisory

RC: 688014

TABLE OF CONTENTS

IMPORTANT NOTICE

This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may from time-to-time issue and have outstanding at any time, CP Notes not exceeding an aggregate amount of ₦50 billion. The CP Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum. Notes issued under the Programme shall be restricted to Qualified Institutional Investors as defined in the FMDQ Exchange Rules in force as at the time thereof

The Notes issued under the Programme shall have maturities not exceeding 270 days from the date of issuance and the proceeds of each CP Issuance under the Programme shall be used for the purchase of the Assigned Rights, which shall include the rights of Citihomes Finance Company in respect of the Loan Receivables and the Security attached thereto. The Issuer shall not require the consent of the Noteholders of issues outstanding for the issuance of new Notes under the Programme.

The Issuer has appointed DLM Advisory (DLMA) as Sole Arranger and Issuing & Placing Agent for the Programme and has authorised DLMA to circulate this Programme Memorandum in connection therewith.

The Issuer accepts responsibility for the information contained in this Programme Memorandum and confirms that to its best knowledge and belief, it has taken reasonable care to ensure that the information contained or incorporated in this Programme Memorandum is correct and does not omit any material fact that is likely to affect the import of such information.

The Issuer, having made all reasonable enquiries, confirms that this Programme Memorandum contains or incorporates all information which is reasonably material in the context of the offering of the Notes, that the information contained in this Programme Memorandum and the Applicable Pricing Supplement is true and accurate in all material respects and is not misleading and that there are no other facts the omission of which would make this document or any of such information misleading in any material respect.

No person has been authorised by the Issuer to give any information or to make any representation not contained or not consistent with this Programme Memorandum or any information supplied in connection with the Programme, and if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, unless explicitly delivered by the Issuer.

Neither this Programme Memorandum nor any other information supplied about the Programme is intended to provide a basis for any credit or other evaluation or should be considered as a recommendation or the rendering of investment advice by the Issuer, the Dealer, or the Arranger that any recipient of this Programme Memorandum should subscribe to or purchase any Notes.

SPECIFICALLY, FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM, NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE CP PROGRAMME, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIMS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS PROGRAMME MEMORANDUM.

Each person contemplating the purchase of the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer.

The delivery of this Programme Memorandum does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof. Investors should review, among other things, the most recent audited annual financial statements of the Issuer prior to taking any investment decision.

INCORPORATION OF DOCUMENTS BY REFERENCE

This Programme Memorandum should be read and construed in conjunction with:

1. Each Applicable Pricing Supplement relating to any Series or Tranche of Notes issued under the Programme;

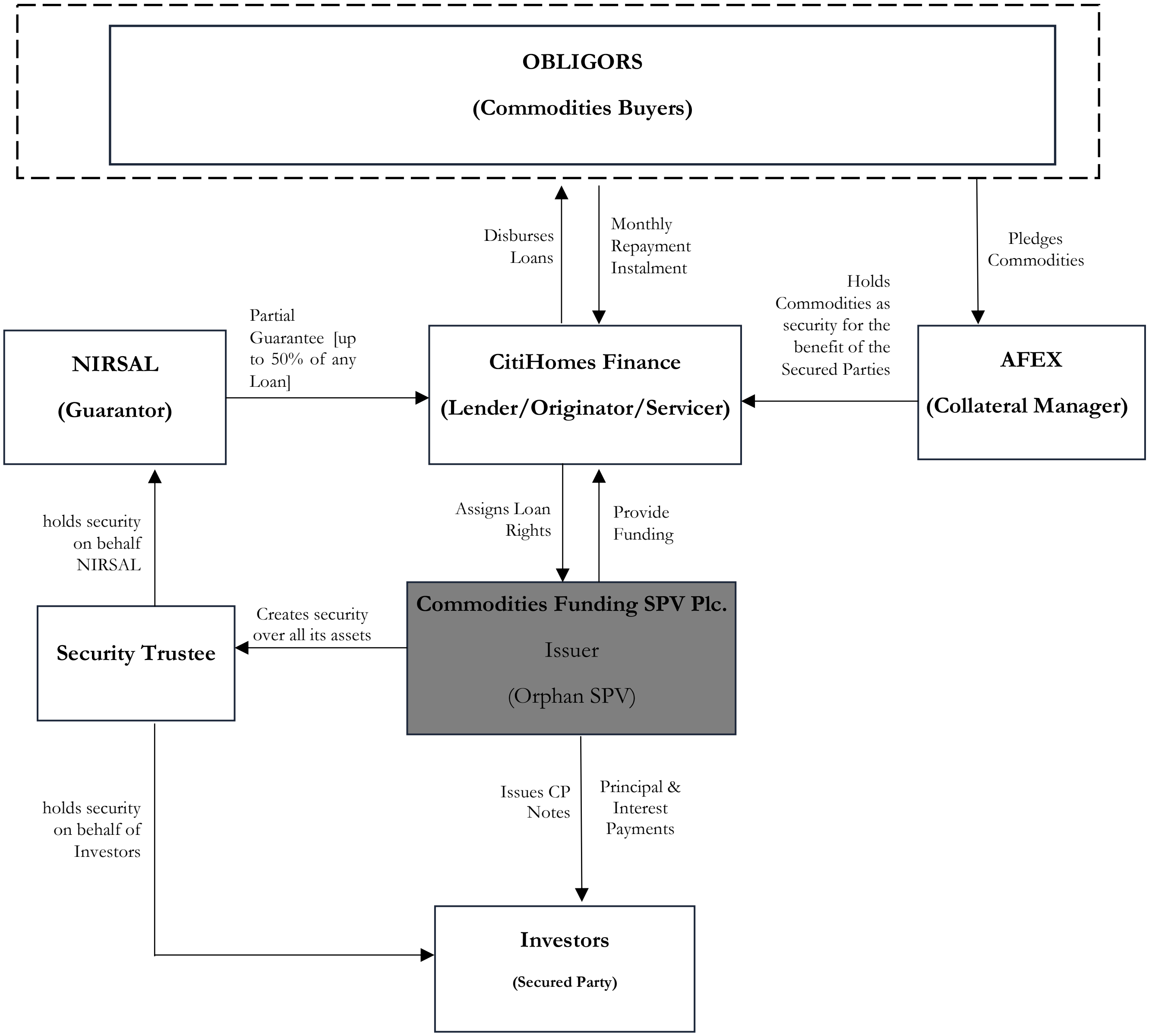
2. Relevant Programme Rating Reports by the Rating Agencies: Agusto & Co. & DataPro Limited

3. Legal Opinion on the Programme by G.Elias & Co

which shall be deemed to be incorporated into, and to form part of, this Programme Memorandum and which shall be deemed to modify and supersede the contents of this Programme Memorandum as appropriate.

Requests for such documents shall be directed to the Arranger at their offices.

The following diagram sets out the transaction structure relating to the issuance of the CP Notes and purchase of Assigned Rights by the Issuer.



The information contained in this section is a summary of certain aspects of the Programme and the principal features of the CP Notes. This summary does not contain all the information that you should consider before investing in the Notes nor does it purport to be complete. Therefore, it should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information presented in the remainder of this Programme Memorandum and to the detailed provisions of each of the Transaction Documents. Investors should read the entire Programme Memorandum carefully, especially the risks involved in investing in the CP Notes which are discussed under "Risk Factors".

SPV Ownership Structure

The Issuer, Commodities Funding SPV Plc, is a special purpose vehicle incorporated as a public limited liability company (with its entire issued share capital held in a trust under the terms of a Share Trust Deed). The authorised share capital of the Issuer is ₦1,000,000 divided into 1,000,000 ordinary shares of ₦1.00 each, all of which are issued at par, and held by the Share Trustee on the understanding that the shares will be for the benefit of an agreed charity organisation.

Origination and Sale of the Loan Receivables

Following the Closing Date of each Series and on each applicable Purchase Date, pursuant to the Master Loan Receivables Purchase Agreement (MLRPA) and Supplemental Loan Receivables Purchase Agreement (SLRPA) entered into between the Originator and the Issuer (Hereinafter collectively referred to as "the LRPA"), the Originator shall sell, assign and transfer to the Issuer, the Assigned Rights, which shall include the Loan Receivables to be established and Security attached thereto. The Issuer shall fund the Purchase Price with the proceeds of the Notes issued under the Programme.

Pursuant to the terms of the Master Facility Agreement ("MFA") and applicable Supplemental Facility Agreement (Hereinafter collectively referred to as "the Facility Agreement") entered into between the Originator and the Obligors, the Originator shall from time to time disburse Loans, of an aggregate amount up to the value of the Purchase Price to the Obligors. The Originator shall fund the Loans disbursed to each Obligor from the proceeds of the Purchase Price paid by the Issuer to the Originator for the purchase of the Assigned Rights.

Under the terms of the Facility Agreement, the Obligor shall procure the funding of the Collateral Margin Account with the Collateral Margin Required Deposit and shall also pledge Commodities to be purchased with the Facility (loan) and deposited with the Collateral Manager, as security for the Loans drawn.

Disbursement of Loans

Following the Closing Date of any issuance under any Series of the Programme and each Utilisation Date, and subject to receipt of the Purchase Price from the Issuer, the Originator shall procure the remittance of the respective Loan Amounts due to each Obligor into a Disbursement Account (each Obligor shall have a dedicated Disbursement Account). The monies in the Disbursement Account shall be used by the Aggregator, to purchase Commodities on behalf of the Obligor.

Servicing and Collection of Loan Receivables

The Loan Receivables shall be administered by the Originator in its capacity as a Servicer under the terms of the LRPA.

Repayment Instalments deposited by the Obligor in the Facility Collection Account (see Cashflow Dynamics on page 10) in accordance with terms of the Facility Agreement shall be remitted into the Note Collections Account on a monthly basis, and built up towards meeting the obligations of the Issuer in respect the CP Notes. No later than 3 Busines Days prior to a Payment Date, the amounts required to meet the Issuers payment obligations under the CP Notes shall be transferred to the Payment Account.

Aggregation and Collateral Management

The Aggregator shall be responsible for using the Loan disbursed to the Disbursement Account to purchase Commodities from Suppliers on behalf of the Obligor. The Commodities shall be purchased pursuant to the Obligors instructions and with the prior written consent of the Originator, and shall be deposited at a Storage Facility designated by the Collateral Manager.

Under the Collateral Management Agreement entered into amongst the Lender, the Obligor(s) and the Collateral Manager, the Collateral Manager shall manage the warehousing of the Commodities, including but not limited to grading, specification, intake, product storage, security and the issuance of the warehouse receipts. The Obligor shall be the depositor on record with respect to the storage of the Commodities. The Collateral Manager shall disburse Commodities to the Obligor subject to, and only to the extent of the fulfilment of the Obligors repayment obligations under the Facility Agreement.

Security

As continuing security for the discharge of its repayment obligations under the Facility Agreement, the Obligor shall:

- As legal and beneficial owner of the Commodities, pledge to the Collateral Manager (to hold for itself and on behalf of the Originator), the Pledged Assets; and
- Deposit an amount equivalent to 20% (or as may be required from time to time) of the Loan into the Collateral Margin Account which shall be charged in favour of the Originator; and
- Create a fixed charge over the Disbursement Account in favour of the Originator.

Pursuant to the Collateral Management Agreement, the Collateral Manager shall have the right to assign, transfer, negotiate, or otherwise dispose of the Commodities at the price at which such Commodities are traded on the Commodities Exchange. The proceeds of the Sale of the Commodities, the amounts standing to the credit of the Collateral Margin Account and Disbursement Account (if any) shall be used to discharge any amount outstanding under a Loan (in full or in part) including any rights subrogated thereof to the Guarantor.

Pursuant to the sale consummated under the LRPA, the Originator shall assign the Assigned Rights to the Issuer which shall include the Originator's rights in respect of the Loan Receivables and Security attached thereto. The rights of the Originator in respect of security interest created over the Pledged Assets, Collateral Margin Account, and Disbursement Account form part of the Security sold to the Issuer alongside the Loan Receivables. The Issuer shall in return and as continuing security for the payment and discharge of the Secured Obligations under the CP Security Deed, create the following security interest in favour of the Security Trustee for the benefit of the Secured Parties:

- assign (as applicable) by way of security, the Assigned Rights; and
- charge, by a way of a fixed charge, the Note Collection Account and Payment Account and the Deposits therein.

Liquidity Asset Purchase

Pursuant to the Liquidity Asset Purchase Agreement, the Liquidity Provider shall have the right to assign, transfer, negotiate, or otherwise dispose of the Commodities at the price at which such Commodities are traded on the Commodities Exchange. The proceeds of the Sale of the Commodities, the amounts standing to the credit of the Collateral Margin Account and Disbursement Account (if any) shall be used to discharge any amount outstanding under a Loan (in full or in part) including any rights subrogated thereof to the Guarantor.

Where the Collateral Manager is unable to dispose of the Commodities on the Commodities Exchange within 7 Business Days of notification of an Event of Default, the Liquidity Provider shall within three (3) days, pursuant to the terms of the liquidity Asset Purchase Agreement, purchase such Commodities at a price not below ninety per cent (90%) of the value at which such Commodities are traded on the Exchange on the date of notification of Default to the Collateral Manager.

Collateral Margin Call

As a condition precedent to the disbursement of a Loan under the Facility Agreement, the Obligor shall be required to maintain a Minimum Maintenance Margin Level which shall be equivalent to a collateral cover (the combined sum of amounts deposited in the Collateral Margin Account and the value of the Pledged Assets deposited in the Storage Facility) of 120% of the Loan Amount. The Commodities constituting the Pledged Assets will be marked to market and valued based on daily closing prices on the AFEX Commodities Exchange. In the event that the Commodities trade lower than its book value (or a pre-set price floor) and the collateral cover goes below the Minimum Maintenance Margin Level, a notification will be issued by the Collateral Manager to the Obligor requiring the Obligor to fund the Collateral Margin Account up to the Cash Margin.

In the event an Obligor is unable to fulfil a Margin Call within [48] hours of being served a Notice of Margin Call, an Event of Default will be triggered under the Facility Agreement.

Credit Risk Guarantee

The Loans disbursed by the Originator to the Obligors shall have the benefit of a Credit Risk Guarantee (CRG) provided by the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending ("NIRSAL"), which shall be available to repay to the Originator, part of any amount outstanding under a Loan (including accrued interest) to the limit of a pre-agreed CRG Rate up to 50%, upon the occurrence of an Event of Default under the Facility Agreement.

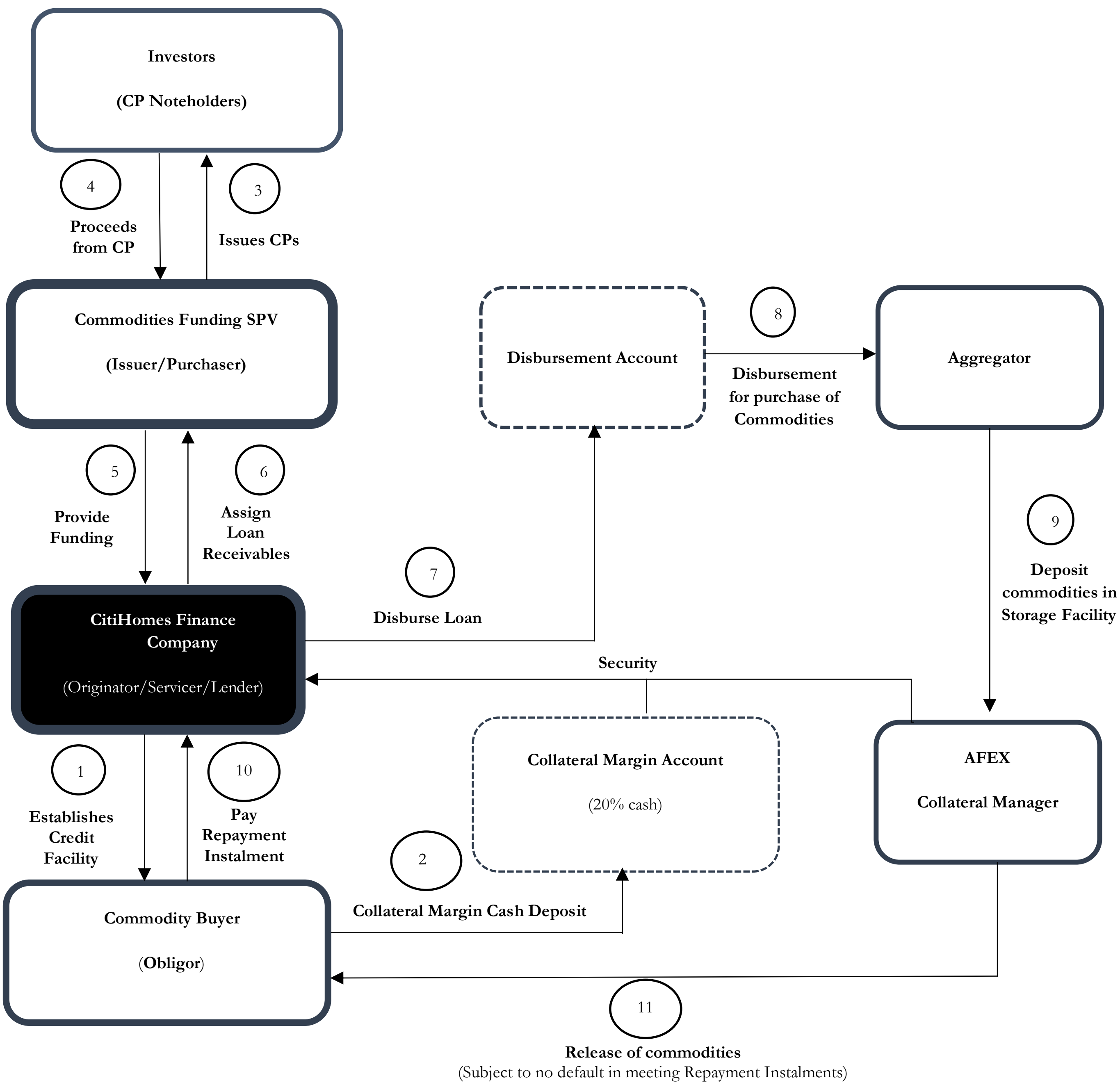
Pursuant to the LRPA, and by purchasing the Assigned Rights from the Originator, which includes all of the Originators rights in respect of the NIRSAL Agreement, the Issuer shall in return and as continuing security for the payment and discharge of the Secured Obligations under the CP Security Deed, assign by way of security all of the Issuers rights under the NIRSAL Agreement and other relevant Agreements in favour of the Security Trustee for the benefit of the Investors and other Secured Parties.

In light of the Foregoing, the Issuer shall by implication have the benefit of the CRG, the proceeds of which shall be available to repay to Noteholders part of any amount outstanding under the CPs, including accrued Interest on the relevant Payment Date.

Unlimited Recourse to Obligor

The Originator, and by implication the Issuer and investors pursuant to the sale under the LRPA and security interest created pursuant to the CP Security Deed, shall have full recourse to the Obligor in the event that the Security provided by the Obligor is insufficient in discharging the Obligors repayment obligations under the Facility Agreement.

Schematic: Transaction Process Flow Chart



Summary of the Transaction Process Flow

1. On the Closing Date, the Originator shall grant the Obligor a credit facility subject to the terms of the Facility Agreement.
2. The Issuer shall issue CP's to Investors under a Series of the Programme.
3. Proceeds of the CPs are remitted to the Issuer.
4. The Originator shall assign the Assigned Rights to the Issuer, including the Loan Receivables and Security thereof.
5. The Issuer shall use the proceeds of the CPs to purchase the Assigned Rights from the Originator and the Originator shall in turn apply the proceeds of the purchase towards funding a Loan disbursement.
6. As a condition precedent to the disbursement of a Loan under the Facility Agreement, the Obligor shall fund the Collateral Margin Account with the Collateral Margin Required Deposit, which shall be used to secure the Obligors payment obligations under the Facility Agreement.
7. The Originator shall disburse the Loan to the Disbursement Account.
8. Funds in Disbursement Account shall be disbursed by the Aggregator for purchase of Commodities on the instruction of the Obligor and subject to the consent of the Originator.
9. The Aggregator shall purchase the requested Commodities, on behalf of the Obligor, and deposit the purchased commodities at the Collateral Managers storage facility. The Obligor shall be the depositor on record with respect to the storage of the commodities.
10. The Obligor shall repay the Repayment Installment on the Loan subject to the terms of the Facility Agreement.
11. Commodities shall be released to the Obligor subject to the Obligor meeting up with payments of the Repayment Instalment in accordance with the terms of the Facility Agreement. The Commodities released shall be limited to a pro-rata amount equivalent to the Repayment Instalments paid by the Obligor into the Facility Collection Account.

CREDIT ENHANCEMENT AND SECURITY STRUCTURE

The Notes to be issued under this Programme shall incorporate a combination of any of the following internal credit enhancements as shall be further specified in the applicable Pricing Supplement.

Excess Spread

The yield on Loans granted by the Originator to the Obligors shall for every tranche of funding, be in excess of the yield on the CP Notes issued by the Issuer under the Programme. Thus, by purchasing the Assigned Rights pursuant to the LRPA, the Issuer shall have rights to the Excess Spread accruing from the Assigned Rights. The minimum Excess Spread acceptable under the proposed programme has been set at [400bps].

Credit Risk Guarantee

The Loans disbursed by the Originator to the Obligors shall have the benefit of a partial guarantee of up to 50% of principal outstanding (plus accrued interest) provided by NIRSAL subject to the terms of the Credit Risk Guarantee (CRG). The guarantee shall be available to repay to the Originator, part of any amount outstanding under a Loan, including accrued interest to the limit of a pre-agreed CRG rate [(50%)], upon the occurrence of an Event of Default under the Facility Agreement.

Pursuant to the LRPA, The Issuer shall purchase the Assigned Rights from Originator, which includes the Originators rights in respect of the CRG. In light of the Foregoing, the Issuer shall by implication have the benefit of the CRG, the proceeds of which shall be available to repay to Noteholders part of any amount outstanding under the CP Notes, including accrued Interest on the relevant Payment Date.

Underlying Security/Implied Overcollateralization

Pursuant to the LRPA and by purchasing the Assigned Rights from the Originator, the Issuer, and by implication Investors in the CP Notes shall have the benefit of the robust cover provided by the underlying collateral embedded in the Assigned Rights. Each Loan granted by the Originator shall have the benefit of monies standing to the credit of the Collateral Margin Account and the Pledged Assets (Commodities pledged by the Obligor in favour of the Originator) which is at a minimum of 120% of the Loan Amount. However, when viewed with respect to the actual underlying risk exposure (after adjusting for the cover provided by the partial guarantee and the deposit in the Collateral Margin Account – totalling 70% of the Loan Amount), each Loan granted by the Originator shall have the benefit of 100% of the Pledged Assets covering an actual principal exposure of 30% of the Loan Amount. This results to a collateral cover of 3.33x the actual exposure. As a result of this, investors in the CP Notes issued by the Issuer shall, in addition to being covered 70% by both partial guarantee and the Collateral Margin Account, have the further benefit of being protected 3.33x of the actual underlying exposure. This robust cover does not take into cognisance the additional protection provided by the Excess Spread as explained above.

Pursuant to the Collateral Management Agreement, the Collateral Manager shall upon notification of an Event of Default, without notice to or further consent of the Obligor or any other person, sell and dispose of the Pledged Assets at the price at which such Pledged Assets are traded on the Commodities Exchange. Where the Collateral Manager is unable to liquidate the Pledged Assets within [7] days of notification of an Event of Default, the Liquidity Provider (AFEX) shall purchase the said Commodities at a price not below ninety per cent (90%) of the value at which such Commodities are traded on the Exchange on the date of notification of Default to the Collateral Manager and subject to the terms of the Liquidity Asset Purchase Agreement. The proceeds of the sale of the Commodities shall be used to satisfy the Secured Obligations of the Obligors to the Originator and other Secured Parties.

Senior/Subordination Structure

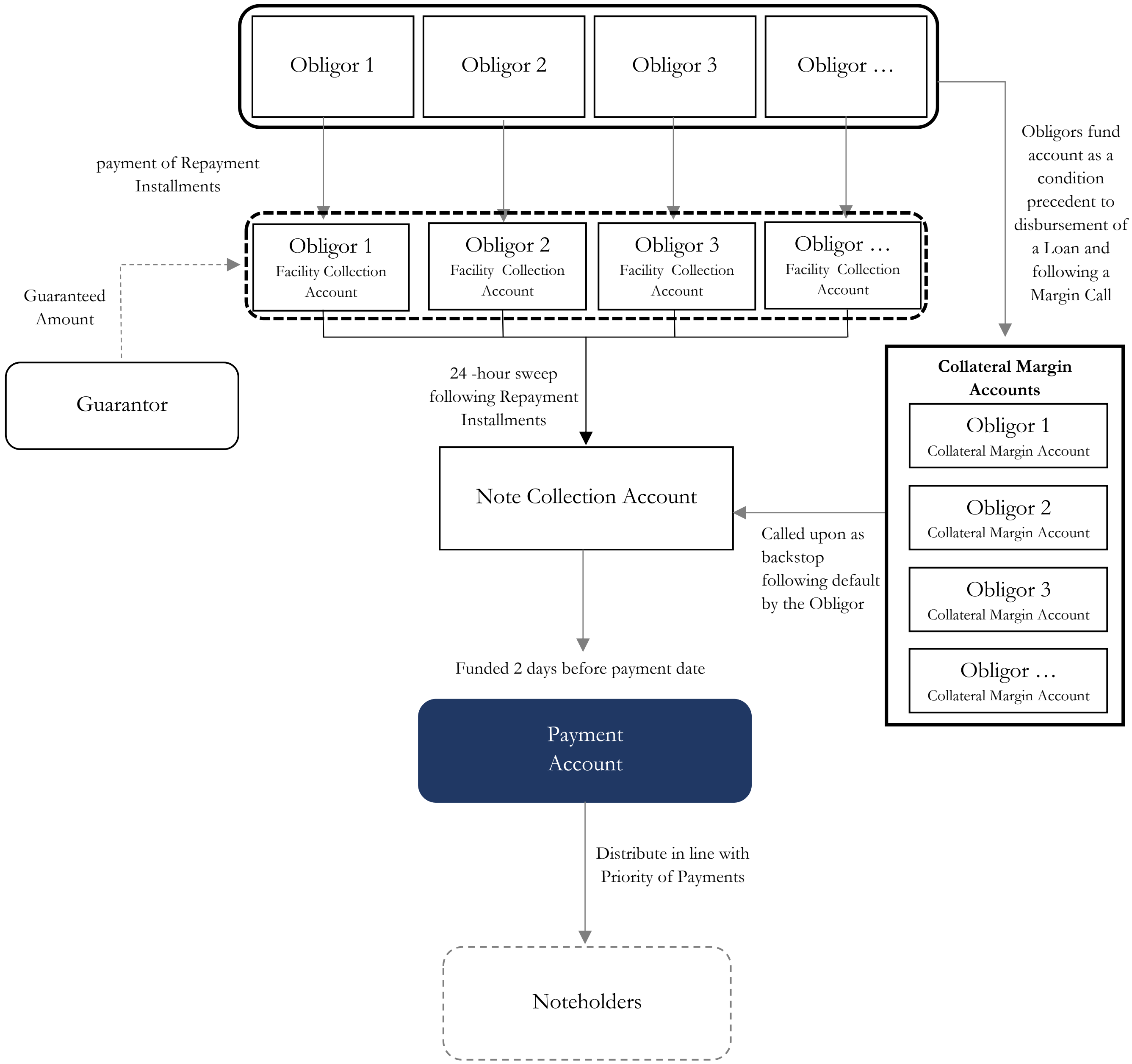
Series of CPs issued under the Programme may be offered in multiple tranches. Where more than one tranche is issued in any Series, such Series of CPs may incorporate a senior/subordinated structure and shall re-allocate cashflows to tranches based on varying seniorities. The subordinated tranches provide credit enhancement by absorbing losses on the underlying asset pool before more senior tranches absorb losses. The applicable final terms shall clearly state the status of the Notes being issued under the relevant tranches.

CREDIT STRUCTURE IMPLICATION

The abovementioned embedded security and implied overcollateralization structure, excess spread, and Credit Risk Guarantee will provide coverage in excess of what is required to meet the payment obligations and absorb losses of the Issuer at any point in time under all issuances under the Programme and shall provide strong credit protection to holders of Notes under the Programme.

Summary of Withdrawals and Cashflow from the Transaction Accounts

The chart below provides a simplified overview of the flow of funds as contemplated under the Programme



TRANSACTION ACCOUNTS & CASHFLOW DYNAMICS

The following provides a summary of the Transaction Accounts and how payments from collections from the purchased Loan Receivables are transmitted through the Transaction Accounts.

1. Payments into the Collateral Margin Account

The Collateral Margin Account shall be an interest-bearing account, held in the name of the Obligor. As a condition precedent to the Originator disbursing any loans to the Obligor, the Obligors shall be required to pay the Collateral Margin Required Deposit into the Collateral Margin Account.

Upon the occurrence of an Event of Default, the Collateral Margin Required Deposit shall be applied in satisfaction of any outstanding payment obligations of the obligors in respect of a Loan following any payment made pursuant to a call on the CRG.

(*The signatory to the Collateral Margin Account shall be the Obligor. Prior to the full discharge of the Obligors repayment obligation in respect of a Loan, no withdrawals shall be made from Collateral Margin Account without the prior written consent of the Lender*)

2. Payment into the Disbursement Account

Commencing on the applicable Effective Date, the Originator, shall disburse the Loan Amount under the Facility Agreement to the applicable Disbursement Account for each Obligor participating in any round of financing. The funds in the Disbursement Account of each Obligor shall be used by the Aggregator, to purchase Commodities on behalf of the Obligor. The Disbursement Account shall be an interest-bearing account and established in the name of the Obligor.

(The signatory to the Disbursement Account shall be authorised persons of the Obligor, and the Aggregator shall raise payment requests. The Originator shall have full real-time viewing rights over the Disbursement Account and no withdrawals shall be made from the Disbursement Account without the prior written consent of the Originator.)

3. Payment into the Facility Collections Account by Participating Obligors

Commencing on the applicable Effective Date of the Facility Agreement, each Obligor participating in any round of financing shall ensure the timely payment of all Repayment Instalments due under the Facility Agreement into the Facility Collection Account.

Payments into the Facility Collection Account by the Obligors shall be in accordance with the Repayment Schedule with each Repayment Instalment falling due on the date set out in the relevant Supplemental Facility Agreement.

The Facility Collections Account shall be an interest-bearing account and shall be established in the name the Originator.

(The signatories to the Facility Collection Account shall be authorized persons of the Note/CP Trustees and the Servicer. The Note/CP Trustees shall be required to file a monthly performance report to both investors in the Notes/CP and the Guarantor detailing the position of the Facility Collection Accounts of the Obligors)

4. **Payments from the Facility Collections Account into the Note Collections Account**

Any time before the occurrence of an Event of Default under the Facility Agreement and within 24 hours of receipt of Repayment Installments into the Facility Collections Account every month, all monies standing to the credit of the Facility Collections Account shall be swept into the Note Collections Account. The Note Collections Account will act as a master collections account into which all the Repayment Installments from each Obligor under any round of financing (CP Series) shall be consolidated.

Upon the occurrence of an Event of Default and subsequent call on the Credit Risk Guarantee, all the rights of the Originator in respect of the Facility Collections Account shall be Subrogated to the NIRSAL, the Guarantor. Thus, any amounts paid into the Facility Collections Account of the defaulting Obligor thereafter shall be remitted to an account nominated by NIRSAL.

The Note Collection Account shall be established in the name of Note Trustees.

(The signatory to the Note Collection Account shall be the Note Trustees)

5. **Payments from the Note Collection Account into the Payment Account**

On the [second (2nd) Business Day] prior to the relevant Payment Date, the Account Bank shall, on the instruction of the Note Trustees, transfer from the Note Collection Account into the Payment Account, the relevant amount required to service the Issuer's payment obligations on such relevant Payment Date under the applicable series. Payment Account shall be established in the name of Note Trustees.

(The signatory to the Payment Account shall be the Note Trustees)

6. **Payments from the Payment Account**

Funds transferred into the Payment Account shall be held by the Note Trustees and distributed on the relevant Payment Date in accordance with the Priority of Payment under the Trust Deed and Collecting and Paying Agency Agreement.

PROGRAMME DESCRIPTION

Under the proposed [₦50,000,000,000.00] ABCP Programme (the "Programme"), Commodities Funding SPV Plc., "CFP" or the "Issuer") will, from time to time, issue series of high credit quality Commercial Papers ("CPs" or "Notes") (each an "Issue" or a "Series" or in "Tranches") into the money market for the subscription of Qualified Institutional Investor (QIIs).

The proceeds of each issuance under the Programme will from time to time be used to purchase (in making of payment in advance of) all the Assigned Rights of the Originator (which shall include all rights to principal repayment and interest payment, and Security thereof), pursuant to which the Originator shall from time to time disburse Loans to the Obligors up to the value of the Purchase Price under the Loan Receivables Purchase Agreement. The Loans drawn under the Facility shall be used by the Obligors for the purchase of Commodities.

CPs issued under the Programme shall have the benefits of internal credit enhancement structures to give investors the appropriate credit protection including the provision of a Credit Risk Guarantee (CRG) by the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), under which NIRSAL shall indemnify the Originator against any loss of principal repayment and accrued interest under the Loans up to a pre-agreed CRG Rate. The Originator's rights under the CRG form part of the rights assigned to the Issuer pursuant to the Loan Receivables Purchase Agreement (the "Assigned Right").

The terms and conditions of the Programme shall be contained in the Programme Memorandum and shall be supplemented by the applicable Pricing Supplements for each Series. The principal source of funds to be used by the Issuer for the repayment of its obligations under the Programme, in accordance with and subject to the Priority of Payments, will be the receivables accruing from the Assigned Rights.

SUMMARY OF THE TERMS AND CONDITIONS

This summary of the terms should be read in conjunction with the full text of this Programme Memorandum from where it is derived.

Issuer/Purchaser:	Commodities Funding SPV Plc.
Originator/Servicer/Seller:	Citihomes Finance Company Ltd
Obligors:	Commodity Buyers (Manufacturers/Processors/Merchants)
Collateral Manager:	AFEX Commodities Exchange Plc
Size of the Programme:	₦50,000,000,000
Method of Issue:	By way of a fixed price offer for subscription or through a book building process and/or any other methods as described in the Applicable Pricing Supplement for each Series.
Status of the CPs Under the Programme:	Each Series of CP issued under the Programme may be issued either as a single tranche, or in multiple tranches. Where more than one tranche is issued in any Series, the applicable final terms shall clearly state the status of the CPs being issued under the relevant tranche
Types of Securities to be issued under the Programme:	Commercial Papers issued under the Programme shall be issued either as interest bearing Notes or as discounted instruments. Where the CPs are issued at a discount, it shall be redeemed at par (Face Value) upon maturity.
Use of Proceeds:	To purchase the Assigned Rights of the Originator which includes the Loan Receivables and any Security attached thereto.
Issue Date:	TBD for each Series
Issue Size:	TBD for each Series
Tenor:	TBD for each Series Minimum tenor of 60 days and maximum of 270 days
Redemption:	As specified in the Applicable Pricing Supplement
Issue Size:	As specified in the Applicable Pricing Supplement.
Currency of Issue:	The Notes issued under this Programme will be denominated in Naira or any other freely convertible currency.
Redemption:	Subject to the Applicable Pricing Supplements.
Quotation:	The Issuer may elect at its discretion to have any Series or Tranche of CPs quoted on the FMDQ Exchange Platform or any other recognised trading platform. All secondary market trading of the CPs shall be done in

accordance with the rules in relation to the quotation of any Series or Tranche of CPs quoted or listed on the relevant platform.

Security:

The Securities will have the benefit of the following security:

a. Pledge over the Commodities financed, including any associated rights of the Obligor thereof;
b. the Originator's rights, title and interest in the Facility Agreements, including any Security thereof; and
c. Charge over all the Transaction Accounts;

Credit Enhancements:

Senior/Subordination Structure

Series of CPs issued under the Programme may be offered in multiple tranches. Where more than one tranche is issued in any Series, such Series of CPs may incorporate a senior/subordinated structure and shall re-allocate cashflows to tranches based on varying seniorities. The subordinated tranches provide credit enhancement by absorbing losses on the underlying asset pool before more senior tranches absorb losses. The applicable final terms shall clearly state the status of the Notes being issued under the relevant tranches

Excess Spread

The yield on Loans granted by the Originator to the Obligors shall for every tranche of funding be in excess of the yield on the CP Notes issued by the Issuer under the Programme. Thus, by purchasing the Assigned Rights pursuant to the LRPA, the Issuer shall have rights to the Excess Spread accruing from the Assigned Rights. The minimum Excess Spread acceptable under the proposed programme has been set at [400bps] and will serve as the first line of defence for absorbing losses under the Programme.

Embedded Security/Implied Overcollateralization

Pursuant to the LRPA and by purchasing the Assigned Rights of the Originator under the Loans, the Issuer, and by implication the Investors, shall have the benefit of a collateral cover of 120% of the Principal Value of the CP Notes comprising of the principal amount of the Loan Receivables, monies standing to the credit of the Collateral Margin Account, and the Pledged Assets. Thus, CP Notes issued by the Issuer shall be collateralised by Loan Receivables equivalent to the principal value of the Notes, albeit with a significant positive yield differential.

In addition to the above, and pursuant to the Collateral Management Agreement, the Collateral Manager shall upon the occurrence of a Default, without notice to or further consent of the Obligor or any other person, have the right to sell and dispose of the Pledged Assets at the price at which such Pledged Assets are traded on the Exchange, the proceeds of which shall be used to satisfy the Secured Obligations of the Obligors to the Originator.

The above embedded security and implied overcollateralization structure will provide coverage in excess of what is required to meet the payment obligations and absorb losses of the Issuer at any point in time under all issuances under the Programme and provide strong credit protection to holders of Notes under the Programme.

Embedded Credit Risk Guarantee

The Loans disbursed by the Originator to the Obligors shall have the benefit of a partial guarantee provided by NIRSAL subject to the terms of the Credit Risk Guarantee (CRG). The guarantee shall be available to repay to the Originator, part of any amount outstanding under a Loan, including accrued interest to the limit of a pre-agreed CRG rate, upon the occurrence of an event of default under the Facility Agreement.

Pursuant to the LRPA and the purchase all of the Assigned Rights of the Originator, which includes the Lenders rights in respect of the CRG, the Issuer shall by implication have the benefit of the proceeds of any payments made to the Originator in respect of the CRG, which shall be available to repay to Noteholders, all or part of any amount outstanding under the CPs, including accrued interest on the relevant Payment Date.

Ratings: Securities issued under the Programme shall be assigned ratings by Agusto & Co Ltd. and/or [Global Credit Rating Co. ("GCR") and/or DataPro Ltd (or such other appointed Rating Agency). The ratings, once assigned, may apply to all Series of CPs issued under the Programme.

Taxation: See Page 81 of this Programme Memorandum.

Repayment Source The principal source of funds available to the Issuer for the payment will be cash accruing from the Assigned Rights, which includes the monthly principal repayment and interest paid by the Obligors, any Security attached thereto.

Status of the Notes Except otherwise stated in the Applicable Pricing Supplements, each Series of CPs issued under the Programme constitutes a senior secured obligation of the Issuer and save for certain debts mandatorily preferred by law, the Notes rank pari passu among themselves, and with other present and future senior secured obligations of the Issuer outstanding from time to time.

Governing Law	The CPs issued under the Programme and all related contractual documentation will be governed by, and construed in, accordance with Nigerian law.
Settlement Procedures	Purchases will be settled via direct debit, electronic funds transfers, NIBBS Instant Payment ("NIP"), NIBBS Electronic Funds Transfer (NEFT) or Real Time Gross Settlement ("RTGS").
Transaction Documents	On or before the Effective Date, the following documents, inter alia, shall be executed: a. Master Facility Agreement; b. Supplemental Facility Agreement; c. Security Trust Deed; d. CP Trust Deed; e. Programme Memorandum; f. Pricing Supplement; g. CP Security Deed; h. Receivables Purchase Agreement; i. Collateral Management Agreement; j. Liquidity Asset Purchase Agreement; k. Issuing and Placing Agency Agreement l. Collecting and Paying Agent Agreement; and Any other relevant legal documents/agreement
Transaction Accounts	a. Facility Collections Account; b. Collateral Margin Account; c. Note Collections Account; d. Payment Account; and e. Disbursement Account.

Introduction

Economic outcomes in Africa's giant, Nigeria has continued to show signs of improvement, despite concerns around post 2019 general election uncertainties and the recent outbreak of the Covid-19 pandemic, a global pandemic which crippled the nation's economic activities. Thankfully, election risks are out of the way and the impact of the global Covid-19 pandemic on economic activities is gradually reducing. For instance, remarkable progress has been achieved in perhaps the some of the most important and contested bills recently submitted to the senate. More recently, the President Muhammadu Buhari signed into law the 2020 Appropriation Bill, National Minimum Wage Bill, Finance Bill and the Companies and Allied Matters Bill (signed into law by President Muhammadu Buhari on August 7, 2020) to boost economic growth, encourage growth of businesses and improve ease of doing business in the country.

Global Economic Environment

The global economic outlook has been revised downwards from the estimates in January 2020 largely due to collapse in consumption driven by a number of factors including the global coronavirus pandemic, trade tensions between the US and China; weak business confidence; and BREXIT. In April 2020, the IMF underscored the high level of uncertainty around its outlook, noting that a longer, deeper crisis could result in a contraction of 6% for 2020 and 0% growth in 2021. In the Euro area, growth is projected to fall by around 8.20%, larger-than-anticipated falls in activity in France, Italy and Spain amid lockdowns that were more stringent than those in some other countries.

Emerging markets are a mixed bag; how hard they will be hit will depend largely on capital flows, level of dependence on commodities, macroeconomic policy, stimulus package roll-out and the degree of trade and investments protectionism. While monetary policymakers continue to ramp up their actions, financial conditions continue to tighten for most markets. Currently, the negative effects of the virus are particularly strong in Asia, Europe and North America. While the adverse consequences of these developments for other countries are significant, including demand for imported goods and services, a recession is unavoidable in other big economies due to spill over effects.

After the 3.5% contraction in 2020, global growth is set to rise by 5.5% in 2021 and 4.2% in 2022. In contrast to the October update, this marks a shallower contraction and an upward revision for 2021 growth thanks to vaccines and stimulus support. On an individual country level, there are substantial divergences. The improved 2021 growth outlook is largely down to advanced economies, which will grow by 4.3% (+0.4ppt vs October 2020 update), thanks to rapid vaccines rollout and supportive fiscal stimulus. In particular, this has resulted in substantial upward revisions for the US (5.1% vs 3.1% in October 2020) and Japan (3.1% vs 2.3%), which make up for the lower projections for the Euro Area (4.2% vs 5.2%) and other advanced economies, which are affected by rising infection cases and longer lockdowns. On aggregate, emerging market and developing economies (EMDE) have also seen upward revision to growth 6.3% (+0.3ppt), but the divergence in prospects remains. Emerging and Developing Asia (+8.3% in 2021; +5.9% in 2022) remains the growth locomotive of the emerging and developing world in 2021, led by India (which saw a 2.7ppt upward revision to a whopping 11.5% for the fiscal year ending March 2022) and China (+8.1%)

Oil prices plunged to 18-year low as global crude demand collapse

A rapid build-up of oil stocks is starting to saturate available storage capacity, pushing down oil prices. As at 18th March 2020, U.S. crude prices slumped below $23 a barrel - lowest level in eighteen years, while global crude sank near $26 per barrel, as investors continue to re-set prices in the wake of airline travel restrictions, collapsing China demand and a new market share battle between Russia and Saudi Arabia. The total cost of oil production in different countries varies considerably. Clearly, with Saudi Arabia boasting the lowest oil production costs (c.$9 - total cash cost per barrel) in the world, countries with higher costs of production have been severely impacted by the downturn. The impacts will also be felt throughout oil's global supply chains and ripple into other parts of the energy sector. Notably, the outbreak of COVID-19 and failed agreement on oil production cuts has forced OPEC into a downward review of global oil demand growth to 0.99 million barrels per day (bpd) in 2020. As the world grapples with the health threat posed by the novel coronavirus, the secondary threats of the coronavirus including economic and financial consequences have come into clear view and could trigger business and sovereign debt crises.

Nigeria: General Macroeconomic Environment.

With c.200 million people and annual population growth rate of c.2.6%, Nigeria is the most populous country in the Africa continent and accounts for ¬¬c.50% of West Africa's population. Nigeria has a maximum crude oil production capacity of 2.5 million barrels per day and has consistently ranked as Africa's largest producer and eleventh largest in the world. Nigeria's petroleum industry is the largest in Africa with proven oil and gas reserves of 36.97 billion barrels and 200.79 trillion cubic feet respectively. The country's economy is driven largely by its heavy dependence on oil earnings, growing SMEs activities and a traditional subsistent agricultural economy.

The coronavirus outbreak has significantly weakened Nigeria's near-term economic prospects and medium-term outlook hangs on a framework of a coordinated policy outline. The outbreak of coronavirus has prompted the Federal Government to enforce containment measures such as business and border closures, albeit on a smaller scale, resulting in considerable domestic economic disruption and uncertainties. While the adverse consequences of these developments are significant for the economy including for financial markets, the social, financial and economic impact of the lockdown will be far reaching and will lead to realignment of the credit market. From an economic perspective, preliminary estimates suggest that Nigeria's GDP growth prospects remain subdued in the medium-term as global trade remains weak and suggests declining government revenue as merchandise trade volumes continue to contract. While declining real incomes and weak investment continue to weigh in on economic activity, inflation is expected to rise due to higher food prices resulting from border closures.

Consequently, the International Monetary Fund (IMF) estimated that the Nigerian economy will contract by 5.4% in 2020, which is lower than the 3.4% negative growth it had estimated for the country in April. However, the Central Bank of Nigeria (CBN) and the fiscal authorities have rolled out policy measures to help alleviate the negative impact of COVID-19 pandemic on the economy. The Monetary Policy Committee (MPC) reviewed the current economic developments and voted to reduce the Monetary Policy Rate (MPR) to 11.50% from 12.50%, in a bid to boost the economy.

The Federal Government announced its decision to reduce the ₦10.59 trillion 2020 budget by ₦1.5 trillion due to threat of underfunding. While it has also reduced the crude oil benchmark from $57 to $30 per barrel, we believe that policy responses will provide a calming effect. Given downside pressure on growth and FAAC allocation, we are of the view that the CBN will have to take additional measures through credit relief and we forecast alteration in policy rate before the end of the year to stimulate the economy. In the meantime, we are of the view that the MPC will probably adopt a wait-and-see approach and seek to assess how the global pandemic and low oil prices will affect growth and currency stability before further rates cut

Low Aggregate Demand and Household Consumption

Efforts were already being made to bolster aggregate demand through increased government spending and tax cuts for businesses. However, the COVID-19 crisis will impact all components of aggregate demand. Sector-specific implications and impacts could vary. The impacts on the aviation and tourism sectors are a result of the implications of the pandemic on global travel. As spending by consumers continue to decline, hotels, and hospitality businesses are facing declining demand and patronage. The oil and gas sector is impacted by low demand and falling oil prices, and the banking sector will be similarly impacted by falling interest income and deteriorating credit quality. For manufacturers and other allied businesses, the disruption in supply chain is already taking a toll on raw materials needed for production. The fall in household consumption will stem from; 1) restrictions on movement, therefore causing consumers to spend mostly on essential goods and services; 2) Weak expectations of future income, particularly by workers in the formal and in the informal economy. The restrictions on movement will also discourage investment and expenditure.

Currency Volatility

The Naira has experienced a lot of volatility, due to weak forex earnings, persistent concerns about the impact of the Coronavirus and heightened worries about the potential drop of hard currency inflows. The pressure on naira exacerbated after crude oil prices fell below $30 per barrel at the international oil market. In response to Nigeria's weakening external position and buffers, the CBN repriced the naira exchange rate at the official window to c.N360/$1 from N307/$1 representing a 15% devaluation and therefore narrowing the spread between the official rate and the rates in other FX market segments. Elsewhere, exchange rate at the Investors and Exporters (I&E) foreign exchange window was also moved, from N360/$1 to N380/$1and BDC from c.N358/$1 to c.N378/$1. While the CBN explained that the new exchange rate was not a devaluation but an adjustment of price, the new rate effectively established a convergence that seem to eliminate the multiple exchange rate policy with a uniform exchange rate for official transactions, bureau de change (BDC) operators and importers and exporters of goods and services. Regardless, the Naira is still under pressure at the parallel market, currently trading around N450/$1. Going forward, the global uncertainty surrounding the outbreak of the virus is likely to continue exerting pressure on the naira due to the supply chain disruptions, and subdued diaspora remittances growth.

The suspension of FX sales to Bureau De Change Operators will spur speculation and drive rates across markets. The CBN explained that the suspension of FX sales to Bureau De Change Operators was a response to ABCON's request for market holidays in a bid to tame the spread of COVID-19 in Nigeria even as the shutdown of air and land borders across globe has reduced the need for FX supply locally. While we believe that the suspension of FX sales to Bureau De Change Operators will spur speculation and drive rates across markets. This may force foreign investors in both fixed income and equity markets to reprice naira risks amid lower oil prices and COVID-19 concerns.

The CBN activated the sale of dollar to itself and halted the sale of dollars to the Nigerian National Petroleum Commission by oil companies, including International Oil Companies (IOCs) that operate within the shores of the country, with the view to improving foreign exchange supply to the economy; especially funding for petroleum imports and forex funding to key local pharmaceutical companies for procurement of raw materials and equipment, which are required to increase local drug production in the country.

Economic measures by the Central Bank of Nigeria

The Central Bank of Nigeria (CBN) and the fiscal authorities have rolled out policy measures to help alleviate the negative impact of COVID-19 pandemic on the economy. Some of the measures include:

1. Reduction of interest rate on its intervention loans from 9% to 5%;
2. Floating of a new ₦50billion fund for NIRSAL Microfinance Bank for on-lending to small and medium scale enterprises;
3. Naira devaluation at the Investors & Exporters (I&E), Bureau De Change (BDC), and official markets;
4. One-year extension of moratorium on intervention loans;
5. Downward review of the 2020 fiscal budget;
6. Direction of all Oil companies and all related companies (oil services) to sell FX to CBN instead of Nigerian National Petroleum Commission (NNPC); and
7. Suspension of foreign exchange sales to members of the Association of Bureau De Change Operators of Nigeria, to check speculative demand for foreign currencies.

The ₦50billion credit facility stimulus package aims to cushion the effects of COVID-19 on households and MSMEs by supporting households and MSMEs whose economic activities have been disrupted by COVID-19 pandemic and stimulate credit to MSMEs to expand their productive capacity through equipment upgrade, research and development. While the stimulus package is a step in the right direction, in the short term, investors still have to contend with other fundamental macroeconomic issues such as the implications of lower crude oil price on FAAC, exchange rate depreciation, depletion of foreign reserves, inflationary pressures, stock market slump and general investors' sentiments.

Reduction in CBN Benchmark Interest rate

As part of its monetary and financial policy measures to further mitigate the impact of the coronavirus pandemic, the Monetary Policy Committee (MPC) reviewed the current economic developments and reduced the Monetary Policy Rate (MPR) to 11.50% from 12.50% in a bid to boost the economy amid the uncertainty and supply chain shortages caused by the Coronavirus. However, we do not expect this to pass on to bank rates. With the tough and uncertain economic environment, banks find it even more difficult to price for risk at lower interest rates. Owing to the fact that Banks are expected to take a cautious stance in lending due to the heightened likelihood of defaults and as such we do not foresee a decline in lending interest rates, and also do not expect an increase in deposit rates at banks.

General Economic Performance

Over the last decade, several initiatives have been put in place to improve the country's macroeconomic management and international image such as tighter monetary policy and financial sector reforms. Borrowings to fund gaps in government revenue has become the norm in Nigeria and external risks stem from the fact that external debt has risen sharply by $20.75billion from $6.92billion in June 30, 2013 to $27.67billion as of

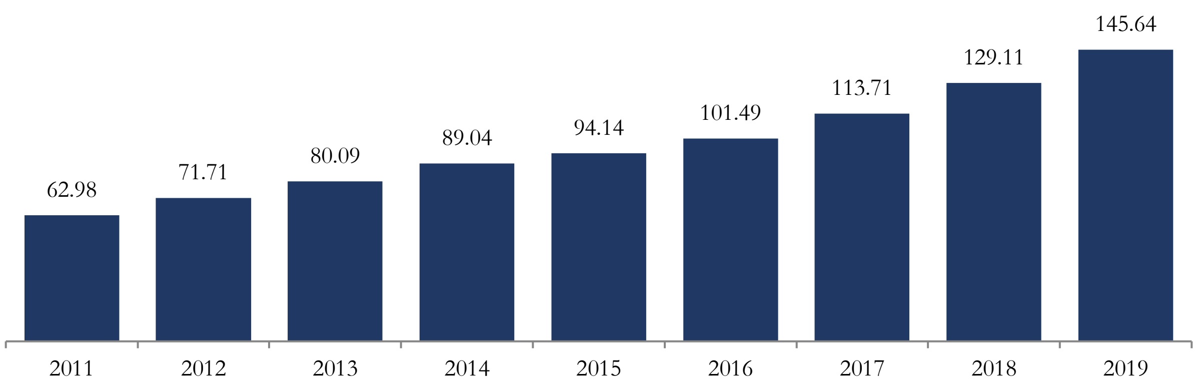
December 31, 2019. Debt to GDP ratio at 19% in 2019 is conservative by international standards but appear susceptible to revenue shocks especially during lower crude oil prices.

Nigeria's economic potential is constrained inadequate infrastructure, tariff and non-tariff barriers to trade, lack of confidence in currency valuation, and limited foreign exchange capacity. By Q1:2020, growth moderated to 1.8%, presenting early signs of covid-induced economic weakness. The GDP growth in real terms declined by -3.62% in Q3 2020, marking a second consecutive contraction from -6.10% recorded in the previous quarter (Q2 2020). The performance of the economy in Q3 2020 reflected residual effects of the restrictions to movement and economic activity implemented across the country in early Q2 in response to the COVID-19 pandemic. The average daily oil production recorded in the third quarter of 2020 stood at 1.67 million barrels per day (mbpd), or 0.37mbpd lower than the average production recorded in the same quarter of 2019 and 0.14mbpd lower than production volume recorded in the second quarter of 2020.

Table 1: Macroeconomic Indicators

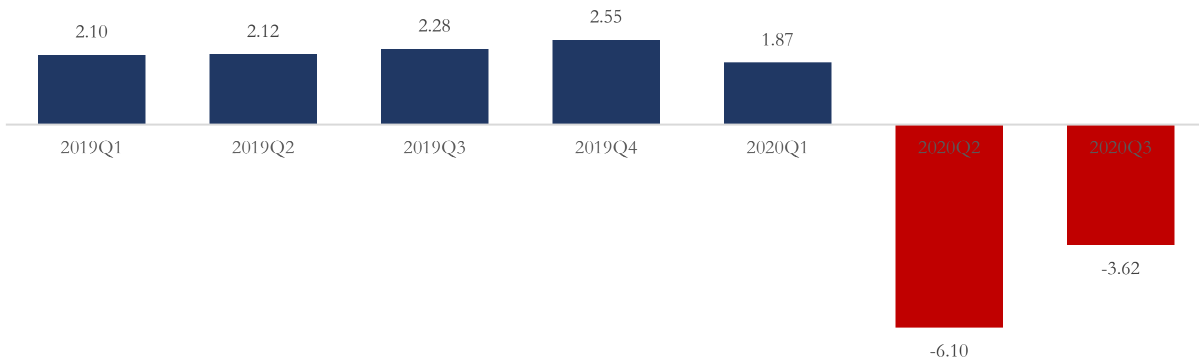
Indicators	
GDP (₦'tr), 2019	145.64
GDP (US$'Bn), 2019	404.55
GDP Growth Rate (%)	2.27%
Population, Mn	200
GDP Per Capita (US$)	2,087.62
External Reserves (US$'Bn) *(Jan25, 2021)*	36.52
Domestic Debt, (₦'Tr) *(September. 30, 2020)*	20.04
External Debt (₦ 'Tr) *(September. 30, 2020)*	12.19
Debt/Gdp (%), December. 2019	22.1
Monetary Policy Rate (%) *(Feb 2021)*	11.50
Inflation (%), December, 2020	15.80
Inflation (%), 12-Mth. Av.	13.25

Figure 1: Nigeria' s GDP (₦'Tr)



Source: National Bureau of Statistics

Figure 2: Nigeria's Real GDP Growth Q1 2019 – Q3 2020 (%)



Source: National Bureau of Statistics

Business Environment

Nigeria is one of the preferred investment destinations in Africa though it remains less attractive to investors than its African peers, such as Tanzania, Kenya, Ghana, and South Africa. The key challenges holding Nigeria back are its infrastructure deficit, high interest rate environment, social unrest, potential and inadequate power supply amongst other consideration. Nigeria only generates an average of 3,500MW daily, creating a deficit of 94,500MW. The low power supply, coupled with a large population, makes electricity costly. This translates to a higher operating cost for businesses as electricity is a major component of total operating expenses. A favourable business environment will lead to the start-up of new businesses and the expansion of existing ones across different sectors of the economy which would boost the economy's total out-put as the confidence of investors and business owners are usually strengthened by a thriving economy. Nigeria ranks 146 in 2019 World Bank ease of doing business out of 190 nations considered in the report.

The World Bank ranking is a step back from the 2018 ranking which placed Nigeria at 145th position out of 190 countries, with the nation moving up by 24 points from the 169th position on the 2017 ranking. According to the World Bank, Nigeria has made starting a business easier with the introduction of an online platform to pay stamp duties, leading to a reduction in the time to start a business from 19 to 11 days. The World Economic Forum in its 2018 Global Competitiveness Index, ranked Nigeria 115 out of 140 countries, representing a downgrade from its 2017/2018 ranking of 112 out of 135 countries. However, Nigeria improved in four of twelve ranking pillars such as Infrastructure, Health, Business Dynamism, and Innovation Capability. This highlights the need for improvement in key areas such as Institutions, ICT adoption, macroeconomic environment, labour market, financial market amongst others. This provides unique insight into the drivers of productivity and prosperity of the nation's economy going forward.

Fiscal Policy and Government Debt

To finance the expected increase in the personnel cost and douse the growing concern around debt sustainability in the country, the ministry of finance recently launched strategic revenue growth initiative (SRGI) to bolster government revenue. As a follow-up, the finance bill, which seeks to review all Tax Acts in Nigeria, was sent to the senate. More specifically, the finance bill is designed with the objective to reform domestic tax laws, promote fiscal equity, incentivize investments in infrastructure & capital markets, support small businesses and raise revenues for the Government. The Federal Government is also pursuing various fiscal reforms to control expenditure and improve the Nigerian tax system, in particular, and to reduce public spending by reducing oil-related subsidies and the public payroll. The framework for these economic and fiscal reforms is set forth in Vision 20:2020, the framework economic transformation plan developed in 2009 that outlines key objectives and targets to achieve sustained economic and socio-economic development. In line with these reforms, there have been some policies by the present administration to drive revenue increase and reduce government expenditure

The Federal Government adopted an expansionary fiscal policy in 2018 and implemented a Fiscal Policy Measures (FPM) effective 27th July 2018, which replaced the 2016 FPM. The 2018 FPM is aimed at encouraging investment in certain critical industries, stimulate local production and discourage consumption of certain items, generate jobs and broaden wealth-creating opportunities to achieve inclusive growth. The Federal government's principal source of raising domestic capital includes treasury bills and issuance of Federal government bonds which now account for over 65% of domestic debt stocks.

According to the Debt Management Office (DMO), Nigeria's total public debt increased from ₦21.73 trillion in December 2017 to ₦25.7 trillion at the end June 2019, FGN's outstanding debt alone settled at ₦20.4trillion. This Increase was largely driven by a sharp increase in external debt amid fast-rising budget deficit. The DMO noted that the debt figures reflected the impact of the implementation of the debt management strategy, which entailed substituting high-cost domestic debt with low-cost external debt. Particularly, the DMO raised $5.3bn in Eurobonds over 2018, thereby reflecting that some measure of investor confidence has been restored. However, the Eurobond issuance brought the country's outstanding Eurobond obligation to $11.2bn. We note that Nigeria's external debt increased by $10.7bn (majorly driven by Eurobonds worth $7.0bn) to $22.1bn between 2016 in H1-18 while the domestic component stood at ₦15.6tillion as at Jun-18.

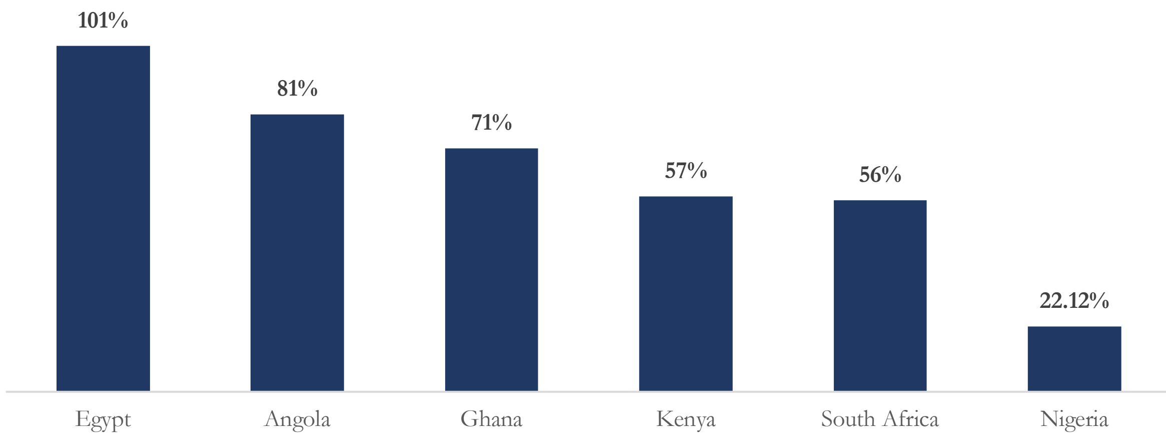
In a bid to diversify funding sources for the Government, the DMO introduced the FGN Savings Bonds, a retail savings product designed to be accessible to all income groups, in March 2017. The Bonds are to be issued monthly in tenors of 2 and 3 years with quarterly interest payments. Also, the DMO successfully raised the first Diaspora Bonds in June 2017, a total of US$300m was offered at a coupon rate of 5.625% for a 5-year tenor. Similarly, the Sovereign Sukuk Bond worth N100bn for a tenor of 7 years was launched in September 2017. More recently, the DMO extended the domestic bond yield curve by 10-year to 30-year.

Nigeria's States and Federal Debt Stock data as at 30st September 2020 reflected that the country's total public debt portfolio stood at ₦32.22trillion. Further disaggregation of Nigeria's total public debt showed that ₦12.19trillion or 37.82% of the debt was external while ₦20.04trillion or 62.18% of the debt was domestic

The rise in the nation's domestic debt stock was as a result of the need for the government to provide long term funding for its planned infrastructure developments and budgetary allocations. However, there is a need to adopt a cautious approach towards borrowing through improved fiscal prudence and ensuring that all debts are channeled towards specific investments in infrastructure that support the creation of employment opportunities, economic growth and ease of re-payment.

In spite of the recent rise in public debt, Nigeria enjoys healthy debt sustainability and maintains one of the lowest Debt-to-GDP ratio among Sub-Saharan African countries and other emerging market economies as presented in the following chart:

Fig 2: Debt-to-GDP Ratio (%)



Source: Trading Economics

National Budget

On 17 December 2019, the President signed the 2020 appropriation bill of ₦10.60billion into law. The 2020 National Budget seeks to continue the reflationary & consolidation policies of the 2018 and 2017 Budgets respectively. The 2020 Budget proposal was initially based on the Oil price benchmark of $57 per barrel; Oil production of c.2.18 million barrels per day, including condensates; and exchange rate of N305/$. The Nigerian government announced some significant changes to the 2020 budget as measures to contain the effect of the outbreak of coronavirus on the nation's economy with a cut in the oil price benchmark to $28 per barrel, oil production to 1.8 million barrel per day, and an exchange rate of ₦360/$1. The approved revised budget of ₦10.52 trillion, is lower than the ₦10.60trillion initially approved in December 2019.

The aggregate revenue available to fund the 2020 budget is projected at ₦8.42 trillion (3.2% or ₦263.94 billion more than the Executive proposal, and 10.9% more than 2019 Budget of ₦7.59 trillion). Aggregate capital expenditure of ₦2.78 trillion is 26.2% of total expenditure; and 12.6% less than 2019. At ₦2.45 trillion, debt service is 23.2% of total expenditure, and 14.5% higher than 2019. Overall, budget deficit is ₦2.175 trillion for 2020. This represents 1.52% of GDP, which is within the threshold stipulated in the Fiscal Responsibility Act (FRA) 2007. The deficit was expected to be financed by a combination of domestic and foreign borrowing (domestic sources ₦744.99 bn; foreign sources ₦850bn; Multi-lateral / bi-lateral loan ₦328.12bn), indicating a gradual shift away from commercial to more concessionary financing. Total revenue consists of oil revenue projected at ₦2.73 trillion while non-oil revenue is estimated at ₦1.81 trillion.

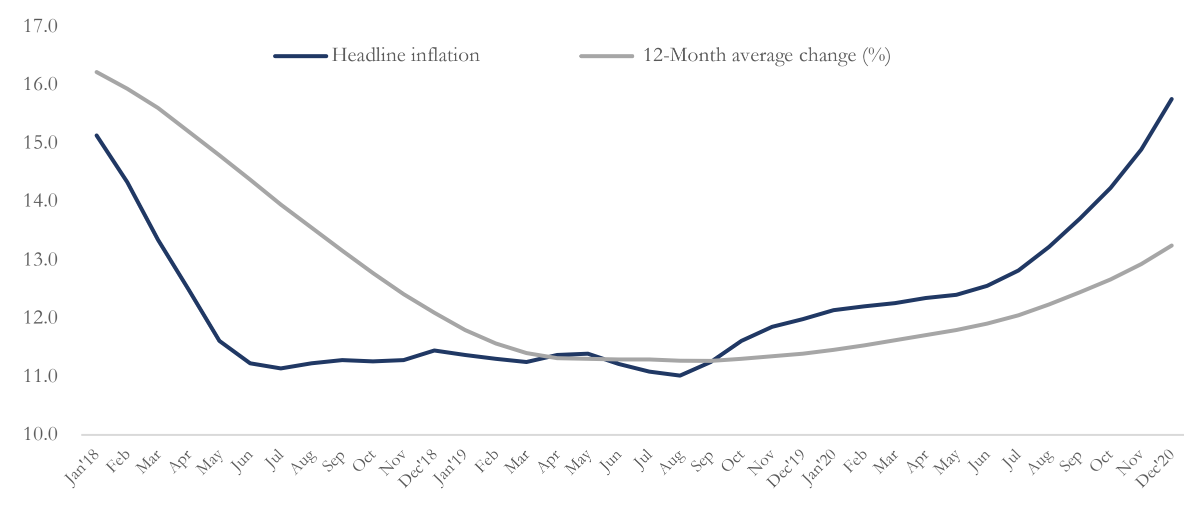
Monetary Policy and Inflation

The Central Bank of Nigeria relaxed its tight monetary policy stance in May 2020 in a bid to stimulate the economy. In the pursuit of that objective, the Bank adjusted the Monetary Policy Rate (MPR) by 50bps to 12.50% after having held the rate at 13.50% since March 2019. However, the Cash Reserve Ratio (CRR) and

Liquidity Ratio were retained at 27.50% and 30% respectively. The decision of the CBN to reduce the Monetary Policy Rate was informed by the impact of the Covid-19 pandemic on the economy, increased inflationary pressure, restrictions in international trade among other considerations. Subsequent to the decline in oil price and the attendant depreciation of the Naira, meeting demand for foreign exchange, and making sure that it gets to the end-users at the fixed rate has been one of the toughest tests for the Central Bank of Nigeria (CBN) in recent times. However, the gradual increase in oil prices and Federal government external commercial borrowings will help to increase foreign currency inflows into the Nigerian economy.

Nigeria's inflation rate rose further to 15.80% in December 2020, due to the spike in the prices of basic food items. The increase in inflation marked the highest reading since January 2018. The December figure is 0.86% points higher than the rate of 14.89% recorded in November 2020. On a month-on-month basis, the Headline index increased by 1.61% in December 2020. This is 0.01% points higher than the rate recorded in October 2020 (1.54%). On a month-on-month basis, the food sub-index increased by 2.05% in December 2020, up by 0.01% point from 2.04% recorded in November 2020.

Figure 3: Nigeria's Headline Inflation Rate (%); Jan. 2018 – Dec. 2020

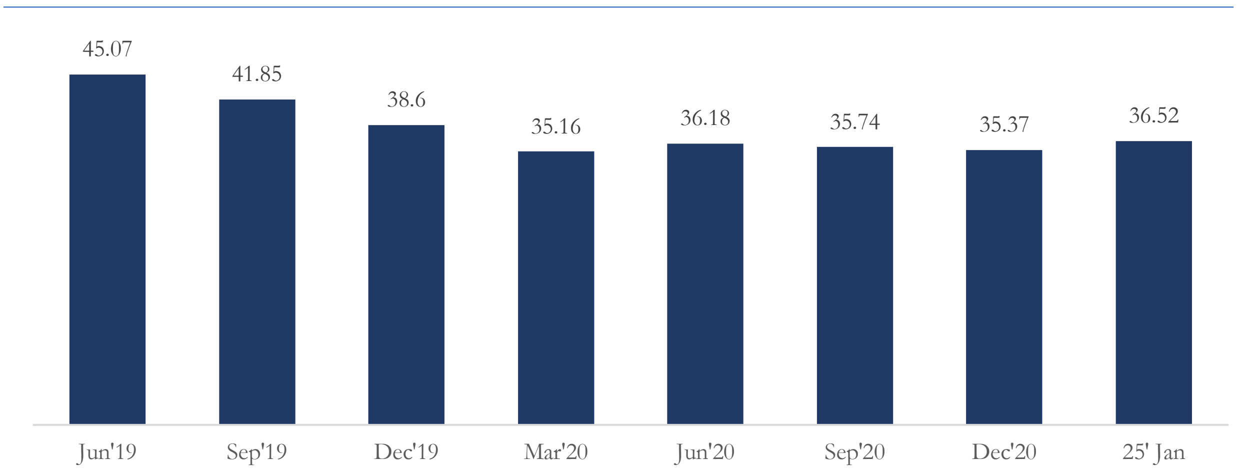


Source: NBS, DLM Research

External Reserves

Oil has remained the major source of Nigeria's foreign exchange earnings, accounting for over 90% of its foreign exchange. This explains the vulnerability observed in its capital account as a result of the fluctuations in crude oil prices. Nigeria's External reserves have recovered significantly from $23billion in October 2016. While the reliance on crude oil exposes the domestic economy to external shock, this support the need to diversify the nation's foreign earning sources. Nigeria's external reserves averaged $11,450.90billion from 1960 until 2018, reaching an all-time high of $62,081.86billion in September 2008 and a record low of $63.22million in June 1968. Nigeria's foreign reserves declined by 8.35% in 2020, closing the year below the $40billion mark. The reserves have increased 3.24% (to $36.52bn) so far in 2021. While the reserves remain exposed to shocks from the international oil market, the reserves levels of $36.52billion as at 25th Jan 2021 remain sufficient for 9 months of import cover. 2019. The current level of the reserves is despite the sharp decline in the country's import bill, as a direct result of the June 2015 CBN's policy to restrict FX access to items which could be produced locally: the "41-items policy". Despite the initial pushbacks against this policy, it has no doubt heralded significant benefits for the country's $ reserve. However, the sustainability of the reserves which is largely affected by adverse movement of oil prices in the international markets and oil production levels remains a challenge for the CBN as it continues to intervene in the FX market. Higher oil prices increased foreign portfolio inflows and less CBN interventions in the foreign exchange market are key factors likely to spur reserve accretion.

Figure 5: CBN Foreign Reserves, Jun 2019 – Jan 2021 ($'bn)



Source: CBN, DLM Research

Capital Importation

A review of foreign capital inflow into Nigeria since 2013 suggests that the bias of foreign capital into Nigeria has historically tilted in favour of portfolio investments (FPIs). However, this has shifted from interest in equities between 2013 and 2017 (with 2016 as an exception) to low risk but high yielding money market instruments from 2018 to 2019. However, while the quantum of Foreign Direct Investments (FDIs) have remained broadly low relative to other components from 2014 to Q3-19, from an average of $515.0mn per quarter in 2014 and 2015 to $250.0mn since 2016, capital flows inform of loans and other claims have continued to rise. On an annual basis, FDI flow edged higher by 21.7%y/y to $1.2bn in 2018, recovering to a 3-year high after the decline recorded in 2017.

According to the NBS, the total value of capital importation into Nigeria stood at $1,069.68million in the fourth quarter of 2020, representinga decrease of -26.81% compared to Q3 2020 and -71.87% decrease compared to the fourth quarter of 2019. Similarly, the total value of capital importation in 2020 stood at $9,680.49m, compared to $23,990.05million in 2019, representing a decline of -59.65% between the two periods. The largest amount of capital importation by type was received through Other investment, which accounted for 73.22% ($783.26m) of total capital importation, followed by Foreign Direct Investment (FDI), which accounted for 23.49% ($251.27m) of total capital imported and Portfolio Investment which accounted for 3.29% ($35.15m) of total capital imported in Q4 2020.

The future prospect for FDI to rebound and surpass its previous inflows is uncertain. In addition, if there is no decrease in the perceived risks associated with investing in Nigeria, including those described herein, there may not be any appreciable increase in FDI, which could materially adversely affect the Nigerian economy and limit sources of funding for infrastructure and other projects requiring significant investment by the private sector, which, in turn, may have a material adverse effect on the Issuer. Indication are sustained improvement in the overall economy will sustain the inflow for foreign capital into the system going forward.

Table 2: Capital Importation

		2020				
	Total 2019	Q1	Q2	Q3	Q4 2020	Total 2020
Foreign Direct Investment	**934.34**	**214.25**	**148.59**	**414.79**	**251.27**	**1,028.91**
Equity	*922.24*	*213.84*	*148.59*	*414.79*	*248.73*	*1,025.96*
Other Capital	*12.10*	*0.41*	-	-	*2.54*	*2.95*
Portfolio Investment	**16,365.46**	**4,309.47**	**385.32**	**407.25**	**35.15**	**5,137.20**
Equity	*1,893.19*	*639.72*	*53.25*	*44.10*	*18.05*	*755.12*
Bonds	*1,022.39*	*231.22*	-	-	-	*231.22*
Money market instruments	*13,449.88*	*3,438.54*	*332.07*	*363.15*	*17.10*	*4,150.86*
Other Investment	**6,690.25**	**1,330.65**	**761.03**	**639.44**	**783.26**	**3,514.39**
Trade credits	*0.11*	*0.05*	-	-	-	*0.05*
Loans	*5,078.78*	*559.79*	*726.00*	*624.45*	*668.66*	*2,578.90*
Currency deposits	*2.96*	*0.82*	-	-	-	*0.82*
Other claims	*1,608.40*	*769.99*	*35.04*	*14.99*	*114.60*	*934.62*
TOTAL	**23,990.05**	**5,854.38**	**1,294.94**	**1,461.49**	**1,069.68**	**9,680.49**

Overview of the Nigeria Agricultural Sector

Nigeria has long been a famed agriculture-based economy and a producer of staples and cash crops like sorghum, corn, millet and recently rice and the Agricultural sector is an important part of the national economy and the sector continues to withstand the bubbles and bursts of the wider economy. Nigeria's agricultural sector remains the largest; and engages the largest number of people in employment. The sheer size of this engaged population influences demand and productivity in other sectors like logistics, transport, retail, and manufacturing. The sector contributed 29% of National Output in the year 2019. There has been renewed interest in agriculture development in Nigeria and the renewed interest has stimulated substantial integration of domestic commodity markets in the supply chain of local and international manufacturing companies. This is evident in the increased aggressiveness in commodity aggregation witnessed in the market. According to the National Bureau of Statistics (NBS) classification by activity, the Agricultural sector is divided into: Crop Production, Livestock, Forestry and Fishing. Relevant to crop production, agricultural activity registers highest in the Sudan and Sahelian zones of Nigeria with the output split between many subsisting farmers, and others, who work to earn income for some or all their harvested output. The activities of farmers and aggregators, along with importers, sustain the market of traded commodities. The largest transactions are incidental with markets which are situated in urban centres, often in part contributing to a location's business attractiveness of the area; driving trading activity on the output of crop production areas to these locations by carting them to wholesale markets where dealers transact with retail end users, re-sellers, and industrial buyers.

In the third quarter of 2020, the agricultural sector grew by 1.39% (year-on-year) in real terms, a drop of 0.89% points from the corresponding period of 2019, and a decrease of –0.19% points from the preceding quarter. In terms of contribution, the sector contributed 30.77% to overall GDP in real terms in Q3 2020, higher than the contribution in the third quarter of 2019 and the second quarter of 2020 which stood at 29.25% and 24.65% respectively. Crop Production remained the major driver of the sector, accounting for 92.93% of overall nominal growth of the sector.

The key driver of agricultural products exports were Superior quality raw cocoa beans, Sesamum seeds, Cashew nuts, good fermented cocoa beans amongst others. It is important to note that trade in agricultural products is affected by changes in investment behaviour, and more directly related to population growth and income changes. However, the increasing participation of farmers in agricultural trade reflects the pace of structural change along the investment path.

Financing Agriculture in Nigeria: The traditional models

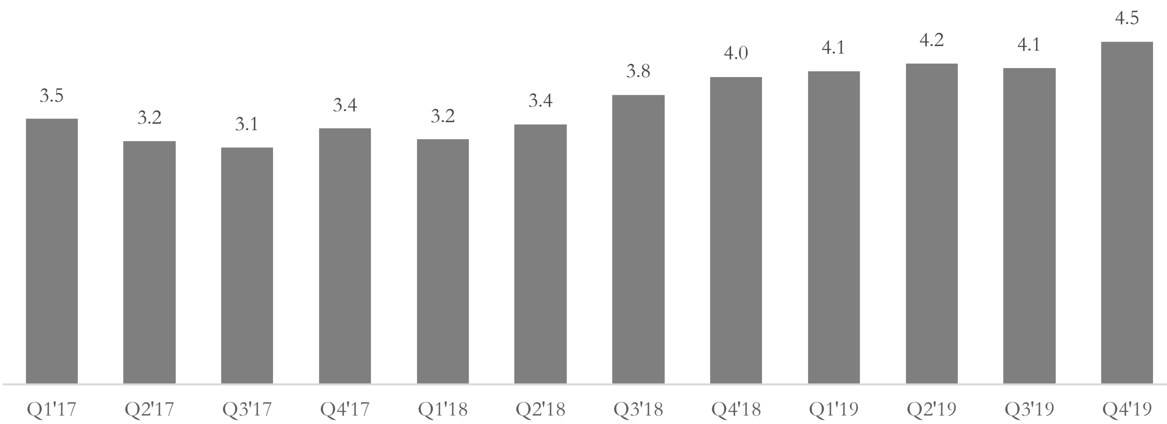
Government funding

The Federal Government of Nigeria (FGN) financing and risk management strategies to support development of agricultural sector include the Anchor Borrowers' Programme, Commercial Agriculture Credit Scheme (CACS), and the establishment of the Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL). Several state governments have also deployed funding strategies to unlock growth in the agricultural products of their comparative advantage. All the aforementioned initiatives are designed to deepen the credit market for agribusiness

Financial institutions

According to the NBS, credit to agricultural sector was 3.26% and 3.36% of total credit to the private sector in 2016 and 2017 respectively. When compared to banking sector credit to other industries, agricultural sector received the lowest credit allocation from banks despite the sector's more contribution to GDP than other industries. However, as at December 2019, credit allocation to the improved marginally to 4.5%, which is still relatively low. The activities of NIRSAL in de-risking the sector will go a long way in unlocking financial credit for agriculture value-chain in the short to long-run.

Fig 6: Banking Sector Credit to Private Sector Sectoral Share as a % of Total Credit – 2017–2019 (%)



Source: CBN, NBS, DLM Research

Development partners funding

Development partners have supported growth in the agricultural sector over the decades. They have channelled funding towards capacity development, policy development & implementation, improved farming methods and best practices, as well as enhanced yields and output, among others. Notable among the development partners are the African Development Bank (AfDB), the Alliance for a Green Revolution in Africa (AGRA), the Food and Agriculture Organisation (FAO) and the Bill & Melinda Gates Foundation. Foreign government funding have also emerged in the last decade mainly through the United States Agency for International Development (USAID), the Netherlands Embassy, the Department for International Development (DFID).

Private investors

According to National Bureau of Statistics, Agricultural sector received 1.6% or US$195.7 million of the total capital inflows into the country in 2017. This represents a significant increase over the 2016 amount of US$22.47. Despite this, the sector lags behind the share of other industries such as Servicing - 13.75%, Production - 12.16%, Telecoms - 4.96%, Oil & gas - 3.57% and Financing - 2.76%. Major investors in Nigeria's domestic agricultural landscape include Olam, Presco Plc, Okomu Oil Palm Company Plc, Nestle Nigeria Plc, Flour Mills of Nigeria Plc, Nigerian Breweries Plc, PZ Wilmar Ltd amongst others.

The Nigeria commodities market is largely informal with open markets representing the majority of the trades executed. The local commodity market is skewed towards the northern part of the country where the majority of the supply of annual crops emanates. However, the commodities market is gaining strength as more players get involved in a variety of activities therefore pushing growth in the commodity value chains.
The domestic commodities market consists of a spectrum of players involved in a variety of activities necessary for seamless transactions in the industry to take place; spanning from the primary producers who serve as the ultimate supply points in the markets, the aggregators, traders and brokers provide the marketing functions and serve as the skeletal framework for the system and the off-takers (industrial and retail) who serve as the ultimate demand points in commodities markets. Given that commodities production in Nigeria is mostly rainfed, the supply of commodities into the market is seasonal and results in significant fluctuation before a considerable stabilization as the season progresses.

Agricultural Commodities Traded in Nigeria

Nigeria has a variety of Agro commodities such as: Maize, Millet, Sorghum, Wheat, Beans, Ginger, Sesame seed, Rice, Pineapples, Soya beans Cassava, Groundnut, Shea nut, Cocoa palm Cernel, Palm Oil, Hibiscus amongst others. The Agro-commodities traded in Nigeria in response to domestic and export demand are; palm kernel oil, oil seeds, and cocoa often form the export, while industrial sorghum, corn, and recently paddy rice is taken up by domestic food processors and animal feed mills. In terms of trading, grains (Maize, Rice, Sorghum) and Oilseeds (soybeans) remain the most liquid and tradable commodities with year-round demands necessary to stimulate trades. The Maize value chain in the country spans from farmers with less than one hectare of land and productivity of about 2.5 tonnes per hectare, through to marketers who facilitate the linkage of farmers to the final industrial and household consumers in the country.

The higher trade in these commodities is due to their wider use for industrial and household consumption across the country. It is important to note that Paddy rice and Sorghum have begun to assume more importance in the local landscape while Sesame and Ginger are gaining more traction in the international markets.

According to NBS, the major traded Agricultural products are superior quality Cocoa beans, Sesamum seeds, whether or not broken, Natural cocoa butter – Cashew nuts in shell, other flours and meal of oil seeds or oleaginous fruit, other than those of mustard, and good fermented cocoa beans. Others are Shelled Cashew nuts, and Ginger. This wide array of commodities notwithstanding, AFEX, the most functional commodities exchange, currently provides trading for Maize, Cocoa, Soyabeans, Paddy rice, Sorghum, Ginger, Garlic, amongst others. Maize, Paddy rice and Ginger are the most active on the commodity exchange and the aggregate volume of trades executed on the exchange as at mid-August 2020 totalled 88.44 Metric Tonnes (MT) with Paddy rice and Ginger accounting for 82% and 13.6% of the traded volume respectively.

Consumption and usage of Agro commodities in Nigeria

While a growing population and industry will continue to use increasing amounts of agricultural products as food, feed and for industrial input raw materials, much of the demand over the coming years will originate from industrial usage and high population growth. Currently, the key users of agro commodity as input raw materials in Nigeria include companies in the consumer goods, beverage and breweries, Livestock and Animal specialty industries such as: Flourmills Nigeria Plc, Nestle Nigeria Plc, Cadbury Nigeria Plc, Dangote Flour Mills Plc, Honeywell Flour Mill Plc, Northern Nigerian Flour Mill Plc, Livestock Feeds Plc, ,Nigerian Breweries Plc, International Breweries Plc, Guinness Nigeria Plc, Champion Breweries, Golden Guinea Breweries amongst others.

Currently, maize and sorghum constitute over 70% of Nigerian brewer's agricultural raw material input, and about 80% for Guinness Nigeria alone. Both crops are sourced locally through a third party sourcing model. This means Guinness Nigeria and other brewers have contractual relationships with dealers and suppliers who aggregate the grains from the farmers, process, store and then supply to the companies. Guinness Nigeria aims to increase its supply chain by moving away from the current sourcing model to a more strategic partnership approach involving multiple stakeholders across the entire value chain. The company intends to build and leverage strategic partnerships with banks, agricultural NGOs, donor agencies and research organisations to mitigate some of the challenges that currently affect the sorghum value chain.

Annual expenditure by listed companies on Agro commodities

Agro-allied manufacturers are increasingly sourcing raw materials locally as foreign exchange hiccups deal blows to their capacity to import agro commodities as input raw materials. Consequently, key manufacturers are investing in backward integration and sourcing more inputs from farmers to reduce production cost. This will boost the domestic agricultural sector value chain and promotes better pricing for agro commodities. Annual expenditure by listed companies on agricultural raw material inputs stood at ₦1.15trillion billion in the 2019/2020 financial year, highlighting the size of the domestic agro commodity industry.

Companies	Annual input cost (₦'bn) 2019/2020 FY
Int'l Breweries	107.14
Nigerian Breweries	191.76
Guinness Nigeria Plc	71.05
Champion Breweries	4.99
Flour Mills Nigeria Plc	507.99
Cadbury Nigeria Plc	31
Honeywell Flour	66.59
Livestock Feeds	9.13
Nigeria Flour Mills	3.57
Nestle Nigeria Plc	155.89
Total	1,149

Methods of sourcing agricultural raw materials in Nigeria

Agribusiness firms in Nigeria use five strategies to source agricultural raw materials. These are; 1) direct purchase from the market; 2) the use of buying agents; 3) direct purchase from farmers or producers; 4) the use of out-growers or contract farming; 5) own production - where firms set up their own farming enterprises. Direct purchase from farmers and the use of buying agents and direct purchase from the open markets are quite popular amongst agribusiness firms. For example, the soft drinks, livestock feeds, biscuits, and beer agribusiness sub-sectors mostly source their agricultural raw materials by direct purchase from farmers. This indicates that these sectors encourage farm agribusiness linkages. The use of contract farmers is gradually picking up in the beer and flour-milling industries but still at low levels. It should be noted that the raw material requirements in the livestock feeds industry are mostly by-products hence the popularity of direct purchase from the producers may not mean better income for the farmers. The popularity of direct purchase from the markets and reliance on buying agents by most agribusiness firms as strategies for the local sourcing of raw materials indicates that the price and income effects of the linkages on farm activities would have very little impact in the rural economy. This is because the buying agents tend to exploit the farmers by offering low farm-gate prices while taking advantage of the poor market information flow and the scarcity situation in the urban market place.

Domestic Commodity Performance: Soybean

Nigeria is the largest producer of soybean in sub-Saharan Africa. Harvesting of soybean commences in late October and runs through November every year. The crop is harvested 3 – 4 months after planting, depending on the time of sowing and seed variety. Early maturing types can be harvested for grain 70 days after planting and late-maturing needs up to 180 days.

Soybean production in the 2019/20 season is characterized by a significant amount of rainfall and temperature. Across key producing areas like Benue, Taraba and Katsina, average rainfall fell within the required band for Soybean production, albeit with pockets of flooding in Benue and Taraba. Post-harvest activities have however raised concerns as the delayed rains prolong the drying period, prompting fears of aflatoxin development.

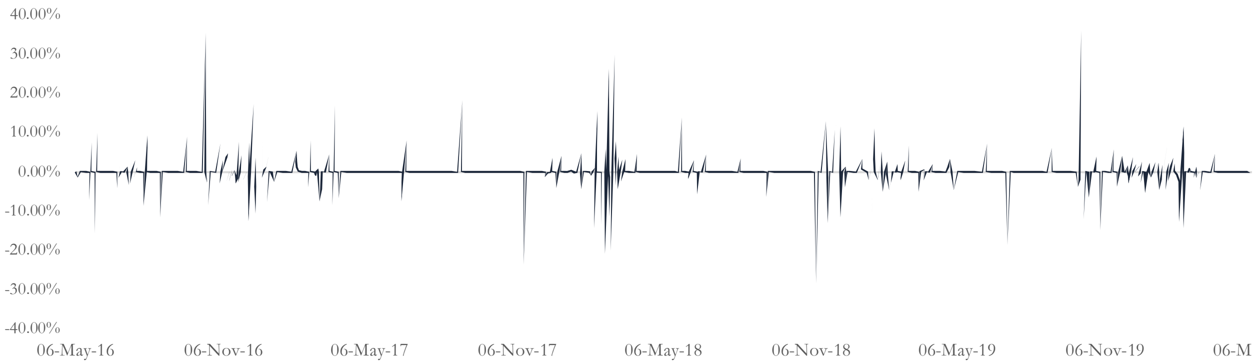
Price Performance in 2018/19

At the end of the period (October 2019), Soybean prices settled at ₦144,530/T (Ex-Ibadan), indicating a season to date return of 20.44%. Over the period, the price reached a season-high of ₦162,000/T in June 2019 due to significant demand pressure witnessed in the markets. The key driver of Soybean was the increased demand from industrial off-takers in the animal feed and baby food business. Prices in the 2019/20 season are expected to spike as more players participate in the domestic sourcing of the commodity. The demand dynamics during the season are expected to be strong as the closure of land borders with neighbouring countries increases the demand for poultry products which in turn place some pressure on the Soybean market.

Soybean historical price performance

Price volatility for Soybean remained low for a number of years trading between ₦131,535/T in May 2016 and, ₦112,667/T as of May 2020 - indicating certainty of stable prices and predictable incomes for the obligors. Market prices for Soybean swung between +36.09% and -28.35% over a period of 5-years. Of the 1,358 marketing days, Soybean recorded 260 days of price movements (132 days up change) and (128 days down change). The prices of Soybean is driven largely by inventory levels. For the most part of the review period, price traded between ₦120.000/T and ₦160,000/T. Prices of Soybean declines mostly between October through February post -harvest as inventory level increases.

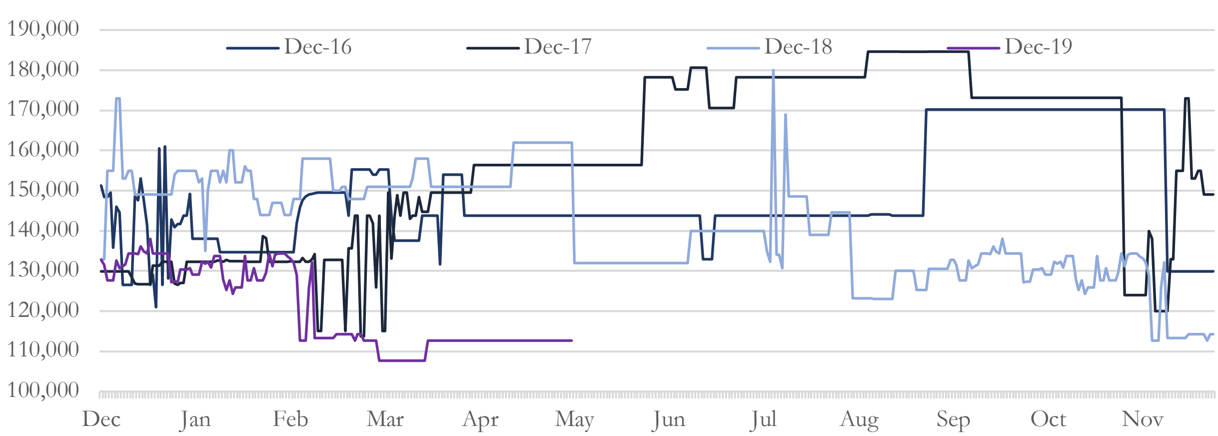
Fig 7: Nigeria Soybean price performance 2016 – 2020



Source: Knoema.

Soybean Price Performance Analysis	
Total Days	1358
No days Price Change	1098
Day Change	260
Up Change	132
Down change	128
Max	36.09%
Min	-28.35%
Price Stab. (%)	80.85%

Fig 8: Nigeria Soybean trends 2016 – 2020

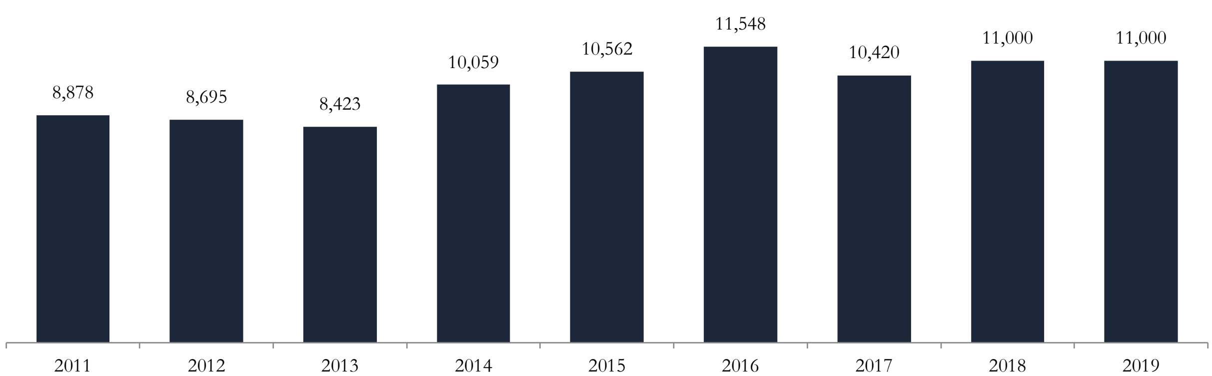


Source: Knoema.

Domestic Commodity Performance: Maize

Maize is one of the most cultivated crops in Nigeria, second to Cassava's and Maize consumption is widespread across the country and among households of different incomes. While most of the national production is aimed at human consumption, however, industrial uses (such as the brewery and feed industry) have been increasing: the percentage of total maize production used for feed has grown above 15% of total production due to the rapid development of the poultry sector. The development of the poultry industry is one of the priorities of Nigeria's agri-business strategy and is in line with the imposition of bans on maize exports to ensure maize supplies to the poultry and feed industries. Following the ban of maize imports, the Central Bank of Nigeria (CBN) announced that it would support local maize farmers in Nigeria, as it projects production of about 12.5 million tons over the short term. According to IITA estimates, approximately 60% of maize produced in the country is used for industrial end uses for both for human (flour, beer, malt drinks, cornflakes, starch, dextrose, syrup) and animal consumption, mainly poultry. For 2019, animal feed and baby food companies consumed the largest quantity, which was driven by growing demand for animal protein, an increasing population and an expanding dietary awareness.

Fig 9: Nigeria Maize Production 2011 – 2019 (Metric tonnes)



Source: Knoema.

Price Performance in 2018/19 Marketing Year

The 2018/19 marketing year posed varying outcomes for the maize commodity market with prices trending downwards at the beginning of the season as oversupply witnessed at the early part of the season pushed down prices to a season low of ₦75,000/T in July 2019. The negative trend that dominated the season was however reversed at the tail end as general price levels trended upwards, propping prices to settle at ₦93,280/T. Maize prices bucked the characteristic movement of commodity prices, i.e price appreciation as the offseason progressed. There has already been an increase in prices of maize with price settling at ₦90,030/T at the beginning of the last season. This indicates a higher price level as against the same period of 2018. It is anticipated that the aggressive push by industrial users to procure as much maize as possible will push up prices of the commodity. Maize matures very fast, within 3–4 months of planting and harvesting of early maize is done by May and late Maize is harvested by October of each year.

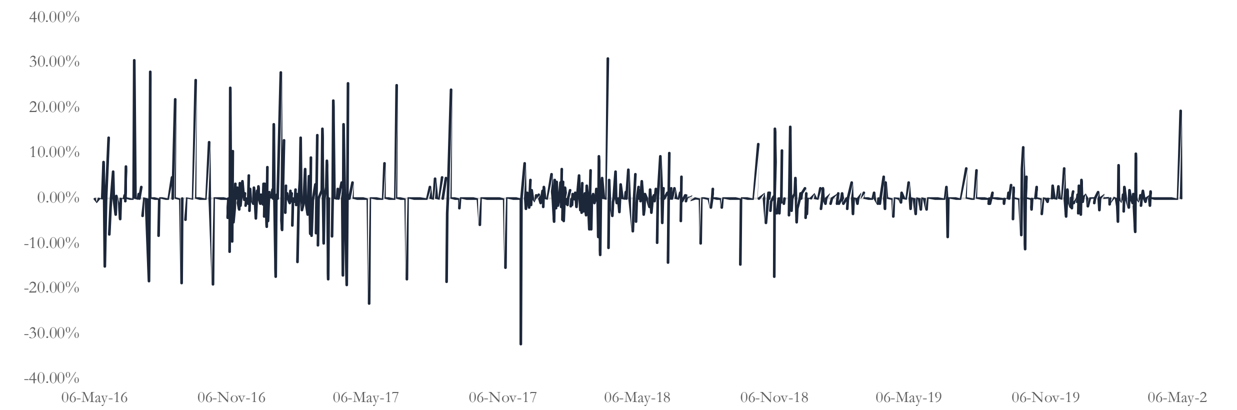
Maize historical price performance

Price volatility for Maize remained low for a number of years trading between ₦82,800/T in May 2016 and, ₦110,667/T as of May 2020 - indicating certainty of stable prices and predictable incomes for the obligors

Market prices for Maize swung between +30.99% and -32.27% over a period of 5-years. Of the 1,358 marketing days, maize recorded 472 days of price movements (240 days up change) and (232 days down change).

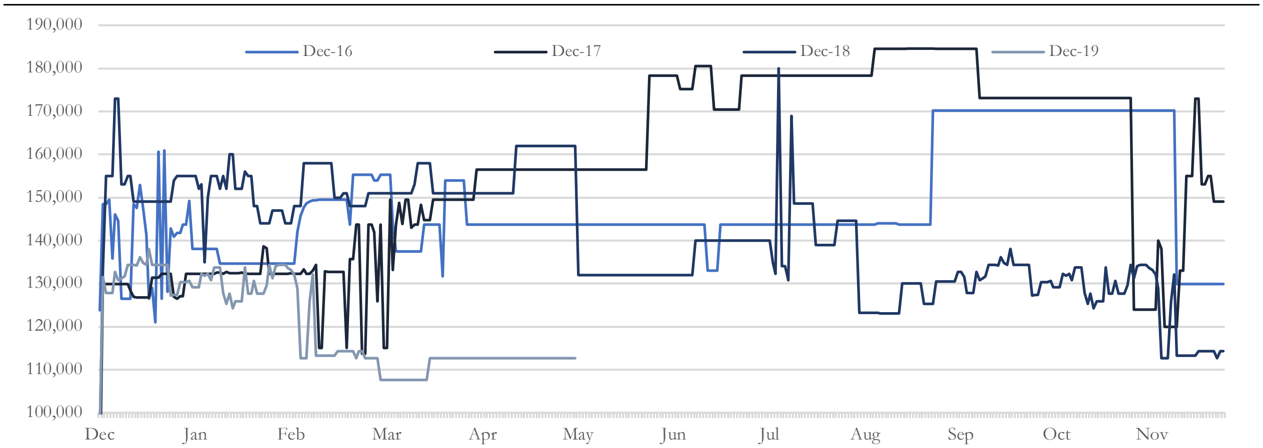
While Maize price is driven largely by inventory levels, for the most part of the review period, price traded between N80.000/T and N100,000/T except for 2016 which recorded higher price. Prices of Maize declines in May and December as post-harvest period as inventory level increases.

Fig 10: Nigeria Maize price performance 2016 – 2020



Source: AFEX.

Fig 11: Nigeria Maize trends 2016 – 2020



Price Performance Analysis	
Total Days	1358
No days Price Change	886
No Day Change	472
Up Change	240
Down change	232

Max up price change	30.99%
Min price change	-32.27%
Price Stab. (%)	0.65243

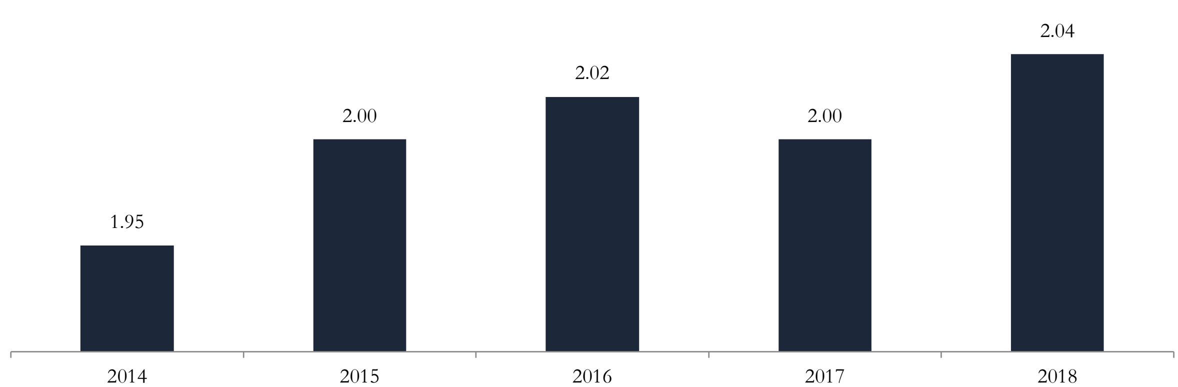
Domestic Commodity Performance: Paddy Rice

The demand for rice has increased at a much faster rate in Nigeria than in most other West African countries due to population expansion. In the same vein, rice production in Nigeria has increase due to vast increases in area of cultivation (estimated above 4.6 million hectares). The 2019 production season has been bountiful for paddy rice production in Nigeria as the abundant rainfall and adequate sunshine all through the season set the pace for a rise in output at the end of the production. In addition, farmers in producing areas across the country have continued to allocate more lands to rice production owing to the aggressive efforts made by the government in promoting its rice import substitution drive. The downside, however, is the spike in demand witnessed as a result of the closure of all land and sea borders as implemented by the federal government of Nigeria. Despite incidences of flooding in rice-producing areas of Taraba state, preliminary estimates of national production are expected to rise by 10%, reaching 9.24 million tonnes

Price Performance in 2018/19 Marketing Year

Rice prices in the domestic markets have swung widely throughout the season, reaching a peak of ₦140,000/T before settling at ₦118,770/T, indicating a Season-to-Date change of -4.98% at the end of October 2019. The price movements have been mostly influenced by the fundamental cycle within each season witnessed over the years. In addition to the fundamental cycle in prices, the closure of all land borders has raised the fluctuations as local millers and processors jostle for the commodities available in the country. The average yield on Paddy rice over 4-years is 2.0%.

Fig12: Average yield on Paddy rice 2014 – 2018 (%)

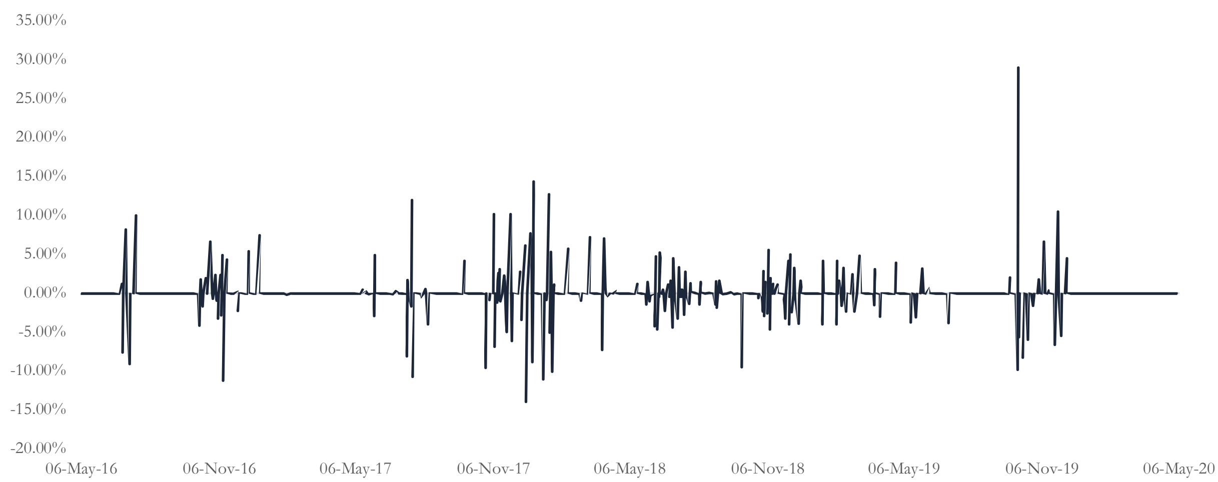


Source: Food and Agricultural Organisation of the United Nations

Paddy Rice historical price performance

Price volatility for Paddy Rice remained low for a number of years trading between ₦130,305/T in May 2016 and , ₦131,666/T as of May 2020 - indicating certainty of stable prices and predictable incomes for the obligors Market prices for Paddy rice swung between +28.98% and -13.94% over a period of 5-years. Of the 1,358 marketing days, Paddy rice recorded 297 days of price movements (127 days up change) and (170 days down change). The prices of Paddy rice are driven largely by inventory levels. For the most part of the review period, price traded between ₦120.000/T and ₦140,000/T.

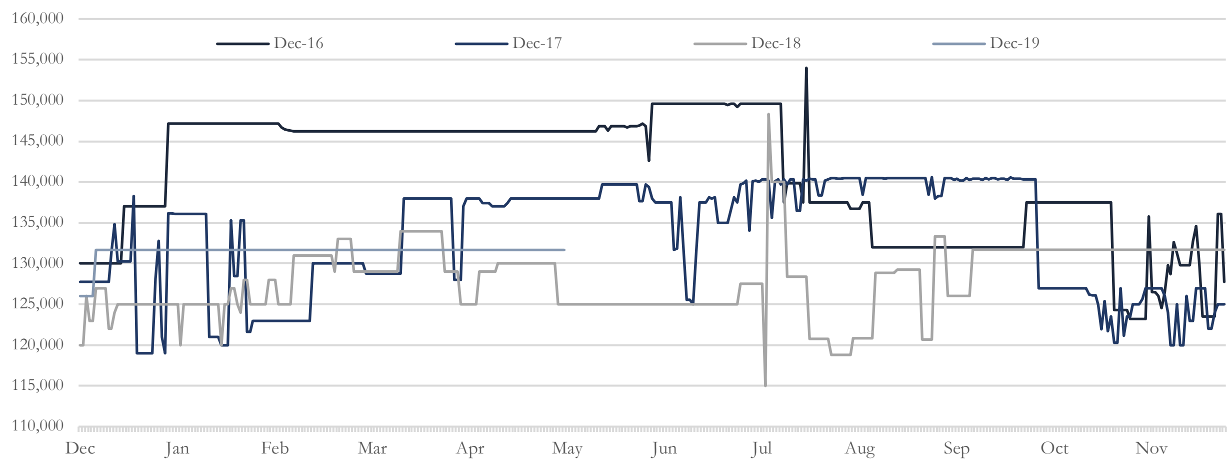
Fig 13: Nigeria Paddy Rice price performance 2016 – 2020



Source: AFEX.

Paddy Rice Price Performance Analysis	
Total Days	1,358
No Days Price Change	1,061
No Day Change	297
Up Change	127
Down change	170
Max	28.98%
Min	-13.94%
Price Stab. (%)	78.13%

Fig 14: Paddy Rice price trends 2016 – 2020



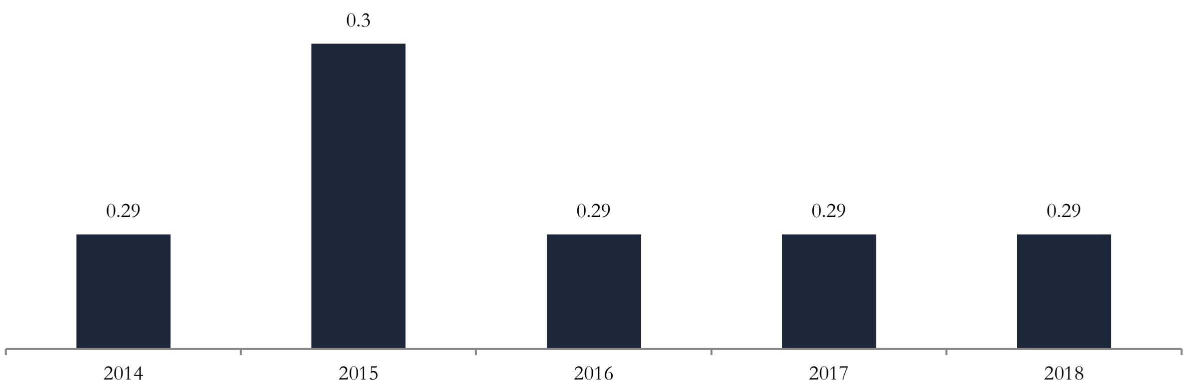
Domestic Commodity Performance: Cocoa

Production of cocoa in Nigeria was downbeat in the 2019 season as the extended rainfalls along the cocoa belt impacted harvest and post-harvest activities, leading to increased occurrence of rotten pods and lower production output. The situation has been more intense in the south-south region where rainfalls have been heaviest of all locations. The market position has induced a supply shortfall of almost 20-30%.

Price Performance in 2018/19 Marketing Year

All through the 2018/19 marketing year, cocoa prices remained largely favourable for local exporters with positive international – domestic price differentials holding for the better part of the season. Domestic prices reached a season-high of ₦713,000/T in July owing to increased demand following the light crop harvest which ran from May to September 2019 and consequently settling at a season to date of 4.90%. Demand elements were largely responsible for the greater proportion of price movements witnessed in the cocoa markets in 2018/2019 marketing year as more international buyers invest in local sourcing mechanisms rather than leveraging on domestic exporters. Activities in the cocoa markets have reached multi-year highs with local buying agents, exporters, aggregation companies and local industrial users flocking the core producing areas for supplies. The market condition is further compounded by the less than stellar output witnessed at the end of the production season. The average yield on Cocoa over 4-years is 0.29%.

Fig: 15 Average yield on Cocoa 2014 – 2018 (%)



Source: Food and Agricultural Organisation of the United Nations

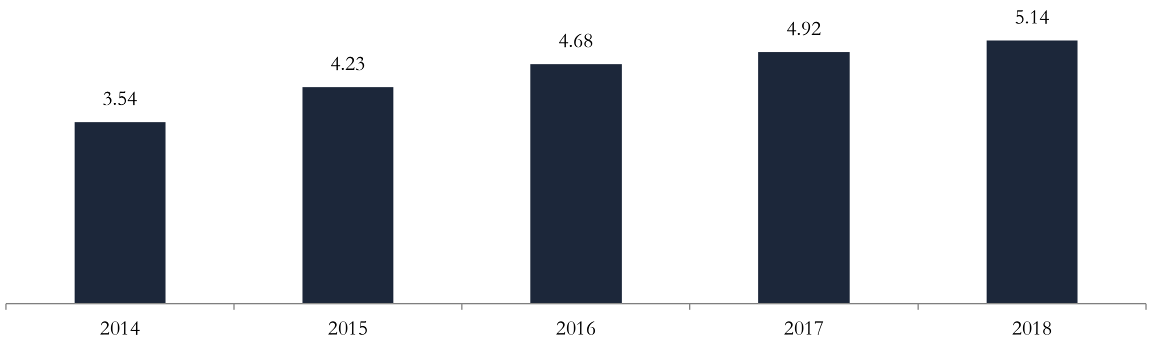
Domestic Commodity Performance: Ginger

Ginger production in Nigeria has improved to be included in the mainstream root crops produce in the country. The growth in production has been largely fuelled by the profit levels attainable and the export perspective of the demand elements. The production of the crop in 2019 has been largely successful with the incidences of pest and disease infestation that plagued 2017 season, barely occurring and the agroecological conditions turning out to be favourable to support bountiful harvests. Harvests are expected to conveniently surpass 2018 output by c.20%. This estimate is prompted by the impressive crop performance witnessed in core producing areas in southern Kaduna; Kwoi, Kafanchan, Katchia and other communities present in the area. Under the estimate stated, national output in 2019 is expected to reach 813,440 tonnes.

Price outlook

Given the export potential of ginger and the influx of agents sourcing on behalf of international buyers, the ginger market has gained significant impetus closing the 2018/2019 season at about 75.33% high. The trend continued into 2019 as the prices observed at the beginning of the season remained elevated above those witnessed in previous years. Prices started the 2019/2020 marketing year at ₦430,000 – ₦450,000 for cleaned ginger, representing about 80-87% higher than prices at the beginning of the 2018/2019 marketing year. The average yield on Paddy rice over 4-years is 4.5%.

Fig: 16 Average yield on Ginger 2014 – 2018 (%)



Source: Food and Agricultural Organisation of the United Nations

Frequency distribution of initial target commodities

The frequency distribution of maize prices is positively skewed as prices are clustered around the right tail of the distribution. The positive skewness of the distribution indicates frequent small losses and a few large gains from maize prices. The positively skewed distributions of price and relatively low loss frequency are generally more desirable since there is some probability to gain huge profits that can cover all the frequent small losses.

The frequency distribution of the initial target commodities prices is positively skewed as prices are clustered around the right tail of the distribution. The positive skewness of the distribution indicates small losses and a few large gains from the commodity prices. The positively skewed distributions of price and relatively low loss frequency are generally more desirable since there is some probability to gain huge profits that can cover all the small losses.

Fig 17: Frequency Distribution of Maize prices

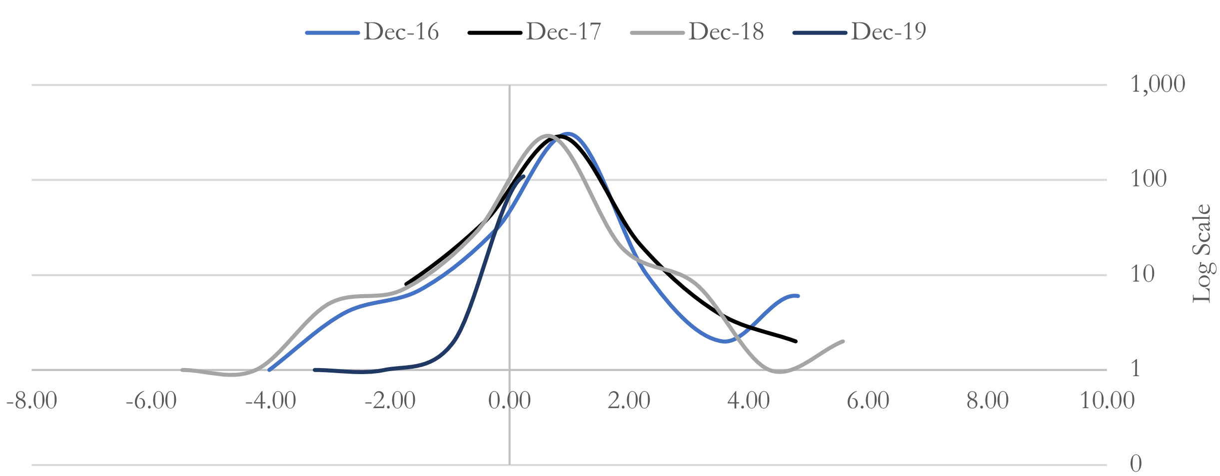
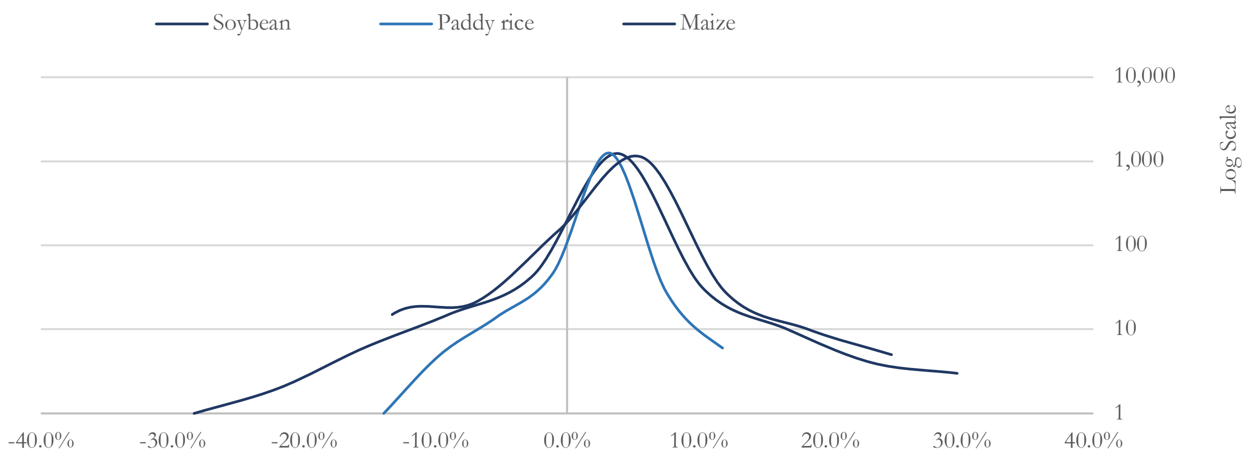


Fig 4: Frequency Distribution of initial target commodities prices



Industry and farmer's challenges

Many farmers subsist with their output and are disadvantaged with their position within the value chain in the sector, as a lot of value of their output is lost to waste resulting in lost crop production revenues; hampering their ability to sustain production given their less than optimal income.

The major impediments to local sourcing of agricultural raw materials in the agribusiness sector, is competition from other uses especially as food and by other industries. This arises as a result of the multipurpose use of some of these commodities and hence alternative markets. Maize is used in the beer industry, flour-milling, and the livestock industries and it is also consumed fresh. The same is true for sorghum and several other agricultural products. This is a clear indication that domestic production at the farm level is inadequate and cannot satisfy the needs of agro-industry as well as consumers.

Outside competition from consumers and other industries, most agribusinesses also have storage problems, making it difficult to stock raw materials. Farmers lose about 20% to 40% of their harvest due to lack of good storage and processing. Private sector investment in storage infrastructure is often concentrated in urban areas. Storage is largely undertaken by ill-equipped smallholder farmers, resulting in very high post-harvest losses - thereby contributing to high seasonal price variability. This catalysis the use of contract farming to ensure adequate quantities of raw materials on specified delivery dates.

Another impediment is the poor quality of products, especially in the pharmaceuticals and confectionery sub sectors. The issue of quality has implications for specialization in the production of specific crop varieties to suit specific types of industrial demand.

Other challenges in the industry are the funding inadequacies and high cost of funds. The issue of inadequate funds arises because most firms purchase raw materials directly from the market. The structure of the commodities market in Nigeria reflects the business limitations faced by farmers and off-takers, and the production dynamics in the country. This provides viable ventures for the aggregators, traders and merchants who serve as the backbone of the markets.

Introduction

The Commodities Funding ABCP Programme is designed to provide Commodity Buyers with short term local currency funding with tenors of up to 270 days for the purpose of bulk purchases of commodities. The Programme is structured such that the funds will be made available to the commodity buyers from the commencement of the key harvest seasons to ensure that farmers can sell their produce early, thus providing them with liquidity to restock for the new planting season.

Commodities Funding SPV shall provide the short-term financing through the issuance of high-quality investment grade rated Commercial Paper Notes. The proceeds of the CP issuances will be used to purchase the Assigned Rights from the Originator, who shall from time to time disburse loans to the Commodity Buyers/Obligors under the terms of a Facility Agreement.

Objective of the Programme

Access to financing in the agricultural sector in Nigeria remains largely unmet despite efforts of the Nigerian government to diversify the country's economy through revolutionary initiatives supported by the Central Bank of Nigeria. Whilst budgetary allocation towards agricultural spending has consistently been inadequate despite increased interest of various arms of the governments in recent years, a well-structured commodities market may provide a sustainable solution to the financing challenges stagnating growth in the agricultural sector.

In light for the of the above, the Programme was established to achieve the following objectives:

i. Provide farmers with the required certainty in an ecosystem that guarantees:
   - secure and early off-take of produce;
   - cash at point of sale, thereby providing much needed liquidity for the next planting season; and
   - elimination of losses due to storage of produce.

ii. Provide commodity buyers with reliable and sustainable source of optimal funding to:
   - cover the purchase of commodities during early harvest period;
   - mitigate the expected upward trend in prices;
   - release liquidity back into the agricultural sector;
   - address issues of cost and uncertainty associated with current funding options available to commodity buyers; and
   - Guarantee supply of raw materials/input in commercial quantities at competitive prices.

Financing under the Programme shall be available to businesses operating either as merchants, processors, packaging and distribution firms along the food/agro commodity processing value chain.

Transaction Parties

Key parties under the Programme are as follows:

1. *Commodities Funding SPV Plc* – a bankruptcy remote special purpose vehicle incorporated for the purpose of facilitating the Programme and issuing the CP Notes to investors.

2. *CitiHomes Finance Company Ltd* – A finance house, which shall originate pools of Loan Receivables that are sold to the Issuer under the Programme. CitiHomes shall also act as servicer under the Programme and shall be responsible for administering the collection of loan repayments from Obligors and remitting these payments to the Issuer for distribution to Noteholders and other Secured Parties

3. *AFEX Commodities Exchange Ltd* – AFEX has been appointed as Collateral Manager under the Programme which responsibilities shall include to manage and store the commodities on behalf of the Obligors/Commodity Buyers. AFEX has the option of acting as an Aggregator under the Programme which responsibility shall include purchasing Commodities on behalf of the Originator.

4. NIRSAL – NIRSAL shall provide a partial credit risk guarantee in respect of Loans disbursed to the Originator under the Programme whereby it shall irrevocably undertake to reimburse the Originator up to a certain amount [(50%)] of principal outstanding and accrued interest in the case that an Obligors defaults in meeting it repayments obligations under a loan.

5. *DLM Trust Company | UTL Trust Management Services Limited* – Registered trustees to represent the Noteholders interest under the Programme and ensure the Programme is operated in accordance with the Transaction Documents as well as hold security created under the Programme on behalf of the investors and Secured Parties.

Key legal Agreements

The information in this section is a summary of the key Transaction Documents. This summary should be read in conjunction with and is qualified in its entirety by reference to all the provisions of the referenced Transaction Documents. Copies of the Transaction Documents are available for inspection at the registered office of the Issuer or the Issuing House. Unless defined in this section, terms used in this section have the meaning given to them elsewhere in this Information Memorandum, or in the relevant Transaction Document. See "Glossary of Definitions"

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

a) Issuing & Placing Agency Agreement
b) Collecting & Paying Agent Agreement
c) CP Trust Deed
d) Receivables Purchase Agreement
e) Facility Agreement
f) Collateral Management Agreement
g) Liquidity Asset Purchase Agreement
h) Security Trust Deed
i) CP Security Deed

Issuing & Placing Agency Agreement
On or before the Closing Date, the Issuer, and Issuing and Placing Agent (the "IPA") will enter into a Issuing and Placing Agency Agreement, pursuant to which the Issuer shall appoint the IPA to provide certain services relating to sponsoring the registration and quotation of the commercial paper programme, the issue of commercial papers on the FMDQ platform, and the placement of the commercial papers with investors at the primary issuance.

Collecting & Paying Agent Agreement
On or before the Closing Date, the Issuer, and Collecting and Paying Agent (the "CPA") will enter into a Collecting & Paying Agent Agreement, pursuant to which the Issuer shall appoint the CPA for the purposes of collecting fund from the Noteholders, calculating redemption monies due in respect of the Notes, and applying funds received from the Issuer in respect of the Notes in accordance with the Priority of Payments. This agreement will also govern the establishment and operations of the Transaction Accounts under the Programme.

CP Trust Deed
On or before the Closing Date, the Issuer and the Trustee will enter into a trust deed (the "*Trust Deed*"), pursuant to which the Commercial Papers will be constituted. The Trust Deed will set out the terms and conditions of the CP's and covenants of the Issuer, and the Trustee shall agree to act as trustee in respect of the CP's for the benefit of the CP Noteholders.

Receivables Purchase Agreement
On or before the Closing Date, the Issuer and the Seller will enter into a Receivables Purchase Agreement (the "*Receivables Purchase Agreement*"), pursuant to which the Seller shall absolutely assign to the Issuer, without recourse, all of its right, title and interest in the Facility Agreement including which shall include all rights to principal repayment and interest payment (the "*Loan Receivables*"), and any security attached and/or credit protection thereto.

The Issuer shall, as consideration for its purchase of the Loan Receivables, pay the Purchase Consideration by crediting to the Seller the total net proceeds of the CPs.

The obligation of the Issuer to purchase the Loan Receivables on the Closing Date shall be subject to certain conditions precedent specifically set out in the Receivables Purchase Agreement.

The Issuer shall also appoint the Seller to provide certain services relating to the servicing/administration of the Loan Receivables on behalf of the Issuer which shall include collecting and processing payments, accounting for collections, furnishing monthly statements to the Issuer with respect to the Collections.

Facility Agreement
On or before the Closing Date, the Originator will enter into a master and supplemental Facility Agreement with the Obligor pursuant to which the Originator shall from time to time make available to the Obligor Loans, of an aggregate amount up to the value of the Purchase Price for the purpose of financing the purchase of Commodities.

Under the terms of the Facility Agreement, the Obligor shall procure the funding of the Collateral Margin Account with the Collateral Margin Required Deposit and shall also pledge Commodities to be purchased with the Facility (Loan) and deposited with the Collateral Manager, as security for the Loans drawn.

Collateral Management Agreement
On or before the Closing Date and as a condition precedent to the grant of the Facility, the Obligor shall enter into a Collateral Management Agreement (the "*Collateral Management Agreement*") with the Lender and Collateral Manager, pursuant to which the Obligor shall appoint the Collateral Manager to handle, store and manage the warehousing of the Commodities, upon the terms and conditions stated therein.

Following its utilisation of the Facility, The Obligor shall as legal and beneficial owner of the Commodities, pledge to the Collateral Manager (to hold for itself and on behalf of the Lender) all the Commodities in the possession of the Collateral Manager or warehoused or stored in the name of the Collateral Manager as continuing security for the discharge of the Obligors obligations under the Facility Agreement.

Upon notification of the occurrence of an event of default, the Collateral Manager may, without notice or further consent of any person sell, assign, transfer, negotiate, or otherwise dispose of the Pledged Assets at the price at which such Pledged Assets are traded on the Commodities Exchange.

Where the Collateral Manager is unable to liquidate the Pledged Assets within [7] days of notification of an Event of Default, the Liquidity Provider (AFEX) shall purchase the said Pledged Assets for a price not less than 90% of the mark-to-market value (as at the date of default) of the Pledged Assets in readily available cash and subject to the terms of the Collateral Management Agreement.

The proceeds of the sale of the Pledged Assets shall first be used to discharge the costs incurred to effect and the balance shall be used to satisfy the Secured Obligations of the Obligors to the Originator and other Secured Parties.

Liquidity Asset Purchase Agreement
Pursuant to the Liquidity Asset Purchase Agreement, the Liquidity Provider shall purchase the Commodities at a price not below ninety percent (90%)] of the value at which such Commodities are traded on the Exchange where the Collateral Manager fails to dispose of the Commodities within ten (10) days of the receipt of a notice of the occurrence of a Default from the Lender.

Security Trust Deed
On, or before the Closing Date, the Issuer is required to grant the Security constituted under the Security Deed in favour of the Security Trustees (for the benefit of the Secured Parties). The Security Trustees shall agree at the request of the Secured Parties to act as trustees pursuant to the Security Trust Deed and to hold the benefit of the Secured Assets constituted by or pursuant to the Security Deed in trust for and on behalf of the Secured Parties.

Security Deed
On or before the Closing Date, the Issuer and Originator shall be required to grant the following Security constituted under the Security Deed in favour of the Security Trustees for the benefit of the Secured Parties.

i *Assignment by way of security*

The Issuer shall assign with full title guarantee, all of its rights, title, interest and benefits in, to and in respect of the Receivables Purchase Agreement, the Financing Documents and each other agreement as may be designated by the Issuer, the Note Trustees and the Security Trustee in writing, as each such agreement may be amended, supplemented or otherwise modified from time to time.

ii *First ranking fixed Charge*

- The Issuer shall charge, by a way of a fixed charge, with full title guarantee the Note Collection Account and Payment Accounts in favour of the Security Trustee as continuing security for the payment and discharge of the Secured Obligations.

- The Originator shall charge, by a way of a fixed charge, with full title guarantee the Facility Collection Account in favour of the Security Trustee as continuing security for the payment and discharge of its servicing obligations under the Receivables Purchase Agreement.

Target Commodities

The target commodities are liquid and tradable commodities with year-round demands necessary to stimulate trades – commodities in response to domestic and export demand for food processing and animal feed mills including the following:

a) Maize - Initial Issuances
b) Soybean – Initial Issuances
c) Paddy rice – Initial Issuances
d) Cocoa
e) Ginger
f) Sorghum

Target Obligors

The target obligors are companies that use agro commodities as input raw materials in Nigeria including companies in the consumer goods, beverage and breweries, Livestock and animal specialty industries such as food processors and feed millers etc. Major commodity merchants may also participate in the funding programme.

Eligibility Criteria

Requirements for Eligibility to be an Obligor are set out below:

1. Companies engaged in the food and agro commodity processing and merchant dealing in commodities servicing the local market or export market including but not limited to aggregators, processors, packaging and distributors/retailers;
2. Revenue must be at least [3x] the facility applied for;
3. Evidence of compliance with all regulatory and/or operational/product licenses/requirements e.g., National Agency for Food and Drug Administration and Control (NAFDAC) and Standards Organisation of Nigeria (SON);

4. Maintain a corporate governance framework in accordance with international best practices;
5. Demonstrate profitability of the business in its last 3 years of operations;
6. Have a minimum authorised and issued share capital of [₦1,000,000];
7. Shall at the time of onboarding the programme have no material pending litigation or legal proceeding against the company

The Originator reserves the right to waive any of the above provided the waiver has no material impact on the transaction.

Eligible Obligors shall submit the following documents alongside a formal application letter as part of the onboarding process under the Programme:

1. Certificate of Incorporation evidencing the registration or incorporation of the institution with the Corporate Affairs Commission and/or relevant agencies.
2. Memorandum and Article of Association evidencing the object of the institution.
3. Last three (5) years' Audited Accounts of the institution (and updated for each subsequent year after qualifying as an Obligor).
4. Management Accounts for the most recent quarter.
5. Evidence of compliance with all regulatory requirements.
6. Reports from two CBN licensed credit bureau's.

In addition, Eligible Obligors shall submit the following documents as requested by NIRSAL:

1. Corporate Profile of the company including the following: Full Company Name, Date of Incorporation and Registration Number, Principal Activity, Registered Office Address, Any other branch, agent address or place of business, details of any change of company name (if any), Organization Structure, Subsidiaries, and Detailed Profiles of the Directors and Executive Management staff of the Company;
2. CTC of most recent Form CAC 2A-Statement of Share Capital & Return of Allotment;
3. CTC of most recent Form CAC 7A- Particulars of Directors;
4. CTC of most recent Annual Returns filed by the Company;
5. Schedule of pending litigation, disputes, regulatory investigations or arbitration proceedings instituted by or against the Company;
6. Schedule of all debts owed by the Company and current outstanding amount thereof;
7. Copies of all instruments by way of debentures, charges, mortgages, pledges, or other arrangements which create security interests over the Company's assets; and evidence of registration of registrable charges with the CAC; and
8. Schedules and copies of contracts of guarantees or indemnities executed by the Company.

Commodities Volatilities & Credit Enhancements

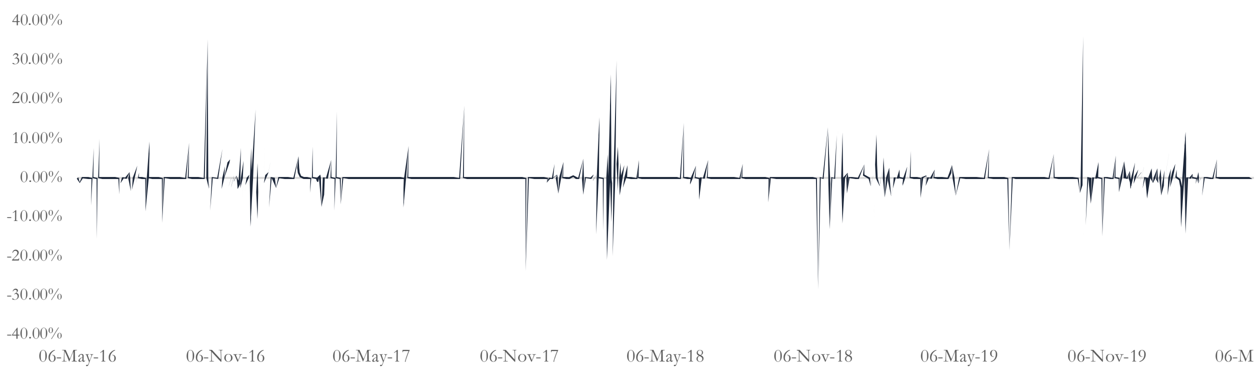
The initial commodities are Maize, Paddy Rice and Soyabean. They have been selected due to the availability of historical pricing data.

Soyabean

Price Performance

Price volatility for Soyabean remained low for a number of years trading between ₦131,535/T in May 2016 and, ₦112,667/T as of May 2020 - indicating certainty of stable prices and predictable incomes for the obligors. Market prices for Soybean swung between +36.09% and -28.35% over a period of 5-years. Of the 1,358 marketing days, Soybean recorded 260 days of price movements (132 days up change) and (128 days down change). The prices of Soybean is driven largely by inventory levels. For the most part of the review period, price traded between ₦120.000/T and ₦160,000/T. Prices of Soybean declines mostly between October through February post -harvest as inventory level increases.

Fig 1: Nigeria Soybean Price Change Pattern

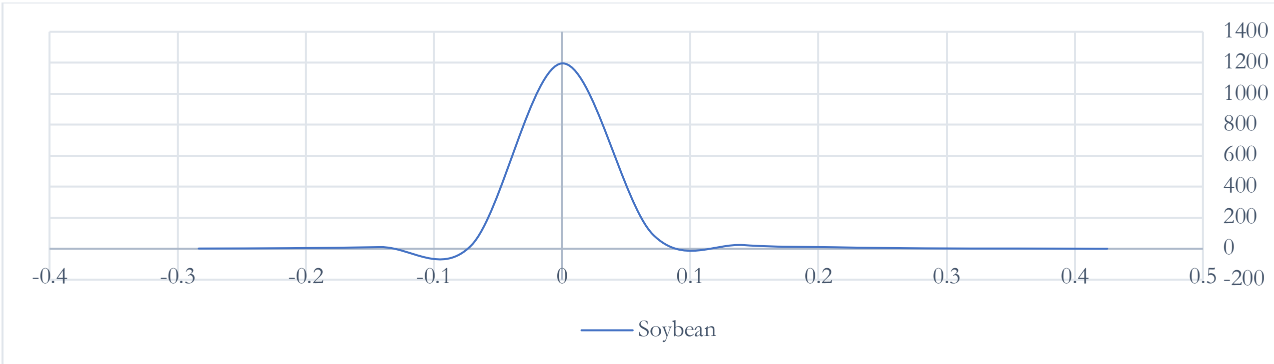


Source: Knoema.

Fig 2

Soybean Price Performance Analysis	
Total Days	1358
Number of Days Without Price Change	1098
Number of Day With Change	260
Up Change	132
Down change	128
Max (upside)	36.09%
Min (downside)	-28.35%
Price Stability (%)	80.85%
Probability of Up Change	9.72%
Probability of Down Change	9.43%

Fig 3: Normal Distribution of Soybean Prices



The data above depicts the price stability of Soybean, prices remained stable over 80% of the examined period, with the probability of an up and downswing in prices being less than 10%. Over the period we observed that prices were more likely to trend upwards, with the maximum price observed being 36.09% higher than the mean.

The normal distribution chart indicates that majority of the price changes can be considered to be immaterial in line with the commodities purpose as collateral cover.

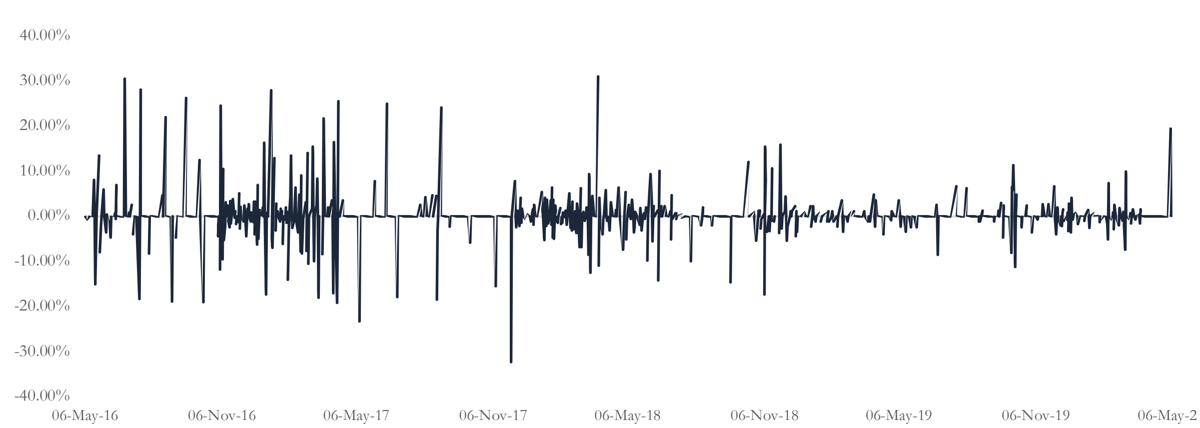
Maize

Price Performance

Price volatility for Maize remained low for a number of years trading between ₦82,800/T in May 2016 and, ₦110,667/T as of May 2020 - indicating certainty of stable prices and predictable incomes for the obligors Market prices for Maize swung between +30.99% and -32.27% over a period of 5-years. Of the 1,358 marketing days, maize recorded 472 days of price movements (240 days up change) and (232 days down change).

While Maize price is driven largely by inventory levels, for the most part of the review period, price traded between N80.000/T and N100,000/T except for 2016 which recorded higher price. Prices of Maize declines in May and December as post-harvest period as inventory level increases.

Fig 4: Nigeria Maize price Price Change Pattern

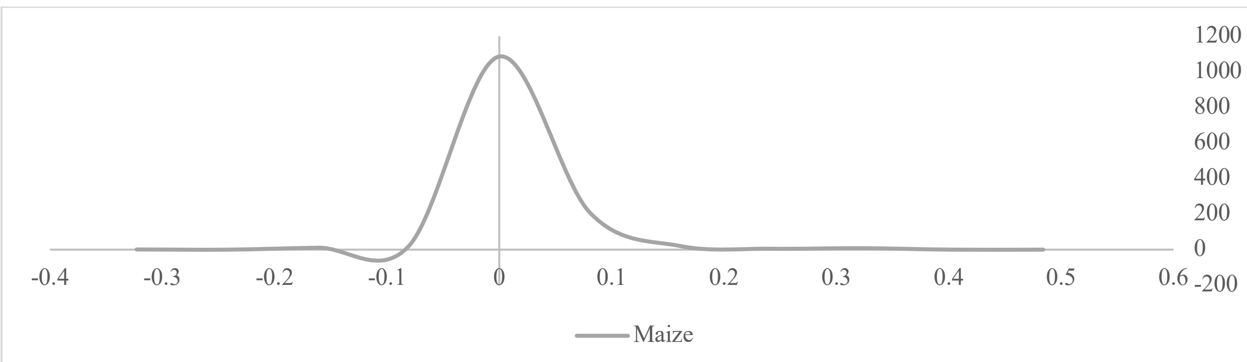


Source: AFEX.

Fig 5

Price Performance Analysis	
Total Days	1358
Number of Days Without Price Change	886
Number of Day With Change	472
Up Change	240
Down change	232
Max (upside)	30.99%
Min (downside)	-32.27%
Price Stab. (%)	65.24%
Probability of Up Change	17.67%
Probability of Down Change	17.08%

Fig 6: Normal Distribution of Maize Prices



The data above depicts the price stability of Maize, prices remained stable over 65.24% of the examined period, with the probability of an up and downswing in prices being c.17%. Over the period we observed that prices were more likely to trend upwards, with the lowest price observed being a severe outlier at 32.27% lower than the mean.

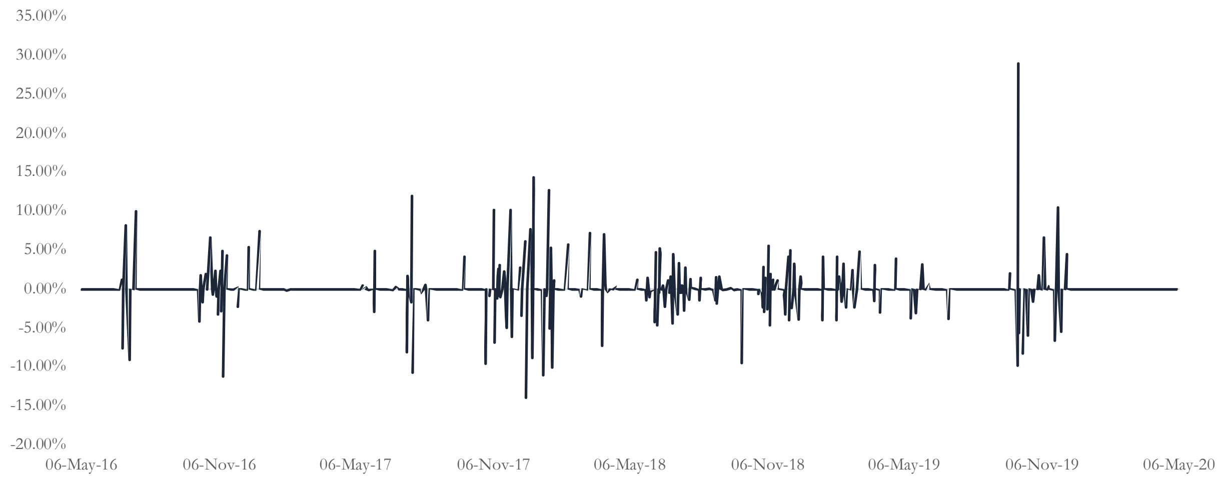
The normal distribution chart indicates that majority of the price changes can be considered to be immaterial in line with the commodities purpose as collateral cover.

Paddy Rice

price performance

Price volatility for Paddy Rice remained low for a number of years trading between ₦130,305/T in May 2016 and, ₦131,666/T as of May 2020 - indicating certainty of stable prices and predictable incomes for the obligors Market prices for Paddy rice swung between +28.98% and -13.94% over a period of 5-years. Of the 1,358 marketing days, Paddy rice recorded 297 days of price movements (127 days up change) and (170 days down change). The prices of Paddy rice are driven largely by inventory levels. For the most part of the review period, price traded between ₦120.000/T and ₦140,000/T.

Fig 7: Nigeria Paddy Rice Price Change Pattern

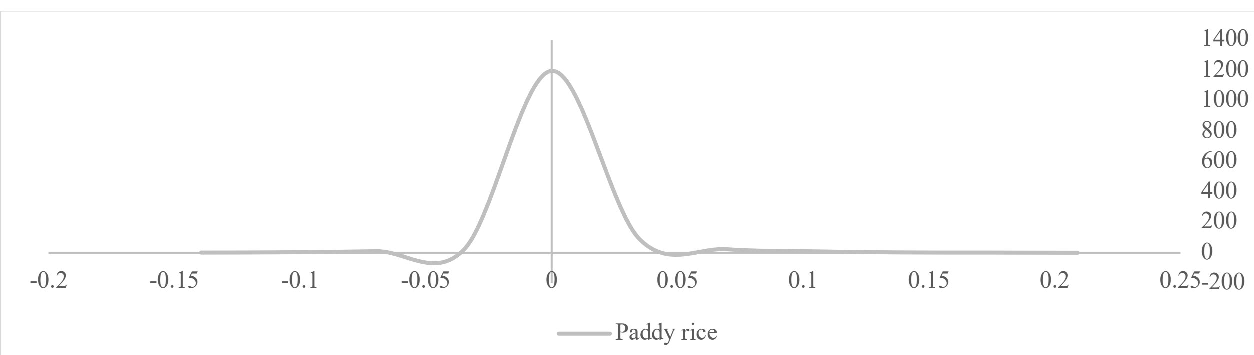


Source: AFEX.

Fig 8

Paddy Rice Price Performance Analysis	
Total Days	1,358
Number of Days Without Price Change	1,061
Number of Day With Change	297
Up Change	127
Down change	170
Max (upside)	28.98%
Min (downside)	-13.94%
Price Stab. (%)	78.13%
Probability of Up Change	9.35%
Probability of Down Change	12.52%

Fig 11: Normal distrubution of Paddy Rice Prices



The data above depicts the price stability of Paddy Rice, prices remained stable over 78.13% of the examined period, with the probability of an up and downswing in prices being 9.35% & 12.52% respectively. Over the period we observed that prices were more likely to trend downwards, with the lowest price observed being a severe outlier at 13.94%.

The normal distribution chart indicates that majority of the price changes can be considered to be immaterial in line with the commodities purpose as collateral cover.

Fig 9: Stressed Collateral Cover

CP Principal	1,000,000.00
CP Interest	9.0%
FV	1,067,500.00
Tenure	9
Principal Payments	111,111.11
Mthly Obligations	118,611.11
Facility Margin	5%
Facility FV	1,105,000.00
Monthly Facility Obligation	122,777.78
Extreme Downside	-10.00%

*The extreme downside represents the most negative price change with a frequency of at least 2%. Anything below 2% can be considered an outlier.

Begin	05-May-16		
End	08-May-20		
	Soybean	***Paddy***	***Maize***
From Data	*Percentage within Loss/ Gain Class*		
>0.0%	*9.8%*	*9.4%*	*17.7%*
0.0%	*80.6%*	*77.8%*	*65.0%*
-2.5%	*4.5%*	*9.4%*	*10.5%*
-5.0%	*2.1%*	*1.9%*	*3.0%*
-10.0%	*1.3%*	*1.2%*	*2.1%*
-20.0%	*1.3%*	*0.4%*	*1.5%*
-30.0%	*0.4%*	*0.0%*	*0.1%*
-40.0%	*0.0%*	*0.0%*	*0.1%*
-50.0%	*0.0%*	*0.0%*	*0.0%*

Millions (naira)	**0**	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Outstanding CP Obligation (a)	1,067.50	948.89	830.28	711.67	593.06	474.44	355.83	237.22	118.61	-
Facility Obligation Outstanding	1,105.00	982.22	859.44	736.67	613.89	491.11	368.33	245.56	122.78	-
Partial Guarantee on Facility (b)	552.50	491.11	429.72	368.33	306.94	245.56	184.17	122.78	61.39	-
Cash Margin Account (c)	221.00	221.00	221.00	221.00	221.00	221.00	221.00	221.00	221.00	221.00
Exposure (a-b-c)	**294.00**	**236.78**	**179.56**	**122.33**	**65.11**	**7.89**	**-**	**-**	**-**	**-**
Collateral at Cost	1,000.00	888.89	777.78	666.67	555.56	444.44	333.33	222.22	111.11	-
Realisable value	900.00	800.00	700.00	600.00	500.00	400.00	300.00	200.00	100.00	-
Cover	**3.06x**	**3.38x**	**3.90x**	**4.90x**	**7.68x**	**50.70x**	∞	∞	∞	∞

The above table shows the expected cover to be provided by the Collateral given a extreme case drop in realisable value, based on historical pricing information available. It is clear that the exposure not covered by the Partial Guarantee and the Cash Margin Account can be more than adequately covered by the Collateral Commodities. In the unlikely event of a 10% drop in prices(an occurrence that happened only 2% of the time over a 4 year period across Paddy Rice, Soybean & Maize) we expect the collateral to cover the exposure by a minimum of 3 times, which increases as the obligation reduces. This indicates the strength of the credit structure of the transaction.

Introduction

The Issuer was incorporated in Nigeria on September 22, 2020 with registration number RC 1713630 as a public limited liability company under the name of Commodities Funding SPV Plc with an authorised share capital of ₦1,000,000 divided into 1,000,000 ordinary shares of N1.00 each, all of which have been issued at par and are held by the Share Trustees at incorporation. The registered office of the Issuer is Suite 4-6, 2nd Floor, Pees galleria, 2A Osborne Road, Ikoyi, Lagos, Nigeria. The Issuer has no subsidiaries or affiliates. Commodities Funding SPV Plc is a special purpose vehicle (SPV) which is sponsored by DLM Advisory Limited.

The principal objects of the Issuer are set out in its Memorandum of Association and, amongst other things, to borrow or raise money solely in connection with its securitisation programme for the purchase of receivables, notes, debentures, in such manner as the company shall think fit, and to secure the payment of any money borrowed, or owing by loan, by charge or lien upon the whole or part of the company's property or assets (whether present or future including its uncalled capital) and obtain guarantees from third parties of the performance by the company of any obligations or liability it may undertake. Neither the Obligors, the Collateral Manager nor any associated body of the Obligors owns directly or indirectly any of the share capital of the

Principal Activities

The principal activities of Commodities Funding SPV Plc is to issue securities, to raise or borrow money and to grant security over its assets, being the rights to the Loan Receivables and any Security attached thereto assigned to it by Citihomes Finance Company Limited (the Originator) for such purposes subject to and in accordance with the terms of the Transaction Documents.

Commodities Funding SPV Plc has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public liability company, the authorisation and issue of the Notes and of the other documents and matters referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing. There is no intention to accumulate surpluses in the Issuer.

Commodities Funding SPV Plc activities are restricted by the terms of the Trust Deed, and other related documents.

Governance structure and profile of Directors and Secretary

The corporate services of the Issuer will be managed by Vatad Solicitors and the nominee directors of the Funding vehicle and their business addresses are:

Name	Business Address
Ajibose Ololade	Suite 4-6, 2nd Floor, Pees galleria, 2A Osborne Road, Ikoyi, Lagos, Nigeria

Mamedu Omesi	Suite 4-6, 2nd Floor, Pees Galleria, 2A Osborne Road, Ikoyi, Lagos, Nigeria
Adegbenga Alamu	Suite 4-6, 2nd Floor, Pees Galleria, 2A Osborne Road, Ikoyi, Lagos, Nigeria

Adegbenga Alamu

Adegbenga Alamu has drive and passion to work in a performance driven environment to achieve set targets. He has excellence leadership skills in business development, particularly corporate banking, mortgages, and real estate finance and is highly skilled in credit/financial analysis and relationship management.

He has 21 years work experience in Accounting and Audit functions, Banking Services and Customer relationship management, mortgages and Real Estate financing. He is a graduate of accountancy, a Chartered Accountant and holds Master of Business Administration from Obafemi Awolowo University, Ile – Ife, Nigeria. He attended trainings in the field of financial services, credit and risk management, and corporate governance both in Nigeria and abroad. He is also an Alumni of the prestigious Lagos Business School.

He started his working career with AIM Group in 1999 and rose to the position of Company Accountant of Steam Broadcasting and Communications (Cool FM Radio) and thereafter commenced his banking career in 2001. Some of the financial institutions he worked include defunct Gulf Bank Plc, IBTC Chartered Bank (Stanbic IBTC) and TrustBond Mortgage Bank Plc (FirstTrust Mortgage Bank Plc), HomeBase Mortgage Bank. He held management positions and had responsibility for the profitability and liquidity of the mortgage Banks where he worked prior to joining Citihomes Finance Company Limited as the Managing Director.

Mamedu Omesi

Omesi Mamedu is a Barrister & Solicitor of the Supreme Court of Nigeria. She graduated from the University of Ibadan and was called to the Nigerian Bar in 2014. She is proficient in the following areas –Criminal law, Property Law, Immigration law and Company, Secretarial services.

Ololade Ajibose

Ololade Ajibose is a Barrister & Solicitor of the Supreme Court of Nigeria. He graduated from the University of Lagos and was called to the Nigerian Bar in 2012. He subsequently obtained a Master of Laws degree in International Business Law from the University of Hull, UK in 2013. He has vast experience in Commercial and Corporate Law, andthe Oil and Gas industry in Nigeria. Prior to joining FAA, he worked in the Legal / Compliance department of Oando Marketing Plc, and with the Law firms of Akin Ibidapo-Obe and Co. and Adedeji, Owotomo & Associates.

Director's Interests

No director has any interest in Commodities Funding SPV Plc or the promotion of the Originator and/or the Assigned Rights acquired or proposed to be acquired by the funding vehicle.

Employees

The Issuer has no employees. Two of the directors are employees of the Corporate Services Provider. The Secretary of the Issuer is the Corporate Services Provider with offices at the same address as the Corporate Services Provider.

Corporate Services

In accordance with the Corporate Services Agreement between the Issuer and the Corporate Services Provider, the Corporate Services Provider will provide the Issuer with general secretarial and company administration services.

Indebtedness

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

Material Contracts

Apart from the Transaction Documents to which it is a party, the Issuer has not entered any material contracts other than in the ordinary course of its business.

No Material Adverse Change

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

Financial Information

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

Litigation

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

CitiHomes Finance Company Limited ("CitiHomes") is a CBN licensed financial institution set up to carry out finance company business/activities under the Revised Guidelines for Finance Companies in Nigeria ("the Revised Guidelines"), published in April 2014 by the CBN pursuant to the Central Bank of Nigeria Act of 2007 and the Banks and Other Financial Institutions Act of 2004.

CitiHomes was incorporated in July 1991 as Universal Building Society in Nigeria. The company was set up as a private limited liability company under the Companies and Allied Matters Act 1990. It was granted a license in March 1992 by the Central Bank of Nigeria as a Primary Mortgage Institution and commenced operations in the same period and changed to CitiHomes Savings and Loans Limited. It was 100% owned by First Capital Trust Limited.

CitiHomes Savings and Loans was subsequently acquired by Dunn Loren Merrifield Group in 2014 and upon acquisition, the name of the company was changed to CitiHomes Finance Company Limited in order to carry on the business of a Finance Company. CitiHomes currently has a servicer rating of "SQ3(NG)" accorded by GCR Co.

CitiHomes was setup with its initial business focus being a primary servicer for funding conduits. Its current business model is to focus exclusively on rendering Programme management and loan administration services to various funding conduits in line with the Debt Securitisation scope as permissible under the Revised Guidelines for Finance Companies in Nigeria (2014).

Relevant Experience in Programme Management

Max Receivables SPV Limited - ₦10 Billion Motorcycles Lease Receivables Securitization Programme.

DLMAP, in its capacity as the sole Financial and Structural Adviser, established the first Lease Receivables Securitisation Programme by Max Receivables SPV Limited. MAX Receivables SPV Limited is a special purpose vehicle (SPV) sponsored by MAX Last-mile Delivery Services Limited. The SPV was set up as a Future Flows Company which raises finance via the issuance of debt and/or equity securities to purchase receivables from entities such as MAX Last-mile Delivery Services Limited with a view to enhancing shareholder value by deploying its retained earnings towards prudent investments in lease assets. CitiHomes was appointed as the Programme Manager to carry out the back-office operations and day-to day running of the Conduit

Mortgage Warehouse Funding Limited (MWFL) - ₦20 Billion Asset Backed Commercial Paper Programme: A Mortgage Pre-financing Programme.

DLMAP, a subsidiary of CitiHomes in its capacity as the sole Financial and Structural Adviser, established the first Asset Backed Commercial Paper Programme by Mortgage Warehouse Funding Limited (MWFL) - Funding Programme and Back-end Operations. MWFL was set up as a Special Purpose Company ("SPC") with the objective of providing short-term local currency, competitively-priced funding to its Member Mortgage Banks (MMBs) under a multi-seller securitization structure to enhance their mortgage origination capacity and eliminate the dependence on commercial banks for bridge funding lines. CitiHomes was appointed as the Programme Manager to carry out the back-office operations and day-to day running of the Conduit

Directors of Citihomes Finance Company Limited

S/N	Name	Address	Role
1	Sonnie Ayere	66-68 Alexander Avenue, Ikoyi, Lagos	Chairman
2	Adegbenga Alamu	66-68 Alexander Avenue, Ikoyi, Lagos	Director
3	Michael Orimobi	66-68 Alexander Avenue, Ikoyi, Lagos	Director
4	Kennedy Ighodaro	66-68 Alexander Avenue, Ikoyi, Lagos	Director
5	Olayimika Phillips	66-68 Alexander Avenue, Ikoyi, Lagos	Director

The current and subsisting board of directors of Citihomes Finance Company comprise of Sonnie Ayere alongside the following persons have been appointed as directors of the company with effect from [•]:

Sonnie Ayere

Sonnie Ayere has over 20 years of solid corporate and structured finance, corporate banking and asset management experience working with the following institutions in London – HSBC Bank, NatWest Bank, The Sumitomo Mitsui Bank, Bank of Montreal (BMO)-Nesbitt Burns (the investment banking arm of the Bank of Montreal), the International Finance Corporation (IFC) - World Bank Group - based in Washington D.C. and then Johannesburg, South Africa, the United Bank of Africa Group ("UBA")Plc. in Lagos, Nigeria and finally founded Dunn Loren Merrifield.

Following a successful career in corporate banking and later corporate finance at HSBC, NatWest and The Sumitomo Mitsui bank, Mr. Ayere joined BMO Nesbitt Burns and worked as part of the team responsible for setting up a US$20bn Fixed Income Structured Investment Vehicle ("SIV") and worked as an analyst / investment manager in charge of investing in complex asset backed securities, mortgage backed securities, corporate bonds, bank subordinated debt to include asset and other types of swaps etc. He then joined the IFC in Washington and held the position of senior investment officer responsible for structured finance for Africa and Co-Head – Financial Markets Business Development – Sub Saharan Africa (Anglophone and Lusophone Countries); thereafter, he joined UBA Group as the Pioneer Managing Director/CEO of UBA Global Markets ("UBAGM"), the investment banking subsidiary of United Bank for Africa from August 2005 to January 2009.

Mr. Ayere then went on to establish Dunn Loren Merrifield in early 2009. He possesses extensive cognate experience in fixed income capital markets; as such has played a pivotal role in originating and executing several notable transactions in securitisations, and other various structured finance related transactions internationally and in Nigeria. Mr. Ayere is a member of the Nigerian Bond Steering Committee, SEC committee on Market structure & reforms, the Steering Committee for the review of the Foreclosure and Securitization Law of Nigeria, the Central Bank of Nigeria ("CBN") FSS2020 Technical Steering Committee. He holds an MA (Hons.) in Financial Economics from the University of Dundee, Scotland.
He is an Alumni of Cass Business School London (MBA) and London Business School. Mr Ayere is also FSA registered and was conferred with an Honorary Doctorate Degree in Science (DSc) from the European-American University.

Kennedy Ighodaro

Kennedy Ighodaro has over 23 years work experience spanning eight years of venture capital operations, over ten years in the banking industry and the rest in the manufacturing and service-oriented industries. Prior to joining DLM AMR, he was the Country Manager of West Africa Venture fund (WAVF LLC), Sierra Leone for over four and half years. WAVF LLC was established by the International Finance Corporation (IFC), the development arm of the World Bank Group to deliver risk capital (private equity/venture capital) and technical assistance services to small and medium enterprises (SMEs) in two post-war countries of Sierra Leone and Liberia.

Prior to this, he was Chief Finance Officer and General Manager at Armored Technologies & Systems Limited (AT&S) on secondment from Unique Venture Capital Management Company Limited. Before he joined the venture capital industry, he had over a decade experience in the banking industry with Fidelity Bank Plc; Commercial Bank (Credit Lyonnais Nigeria) Limited and the mortgage finance sub-sector. He held various positions in the banks including Branch Manager, Group Head, Banking Operations and Head, International Operations & Correspondent Banking etc.

He commenced his working career with 7 UP Bottling Company Plc, Ijora Lagos in the Internal Audit department from where he joined the Mortgage finance industry.

He has the following Qualifications:
MBA. University of Lagos, BSc. Finance & Banking, University of Port-Harcourt, Fellow Chartered Accountant (FCA), Institute of Chartered Accountants of Nigeria (ICAN), Member, Chartered Institute of Bankers of Nigeria (CIBN), Member, Nigerian Institute of Management (MNIM).

Adegbenga Alamu

Adegbenga Alamu has drive and passion to work in a performance driven environment to achieve set targets. He has excellence leadership skills in business development, particularly corporate banking, mortgages, and real estate finance and is highly skilled in credit/financial analysis and relationship management.

He has 21 years work experience in Accounting and Audit functions, Banking Services and Customer relationship management, mortgages and Real Estate financing. He is a graduate of accountancy, a Chartered Accountant and holds Master of Business Administration from Obafemi Awolowo University, Ile – Ife, Nigeria. He attended trainings in the field of financial services, credit and risk management, and corporate governance both in Nigeria and abroad. He is also an Alumni of the prestigious Lagos Business School.

He started his working career with AIM Group in 1999 and rose to the position of Company Accountant of Steam Broadcasting and Communications (Cool FM Radio) and thereafter commenced his banking career in 2001. Some of the financial institutions he worked include defunct Gulf Bank Plc, IBTC Chartered Bank (Stanbic IBTC) and TrustBond Mortgage Bank Plc (FirstTrust Mortgage Bank Plc), HomeBase Mortgage Bank. He held management positions and had responsibility for the profitability and liquidity of the mortgage Banks where he worked prior to joining Citihomes Finance Company Limited as the Managing Director.

Michael Orimobi

Michael is an ingenious and astute commercial lawyer with years of experience in capital markets, M&A and finance. He holds a Bachelors degree in Law (LLB) from the University of Lagos and has been called to the Nigerian Bar. Furthermore, he has a Masters degree in Commercial Law (with emphasis on Corporate Finance law, International Commercial Tax, International Intellectual Property Law and Corporate Governance) from the University of Cambridge.

He started his career as an investment banker and was involved in structuring several Nigerian and Cross-border commercial transactions, such as Financial Analysis and Valuation of Companies, Mergers & Acquisitions, Listing of Companies on the Nigerian Stock Exchange, Core Investor Sale, Privatization & Commercialization, Balance Sheet Restructuring, Corporate Restructuring, Issuance of Equity, Debt and Hybrid Instruments (Private Placements, Special Placings, Public Offers) and Foreign Direct Investments.

He is currently the Global Chairman of the Tokunbo Orimobi Legal Group – a global law firm with 10 offices in 7 countries. Michael doubles as the Managing Partner of the Group's Nigerian Practice – Tokunbo Orimobi LP. Michael, in the course of his legal career, has been able to perfectly combine his legal background with his investment banking experience in proffering highest quality legal advisory services to clients.

Michael is ranked as a Leading Lawyer for Capital Markets Deals in Nigeria by the IFLR1000, emerged as Lawyer of the Year, Nigeria & Leading Adviser, Nigeria in the ACQ Global Awards and was awarded Marketing Law with Accolades Award in the 2016 DealMakers Country Awards. Under his tenure as Managing Partner of Tokunbo Orimobi LP, the law firm has won several awards such as Recommended Firm for Financial and Corporate Deals 2019 – IFLR 1000; Capital Markets Law Firm of the Year, Nigeria – 2018 Corporate Int'l Magazine Global Awards; Corporate Finance Law Firm of the Year, Nigeria – 2018 Corporate Int'l Magazine Global Awards; Banking & Finance Law Firm of the Year, Nigeria – 2017 Corporate Livewire Finance Awards; Most Innovative Law Firm, Nigeria – 2016 Acquisition International Magazine Awards; Corporate Finance Law Firm of the Year, Nigeria – 2015 DealMakers Country Awards; Regulatory Compliance Practice of the Year, Nigeria, Dispute Resolution Law Firm of the Year, Nigeria & Best Commercial Law Firm of the Year, Nigeria – 2015 Acquisition International M&A Awards; Full Service Law Firm of the Year, Nigeria, Project Finance Firm of the Year, Nigeria & Litigation Law Firm of the Year, Nigeria – 2014 ACQ Global Awards etc.

He is a member of the Nigerian Bar Association and the International Bar Association.

Yimika Phillips

Olayimika is a lawyer at Olaniwun Ajayi LP.As the partner in charge of the Enterprise Practice Group, she specializes in corporate and regulatory matters across numerous sectors including energy, real estate, manufacturing, health, media, advertising, hospitality and labour.
Olayimika has experience advising both local and international clients on group reorganizations, M&A, demergers, corporate finance and general corporate governance matters.

AFEX Commodities Exchange Limited

AFEX Commodities Exchange Limited (AFEX) is Nigeria's first private sector commodity exchange firm that deals in the securitization of agricultural products which enables the transition from production to transaction for agricultural commodities. Since its founding in 2014, AFEX has developed and deployed a viable commodities exchange model for the West African market; building a strong supply chain infrastructure to support the securitization of agricultural products.

AFEX operates 45 warehouses in Nigeria's key grain-producing areas and accounts for over 100,000 MT of total national storage capacity. Since 2014, the Exchange has reached over 106,000 farmers and traded over 135,000 MT of commodities with a total turnover in excess of $41.5milliion.

The Exchange's mission is to support Nigeria's food security while promoting a fair exchange of value among players in agricultural value chains. AFEX looks to introduce products that de-risk the sector, drive financial inclusion for rural communities, develop technology for data collection and market access and enable the deployment of capital.

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To achieve this goal, AFEX looks to introduce products that de-risk the sector, drive financial inclusion for rural communities, develop technology for data collection and market access and enable the deployment of capital.

AFEX Commodities Exchange is owned mainly by four investors: EAEH Investments - a fully owned subsidiary of Africa Exchange Holdings Ltd, Consonance Investment Managers Ltd, Heirs Holding, Ltd., and Africa Exchange Holdings Ltd. Below table shows the shareholding structure of AFEX Commodities Exchange.

S/N	Shareholders	% Ownership
1	EAEH Investments (Mauritius)	57.88%
2	Consonance Investment Managers Ltd	38.46%
3	Heirs Holdings, Ltd	3.08%
4	Africa Exchange Holdings Ltd	0.58%

Directors of AFEX Commodities Exchange Limited

S/N	Name	Company Represented	Role
1	Mobolaji Adeoye	Consonance Investment Managers	Chairman
2	Jendayi Frazer	EAEH Investments Limited	Director
3	Ayodeji Balogun	AFEX Commodities Exchange Limited	Director
4	Justin Lee Topilow	EAEH Investments Limited	Director
5	Koonal Bharat Ghandi	EAEH Investments Limited	Director

Mobolaji Adeoye

Mobolaji is the Founder/ CEO and Member of the Investment Committee of Consonance Investment Managers Ltd. (Manager of the Consonance Kuramo Special Opportunities Fund I). The goal of consonance is to support entrepreneurs and businesses looking to provide solutions at scale in sub-Saharan Africa. Previously, Mobolaji was a Managing Director at Kuramo Capital Management LLC where he was responsible for deal sourcing, execution, and monitoring in West Africa. Mobolaji was also a member of the investment committee.

Jendayi Frazer

Dr. Frazer is a Distinguished Public Service Professor at Carnegie Mellon University, where she is on faculty at the Heinz College School of Public Policy and Management and in the Department of Social and Decision Sciences. She is the Director of the university's Center for International Policy and Innovation (CIPI). Jendayi is an Adjunct Senior Fellow for Africa Studies at the Council on Foreign Relations where she chairs the "Africa After 50" high-level roundtable series focused on trends and regional dynamics shaping Africa's future.

Frazer served as the U.S. Assistant Secretary of State for African Affairs and as Special Assistant to the President and Senior Director for African Affairs at the National Security Council. She was the first woman U.S. Ambassador to South Africa. She was instrumental in establishing the Bush Administration's signature initiatives, including the President's Emergency Plan for AIDS Relief (PEPFAR) and the Millennium Challenge Account. She is widely credited for designing the administration's policies for ending the wars in the Democratic Republic of the Congo, Sierra Leone, Liberia, and Burundi, and for helping resolve Kenya's 2007 post-election crisis.

Frazer received her B.A. in Political Science and African and Afro-American Studies, M.A. degrees in International Policy Studies and International Development Education, and a PhD in Political Science, all from Stanford University

Ayodeji Balogun

Ayodeji Balogun currently serves as the Country Manager for AFEX Commodities Exchange and the Business Lead for Africa Exchange Holdings Limited in West Africa, where he is pioneering the development of a private sector-led commodities exchange and warehouse receipt system. Prior to his role as Country Manager, Ayodeji was in charge of developing the company's new market entry strategy in East and West Africa

Before joining AFEX, Ayodeji supported several private sector enabling policy initiatives at the Tony Elumelu Foundation including designing the Nigerian National Competitiveness Council and drafting a bill to regulate the non-profit sector in Nigeria. Ayodeji is an MBA graduate of the Lagos Business School, has a first degree in Mechanical Engineering and a diploma in Heavy Equipment Engineering (with Distinction) from Penn Foster University, Scranton, US. He worked as an analyst with Unilever Nigeria Plc. and an associate at Doreo Partners where he contributed to the development of Nigeria's Agriculture Transformation Plan (in 2011). He was a visiting consultant to DFID (GEMS3) and the Ministry of Agriculture on value chain development and was the West African chapter coordinator for Aspen Network of Developing Entrepreneurs (ANDE).

Ayodeji led The Tony Elumelu Foundation's effort to catalyze the business start-up ecosystem in Lagos, providing support to business incubators and accelerators, he was instrumental to the establishment of the Lagos Angel Network – a members-only early stage investment club

Justin Lee Topilow

Mr. Topilow joined Berggruen Holdings in 2016 as Chief Financial Officer. He is responsible for oversight of the accounting and tax functions as well as portfolio operations. He also assists in the implementation of company strategies. Topilow has an MBA from the NYU Stern School of Business and a BA from Yale University.

Koonal Bharat Ghandi

Mr Ghandi joined Berggruen Holdings in 2018 as its Chief Investment Officer. He is responsible for the management and oversight of over 50 direct investments in the U.S., Europe, and Asia. Mr. Gandhi plays a key role in Berggruen's buyout activities, investment sourcing, portfolio oversight and firm administration

NIRSAL PLC

The Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL Plc.) is a US$500million Non-Bank Financial Institution wholly-owned by the Central Bank of Nigeria (CBN) created to Redefine, Dimension, Measure, Re-Price and Share agribusiness-related credit risks in Nigeria.

Established in collaboration with the Federal Ministry of Agriculture and Rural Development (FMARD) and Nigerian Bankers' Committee in 2013, NIRSAL's mandate is to stimulate the flow of affordable finance and investments into the agricultural sector by de-risking the agribusiness finance value chain, fixing agricultural value chains, building long-term capacity, and institutionalizing incentives for agricultural lending through its five (5) strategic pillars, namely: Risk Sharing, Insurance, Technical Assistance, Incentives and Rating.

The NIRSAL Credit Risk Guarantee (CRG) is the core service provided by NIRSAL Plc. The CRG is an instrument issued to protect financiers and investors from possible losses in a finance/credit transaction through a risk sharing arrangement under which NIRSAL indemnifies the lender or investor of the Principal and accrued Interest to the limit of a pre-agreed CRG rate. The offer of the NIRSAL CRG serves as a comfort to financiers and investors, encouraging them to lend to the agribusiness.

The NIRSAL CRG secures agribusiness loans against losses over the life of the underlying credit contract between a financier and actors across all segments of the agricultural value chain. It covers credit in the form of term loans, and/or debt instruments such as short, medium, and long-term notes, excluding overdrafts.

The NIRSAL CRG also covers the credit risk of default on loan principal and the accrued interest. It is purchased at 1% (upfront payment) of the loan value and subsequent outstanding balances of the loan annually.

NIRSAL also offers the following services:

Technical Assistance: NIRSAL believes that capacity building plays a critical role in unlocking the potential for sustainable agribusiness and agribusiness finance in Nigeria.

NIRSAL, in collaboration with relevant partners, provides training and capacity building programs for actors in the pre-upstream, upstream, midstream and downstream segments of agricultural value chains; and strengthens the capacity of financiers and investors in understanding the agriculture sector, streamlining credit assessment processes for agribusiness transactions and agribusiness finance product development.

Business Modelling: In response to identified gaps, NIRSAL applies its expertise into the development of bespoke, optimized and sustainable business models for agricultural value chains and value chain segments. NIRSAL's business models leverage market dynamics and technology to guarantee value chain optimization, cash flow stability and financial return maximization to key actors, particularly the smallholder farmers.

Financing Frameworks: NIRSAL's financing frameworks present a window of financing to address working capital constraints associated with specific segments of agricultural value chains for transactions fulfilling a set of conditions; and falling within NIRSAL business models that have been pre-agreed with financial institutions under the NIRSAL guarantee.

Innovative Insurance: NIRSAL, working with a consortium of local and international insurance actors, develops innovative insurance products to move Nigerian agricultural insurance from indemnity-based to Index-based Insurance.

The NIRSAL Area Yield Index Insurance (AYII) covers the smallholder farmer on expected yield based on the historical yield performance in the Agro-Ecological Zone and protects farmers' revenues from losses due to pests, diseases, adverse weather conditions and other disasters.

Comprehensive Field Monitoring: NIRSAL provides comprehensive project monitoring services through nationwide boots-on-ground Project Monitoring, Reporting and Remediation Offices; and Remote Sensing via satellite-based multispectral imaging and UAS-based drone monitoring systems.

Commodities Funding SPV Plc

ASSET BACKED COMMERCIAL PAPER RATING

₦50,000,000,000.00 ASSET BACKED COMMERCIAL PAPER (CP) ISSUANCE PROGRAMME

References

AbiodunAdeseyoju, FCA
AbimbolaAdeseyoju
OladeleAdeoye

SUMMARY

- **Rating:**

A1+(CP)

- **Report Type:** Asset Backed Commercial Paper
- **Issuer:** Commodities Funding SPV Plc
- **Date Compiled** 5-Feb-2021

EVALUATION VALID TILL: March, 2022

DataPro Rating:	A1(CP)
Security Type:	₦50billion Asset Backed Commercial Paper Notes
Tenor:	15 – 270 days
Rating Outlook:	Stable
Currency:	Naira
Rating Watch:	Applicable

EXECUTIVE SUMMARY

	₦
Loan Principal	50,000,000,000
Credit Enhancement:	
Margin Call Account	10,000,000,000
NIRSAL 50% Guarantee	25,000,000,000
Net Exposure	15,000,000,000
Pledged Collateral Value	50,000,000,000
Collateral/Net Exposure	3.33X

RATING EXPLANATION

The rating of **A1+**(CP) *is assigned to instruments with* ***EXCELLENT*** ability to meet their ongoing obligations.

This report does not represent an offer to trade in securities. It is a reference source and not a substitute for your own judgment. As far as we are aware, this report is based on reliable data and information, but we have not verified this or obtained an independent verification to this effect. We provide no guarantee with respect to accuracy or completeness of the data relied upon, and therefore the conclusions derived from the data. This report has been prepared at the request of, and for the purpose of, our client only and neither we nor any of our employees accept any responsibility on any ground whatsoever, including liability in negligence, to any other person. Finally, DataPro and its employees accept no liability whatsoever for any direct or consequential loss of any kind arising from the use of this document in any way whatsoever.

The following are the Terms and Conditions of the Note to be issued by the Issuer under the Programme. The provisions of the Applicable Pricing Supplement to be issued in respect of any Series of Notes are incorporated by reference herein and will supplement these Terms and Conditions for the purposes of such Series of CPs. The Applicable Pricing Supplement in relation to any Series of CPs may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions contained herein, replace or modify the following Terms and Conditions for the purpose of such Series of Notes.

1. ISSUANCE OF NOTES

The Issuer may from time to time, subject to these Terms and Conditions, issue Series of CPs, under the Programme. Any Series of CPs issued under the Programme shall be constituted by, be subject to and benefit from the Programme Trust Deed.

2. FORM, DENOMINATION AND TITLE

2.1 Form and Denomination

2.1.1 The Notes issued under this Programme shall be denominated in Naira or any other freely convertible currency.

2.1.2 Unless otherwise specified in any Applicable Pricing Supplement, the CPs shall be registered electronically, serially numbered and denominated in a minimum amount of ₦100,000,000.00 and multiples of ₦50,000,000.00 thereof.

2.1.3 CPs will be issued at a discount or at par as specified in the Applicable Pricing Supplement.

2.1.4 The CPs will be issued through book-entry deposits by crediting the CSD account of applicants and a Register of Noteholders shall be maintained by the CSD or such other registrar as may be appointed by the Issuer.

2.2 Title

2.2.1 Title to the Notes will pass to the CSD account(s) of the Noteholder(s) once credited.

2.2.2 Transfer of title to Notes shall be effected in accordance with the rules governing transfer of title in securities held by CSD.

2.2.3 The Issuer may deem and treat the registered holder of the Note as reflected in the records of CSD and the Register as the absolute owner thereof for all purposes, including but not limited to the payment of outstanding obligation in respect of the Notes.

3. STATUS OF THE NOTES

Except otherwise stated in the Applicable Pricing Supplements, each Series of CPs issued under the Programme constitutes a senior secured obligation of the Issuer and save for certain debts mandatorily preferred by law, the Notes rank pari passu among themselves, and with other present and future senior secured obligations of the Issuer outstanding from time to time.

4. REDEMPTION

The Notes are only redeemable at maturity and will be redeemed at the Redemption Value specified in the Final Terms of the Notes in accordance with the provisions of Condition 5 below.

5. PAYMENTS

The Redemption Value being the Principal and Interest of the Notes will be paid to the Noteholders whose names are reflected in the Register as at the close of business on the Maturity Date. The registered Noteholders shall be the only persons entitled to receive payments in respect of the Notes and the Issuer will be discharged from any further obligations or liability upon payment to, or to the order of, the registered Noteholder in respect of each amount so paid.

5.1 Method of Payments

5.1.1 Payment of the outstanding obligation in respect of the Notes will be made by electronic funds transfer, in Naira to the account of the Noteholder specified in the Register.

5.1.2 All monies payable in respect of the Notes shall be paid to the order of the Noteholders by the CPA on the Payment Date. Noteholders shall not be required to present and/or surrender any documents of title to the CPA.

5.1.3 In the case of joint Noteholders, payment by electronic transfers or cheque will be made or addressed to the account of the Noteholder first named in the Register. Payment by electronic transfer to the Noteholder first named in the Register shall discharge the Issuer of its relevant payment obligations under the Notes to such joint Noteholders.

5.1.4 In the case of Notes held by nominees, the nominee shall be paid as the registered Noteholder, which payee shall in turn transfer such funds to the holders of the beneficial interests.

5.1.5 Neither the Issuer nor the Collecting and Paying Agent shall be responsible for any loss in transmission of funds paid in respect of each Note.

5.1.6 If the Issuer is prevented or restricted directly or indirectly from making any payment by any unforeseen issues arising from failure of electronic funds transfer (whether by reason of strike, lockout, fire explosion, floods, riot, war, accident, act of God, embargo, legislation, shortage of or breakdown in facilities, civil commotion, Government interference or control or any other cause or contingency beyond the control of the Issuer), the Issuer shall make such payment by cheque (or by such number of cheques as may be required in accordance with applicable banking law and practice). Such payments by cheque shall be sent by post to the address of the Noteholder as set forth in the Register of Noteholders.

5.1.7 Cheques may be posted by registered mail, provided that neither the Issuer nor the Agent shall be responsible for any loss in transmission and the postal authority shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this condition.

5.2 Payment Day

Any payment in respect of the Notes shall be made on a Business Day. Where the day on or by which a payment of any amount in respect of the Notes is due to be made is not a Business Day, then the Noteholder(s) thereof shall not be entitled to payment due until the next Business Day which then becomes the Payment Date. The Noteholder(s) shall not incur any further interest or other payment in respect of such delay.

5.3 Closed Periods

No Noteholder may effect a transfer of the Notes (i) during the period of 5 (five) days ending on the due date for redemption in respect of that Note; or (ii) following the issuance of a default notice to the Issuer pursuant to Condition 7.2 (Action upon Event of Default).

6. PRIORITY OF PAYMENTS

6.1 Priority of Payments

Prior to an enforcement event, and following the transfer of funds into the Payment Account, the Note Trustees shall distribute all monies standing therein in accordance with the following sequential priority of payments

a) Payment of (or in making a provision for the payment of) any taxes if any;

b) Payment of (or in making provision for the payment of the fees due to the Conduit Manager, Trustee, Servicer, Issuing House/Arranger, the Rating Agencies, and any other professional party appointee under the Programme.

c) Payment of all scheduled amounts due to holders of the Notes in accordance to the seniority ranking/classes of the applicable series of CP Notes; and

d) In payment of any deferred fees or expenses to any of the appointees under the Programme

Note: The Conduit Manager, Servicer, Issuing House/Arranger, the Rating Agencies, and any other professional party appointee to the transaction will rank pari-passu, with respect to payment, and are to be paid pro-rata.

6.2 Post-Acceleration and Enforcement Priority of Payments

After the receipt of an enforcement notice and a call on the guarantor to meet the Guaranteed Obligation, the Conduit Manager will distribute funds (or make provisions for the payment of) in the sequential order set out below:

a) Payment of (or in making a provision for the payment of) any taxes;

b) Payment of all outstanding amounts due to holders of the CP Notes (if any amount remains outstanding after calling on the guarantee) in accordance to the seniority ranking/classes of the applicable series of Securities;
c) Payment of (or in making provision for the payment of) the fees due to the Programme Manager, Servicer, Trustees, and the Issuing House/Arranger and any other professional party appointee under the Programme.

The Conduit Manager, Servicer, Trustee, and the Issuing House/Arranger will rank pari-passu, with respect to payment, and are to be paid pro-rata.

7. EVENTS OF DEFAULT

7.1 Event of Default

The following events shall constitute an Event of Default under the proposed Programme:

a) If the Issuer fails to make payment by the Maturity Date;
b) an Insolvency Event in respect of the Issuer occurs;
c) an order is made or an effective resolution is passed for the winding-up of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction of the terms of which have previously been approved in writing by an Extraordinary Resolution of the noteholders;
d) the Issuer fails to perform or observe any covenant or agreement required by the Transaction Documents to which it is a party or any other document delivered in connection with the Securities to be performed or observed by it (except where that failure is incapable of remedy, in which case no notice will be required) and it remains unremedied for [twenty (20) Business Days] after the Note Trustees have given notice of it to the Issuer requiring the same to be remedied;
e) any representation or warranty of the Issuer in any Transaction Document to which it is a party or any other document delivered in connection with the Transaction contemplated hereunder proves to have been materially incorrect at the time it was made or repeated or deemed to have been made or repeated and the note trustees have certified that the failure to perform or observe is materially prejudicial to the interests of the noteholders;
f) it has or will become unlawful for the Issuer to perform any of its obligations under the Transaction Documents;
g) any corporate action, legal proceedings or other procedure or step is taken in relation to the Issuer in respect of any of its obligations;

h) any Authority takes any action that in the opinion of the Majority Noteholders as the case may be, is likely to have a material adverse effect on the condition of the Issuer or the ability of the Issuer to perform its obligations under the Transaction Documents if that action is not rescinded on or before the tenth (10th) day after it occurs or if that rescission ceases to be in effect;

i) if there occurs any material adverse change in the Issuer's assets, business, condition (financial or otherwise), operations or prospects since the Issuer's last and/or any act of an Authority which in the reasonable opinion of the Majority noteholders will prevent the Issuer from fulfilling its obligations under the Programme Trust Deed or any other Transaction Document to which the Issuer is a party;

j) the aggregate amount of unsatisfied judgments, decrees or orders in respect of which an appeal has not been filed and an order for stay has not been granted within [thirty (30) days] of the judgment, decree or order being made, for the payment of money against the Issuer exceeds ₦100,000,000.00 (One Hundred Million Naira) or its equivalent in whatever currency; or

k) the occurrence of a Force Majeure Event that affects the ability of the Issuer to perform its obligations under any of the Transaction Documents which continues for a continuous period of twelve (12) months.

7.2 Action upon Event of Default

Upon the occurrence of an Event of Default, any Noteholder may by a written notice to the Issuer at its specified office(s), and effective upon the date of receipt thereof by the Issuer, declare the Notes held by that Noteholder to be immediately due and payable, provided that such an action is not taken contrary to any law or regulation of Nigeria preventing the Issuer to make any payment in order to comply with such law or regulation, or to any order of a court of competent jurisdiction.

All payments to be made in the event of default shall be so done in accordance with the Post-Enforcement Priority of Payments as contained in the relevant section on Priority of Payments.

In addition, the Noteholder(s) shall have the right to exercise all other remedies available to them under the laws of the Federal Republic of Nigeria.

8. REGISTER

8.1 The Register shall be maintained by the CSD. It shall reflect the number of Notes issued including the names, addresses, and bank account details of the registered Noteholders. The Register shall set out the aggregate Principal Amount (Face Value) of the Notes issued to such Noteholder and the date of issue.

8.2 Statements issued by the CSD as to the aggregate number of Notes standing to the CSD account of any person shall be conclusive and binding for all purposes save for a case of obvious error where such person(s) shall be treated by the Issuer and the Collecting and Paying Agent as the legal and beneficial owner of such aggregate number of Notes for all purposes.

8.3 The Register shall be open for inspection during normal business hours of the Agent by any Noteholder or any person authorised in writing by the Noteholder.

8.4 The Collecting and Paying Agent shall alter the Register in respect of any change of name, address or bank account number of any of the registered Noteholders of which it is notified in writing in accordance with these Terms and Conditions.

9. NOTICES

9.1 Notices to Noteholders.

9.1.1 All notices to the Noteholders will be valid if mailed to them at their respective addresses of record in the relevant register of Notes of a Series maintained by the Agent. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of the CBN, the FMDQ Exchange, the CSD or such other regulatory authority as may be applicable to the Notes.

9.1.2 Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication in national newspapers, or if published more than once or on different dates, on the date of the first publication

9.2 Notices from Noteholders

9.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same with the Agents.

9.2.2 Any change of name or address on the part of the Noteholder shall forthwith be notified to the Issuer and subsequently, the Register shall be altered accordingly following notifications to the CSD.

10. MODIFICATION

10.1 The Arranger and the Issuer may agree without the consent of the Noteholders, to any modification of the Terms and Conditions which is of a formal, minor or technical in nature, or is made to correct an obvious error or to comply with the mandatory provisions of any law in Nigeria and which is not prejudicial to the interest of the Noteholders. Notice of such modification shall be published in at least one daily newspaper of general circulation in Nigeria and shall be deemed to have been given and received on the date of first publication.

10.2 Save as provided in condition 10.1 above, no amendment of the Terms and Conditions may be effected unless;

i. such amendment is in writing and signed by or on behalf of the Issuer and

ii. such amendment:

- If it affects the rights, under the Terms and Conditions, of all the Noteholders, is signed by or on behalf of Noteholders, holding not less than 75% (seventy-five percent) of the outstanding Principal Amount of all the Notes; or
- If it affects only the rights, under the Terms and Conditions, of a particular group (or groups) of Noteholders, is signed by or on behalf of the Noteholders in that group (or groups) holding not less than 75% (seventy five percent) of the outstanding Principal Amount of all the Notes held by that group (or groups).

10.3 Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 9 as attainable thereafter.

11. Meeting Of Noteholders

11.1 The Issuer may at any time convene a meeting of all Noteholders upon a minimum of 21 (twenty-one) days prior written notice to such Noteholders. The notice is required to be given under the terms of Condition 9 as herein described. Such Notice shall specify the date, place (which shall be in Nigeria) and time of the meeting to be held.

11.2 Every director or duly appointed representative of the Issuer may attend and speak at a meeting of the Noteholders but shall not be entitled to vote, other than as a proxy or representative of a Noteholder.

11.3 Noteholders holding not less than 10% (ten percent) in Principal Amount of the outstanding Notes shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer not summon such a meeting within 10 (ten) days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.

11.4 A Noteholder may send an instrument in writing (a "Form of Proxy") signed by the Noteholder or, in the case of a corporation executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation, or appoint any person (a "Proxy") to act on his or its behalf in connection with any meeting or proposed meeting of the Noteholders.

11.5 Any Noteholder, which is a corporation, may by resolution of its directors or other governing body authorise any person to act as its representative (a "Representative") in connection with any meeting or proposed meeting of the Noteholders.

11.6 Any Proxy or Representative appointed shall, be deemed for all purposes in connection with any meeting or proposed meeting of the Noteholder specified in the appointment, so long as the appointment remains in force, to be the holder of the Notes to which the appointment relates and the holder of the Notes shall be deemed for such purposes not to be the holder.

11.7 The chairman of the meeting shall be the chairman of the Issuer and if not present then an alternative person shall be appointed by majority of those present at the meeting. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 11. Should the Noteholders request a meeting, and the Issuer fails to call such a meeting within 10 (ten) days of the requisition, then the chairman of the meeting held at the instance of the Noteholders, shall be selected by a majority of Noteholders present in person or proxy.

11.8 At any such meeting two or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one third of the Principal Amount of Notes shall form a quorum. On a poll, each Noteholder present in person or by proxy at the time of the meeting shall have the number of votes equal to the number of Notes, by denomination held by the Noteholder.

11.9 If within 30 (thirty) minutes after the time appointed for any such meeting a quorum is not formed, the meeting shall, if convened upon the requisition of Noteholders, be dissolved. In any other case, it shall be adjourned to such date and time not being less than 14 (fourteen) days nor more than 21 (twenty-one) days thereafter and at the same time and place. At such adjourned meeting one or more Noteholders present or represented by proxy shall form a quorum and shall have power to pass any Special Resolution and to decide upon all matters which could properly have been dealt with at the original meeting had the required quorum been present.

12. CHANGING OF AGENT

12.1 The Issuer is entitled to vary or terminate the appointment of the Agent and/or appoint additional or other agents and/or approve any change in the office of the agent through which any agent acts, provided that there will at all times be an agent with an office.

12.2 The Agent acts solely as agent of the Issuer and does not assume any obligation towards or any relationship of agency or trust for or with any Noteholder

13. FURTHER ISSUES

The Issuer shall be at liberty to from time to time and without the consent of Noteholders of outstanding Notes issue further Notes under the Programme.

14. GOVERNING LAW

The provisions of the Programme Memorandum and the Notes are governed by and shall be construed in accordance with the laws of Nigeria.

Deloitte.

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12 March 2021

FMDQ
Exchange Place,
35 Idowu Taylor St,
Victoria Island, Lagos,
Nigeria.

Dear Sirs,

ASSESSMENT OF GOING CONCERN STATUS OF COMMODITIES FUNDING SPV PLC AS AT 31 DECEMBER 2020

We have received from the Directors of **Commodities Funding SPV Plc** ("the Company"), evidence that they have reviewed the statements of affairs of the company with respect to its ability to continue in business as a going concern in the next twelve (12) months subsequent to period ended 31 December 2020.

We have performed the following procedures:

a) Obtained and reviewed the scheme document to obtain an understanding and practicality of the scheme.
b) Obtained the latest set of financials as replicated in the statement of affairs.
c) Assessed the operational prospects of the company using information contained in the scheme document.
d) Requested for management's assessment of going concern, noting any adverse indicators identified and assessed the impact for the next twelve (12) months.

Based on the evidence obtained and together with the outcome of our assessment of the company's ability to continue as a going concern, we can confirm that nothing has come to our attention that causes us to believe that the Company will not continue as a going concern in the next twelve (12) months subsequent to financial year ended 31 December 2020.

Yours faithfully,

Joshua Ojo, FCA - FRC/2013/ICAN/00000000849

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria

G. ELIAS & CO. ALN

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July 12, 2021

The Directors
DLM Advisory Limited
66-68 Alexander Rd
Ikoyi, Lagos
Nigeria

Dear Sirs,

Legal Opinion with respect to the ₦50,000,000,000
Asset Backed Commercial Paper Issuance Programme by Commodities Funding SPV Plc

1. **INTRODUCTION**

1.1 We have acted as legal counsel in respect of the ₦50,000,000,000 (Fifty Billion Naira only) Asset Backed Commercial Paper Issuance Programme established by Commodities Funding SPV Plc (the "**Issuer**") (the "**Programme**").

1.2 In this legal opinion (this "**Opinion**"), unless otherwise defined or the context otherwise requires, terms defined in the Programme Memorandum (defined below) shall be applicable, and the following capitalised terms shall have the following meanings:

1.2.1 "**Agent**" means the Agent appointed under the IPA Agreement;

1.2.2 "**Aggregation Agreement**" means the aggregation agreement between the Lender, the Borrower, and the Aggregator;

1.2.3 "**Aggregator**" means AFEX Commodities Exchange Plc;

1.2.4 "**Applicable Pricing Supplement**" means the pricing supplement applicable to a particular series or tranche issued under the Programme;

1.2.5 "**Board**" means the board of directors of the Issuer as constituted from time to time;

1.2.6 "**CAC**" means Corporate Affairs Commission;

1.2.7 "**CAMA**" refers to the Companies and Allied Matters Act, 2020 (as amended);

1.2.8 "**CBN**" means the Central Bank of Nigeria;

TAX CONSIDERATIONS

The tax consequences of investments in the Notes are broadly summarised below. The summary is not intended and should not be construed, to be tax advice to any investor. Any prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Notes in view of his/her own personal circumstances. Neither the Issuer nor its advisers shall be liable to any subscriber in any manner for placing reliance upon the contents of this section.

Prior to the suspension of the old CP regime where Commercial Papers and Bankers Acceptances ("BAs") were used as off-balance-sheet instruments by banks and discount houses, Commercial Papers were exempt from Withholding Tax ("WHT"). This position has been maintained with current Commercial Papers being issued on the grounds that a commercial paper is a discount instrument, for which no withholding tax is payable on the discount income.

The taxation landscape in the country with regards to debt securities has undergone a major overhaul with the first major and official announcement made on 16 March 2010, by the then Acting President of Nigeria, in exercise of his statutory powers. The announcement approved a waiver of taxes on all categories of bonds (including corporate bonds) and short-term Federal Government of Nigeria ("FGN") securities. The taxes covered by the approval are taxes prescribed pursuant to the Companies Income Tax Act, Personal Income Tax Act, Value Added Tax Act and the Capital Gains Tax Act with the aim of eradicating the ample amounts of tax payable on such investments. The Companies Income Tax Order was published on 2nd January, 2012 and is valid for a period of 10 years. Furthermore, the recent amendment to the Personal Income Tax Act included an exemption on all forms of taxes on income from investment in bonds and short-term instruments of certain categories of issuers.

As such, and in line with the foregoing, the Notes will be exempt from withholding taxes, and will be paid free and clear of such taxes. In the instance that WHT should become payable on the Notes, the Issuer agrees to gross up for any withholding taxes and pay the Tax-equivalent Yield as shall be necessary to ensure that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been received in respect of the Notes in the absence of the withholding or deduction.

Investment in the CPs involves a certain degree of risk. Accordingly, prospective investors should carefully consider the following risk factors together with all the other information included in this Programme Memorandum before purchasing the Notes. The following section does not describe all the risks (including those relating to each prospective investor's circumstance) with respect to an investment in the Notes. The risks in the following section are provided as general information only. Prospective investors should refer to and carefully consider the risks described below and the information contained elsewhere in this Programme Memorandum, which may describe additional risks associated with the Notes. Investors should also seek professional advice before making investment decisions in respect of the Notes.

1. GENERAL FIXED INCOME RELATED RISKS

There may not be an active two-way quote trading market for the CPs when issued, and thus the liquidity of the CPs may be limited. Investors may not be able to sell their CPs in a transparent and efficient system. However, a vibrant Over-the-Counter (OTC) market exists for Treasury Bills and other fixed income securities, and the continuous development and deepening of the fixed income market will help ensure increased liquidity of the CPs.

1.1. *Change of Law:*

The structure as well as the Terms and Conditions of the CPs are based on Nigerian law in effect as at the date of this Programme Memorandum. No assurance can be given as to the impact of any possible judicial decision or change in Nigerian law or the official application or interpretation of Nigerian law after the date of this Programme Memorandum.

Further, a change in law, applicable regulations and ministerial orders or administrative decisions, governing the Collateralised Loan Receivables or their billing and collection process may materially affect the Collateralised Loan Receivables (namely its value), the right to collect such Receivables, the actual collection of the Receivables and, consequently, the payment of capital due under the CP by the Issuer.

1.2. *Credit ratings may not reflect all risks:*

The Issuer has been assigned a rating by [Agusto & Co. and DataPro Limited]. Credit ratings are an assessment of the issuer's ability to pay its debt obligations when due. The rating may not reflect the potential impact of all risks related to structure, market, and other factors that may affect the value and performance of the CPs. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agencies at any time. The credit rating is based on, among other things, the projected cashflows from the assigned Receivables and other relevant structural features of the transaction, which reflect the Rating Agencies' views as at the date of this Programme Memorandum and to the life of the CPs.

2. RISKS RELATING TO NIGERIA

2.1 *Political and regional instability*

In recent times, Nigeria has witnessed an increase in political instability, insecurity, ethnic challenges, incidences of kidnap, terrorist attacks and religious killings. Although the Federal Government has recorded tremendous success in eliminating the extremist group and weakening their activities in the

Northern region, suicide bombings and indiscriminate attacks on even co-religionists continue to raise serious concerns about the protection of lives and property, sustained attractiveness of Nigeria to foreign investors, and the recovery of the capital market.

Although, the political and regional instability has had a material adverse effect on investment and confidence in the performance of the Nigerian economy, the Federal Government has embarked on a number of initiatives to address the instability and unrest. In spite of the Federal Government's efforts, continued criminal activity, unrest and political and religious conflicts in the country may lead, deter investments in the country and lead to increased political instability that could have a material adverse effect on Nigeria's economy and impact the Issuer's income.

2.2 Risks related to the economic stability of Nigeria

Nigeria's economy is still largely dependent on crude oil production. Recent times have witnessed a downward trend in the prices of oil caused partly by global lockdowns due to the Corona Virus pandemic and oversupply from Saudi Arabia. The current presidential administration has implemented several wide-sweeping political and economic reforms aimed at diversifying Nigeria's economy and increasing macroeconomic stability whilst promoting a private sector market driven economy. Nigeria is rated "B-" with stable outlook by S&P, "B2" by Moddy's and "B" by Fitch. There exists the risk that a potential negative outlook on the economy may negatively affect investments in the security.

3. RISKS RELATING TO THE OBLIGORS

By buying the Assigned Rights, the Notes issued by the Issuer under the Programme shall have the benefit of the Originators rights in respect of the Loan Receivables and Security attached thereto (the NIRSAL partial guarantee, pledged Commodities, and cash margin in the Collateral Margin Account), and then full recourse against the balance sheet of the Obligors. Whilst there is zero recourse to the Originator, the Notes are fully secured against the Originator.

The Obligors are exposed to various risks in the ordinary course of their business, the most significant of which are credit risk, market risk, liquidity risk and operational risk.

Whilst the Obligors may have implemented appropriate policies, systems and processes to control and mitigate these risks, investors should note that any failure to control these risks adequately could have an adverse effect on the financial condition and reputation of the Obligors. Below are brief descriptions of the risk factors that are material in respect of the financial situation of the Obligors.

3.1 Credit Risk

Credit risk is the risk that the Obligors may not be able to recover funds and suffer losses because a customer or counterparty is unable or unwilling to meet contractual obligations to the Obligors when due.

3.2 Market Risk

Market risk is the possibility of the Obligors experiencing losses due to factors that affect the overall performance of the markets in which they operate. Market risks can arise from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as commodities market volatility.

3.3 Operational Risk

This is the risk of direct or indirect loss arising from inadequate and/or failed internal processes, people and systems or external events. They include: fraud, fines or expenses incurred as a result of settlement delays and regulatory infractions; litigation processes including out of court settlements; damage to the physical assets; system downtime, malfunction or disruption and the losses arising thereof.

3.4 Governmental/ Regulatory Risk

A large aspect of the success of the Obligors and indirectly the Issuer depends on government policy. Regulatory and compliance risk may arise due to changes in laws, rules, polies and technical standards that may adversely affect the operations of the Obligors.

3.5 Reputation and Ethics Risks

This risk arises out of the Obligors' inability to meet its projected performance due to negative perception/assessment of its services by the public.

4. RISKS RELATING TO THE ISSUER

The Notes issued by Commodities Funding SPV Plc shall be exposed to varied risks that can affect overall performance of the Notes. These risks are enumerated below:

4.1 Credit Risk

The Issuer is a special purpose vehicle ("SPV") with no operations or significant assets other than issuing the Notes and funding the purchase of collateralised loan receivables. The Issuer has an obligation under the Terms and Conditions of the Notes and the Programme Trust Deed to pay such amounts of principal and interest, and additional amounts (if any) as are due in respect of the Notes. However, the Issuer's obligation to pay is equal to the amount of principal, interest and additional amounts (if any) received and retained (net of tax) by or for the account of the Issuer from the Obligors pursuant to their relevant facility agreements. Consequently, if the Obligors fail to meet their payment obligations under the terms of the [facility agreements], it will result in the Noteholders receiving less than the scheduled amount of principal and/or interest and/or other amounts (if any) payable on the Notes.

4.2 Market Risk

Market risk is the risk of losses as a result of adverse movements in the market interest rates or prices. Market risk consists of the following:

a. Price risk is the risk of losses resulting from adverse movements in market prices. The risk-free rate of interest is set by the Federal Government and is exogenous to the Issuer's operations.
b. Interest rate risk refers to the risk that the Treasury Bill yields will change as a result of the volatile interest rate environment.

4.3 Illiquidity Risk

This arises due to the inability of the Investor to sell the CPs in the secondary market without a substantial loss to the value of the CPs.

Words used in this section shall bear the same meanings as those used in the section headed "Definitions and Interpretations", except to the extent that they are separately defined in this section or the meaning if applied, would be clearly inappropriate for the context.

CLEARING SYSTEM

The Notes will be issued in dematerialised form and will not be represented by any certificate or written instrument. As stipulated by the CBN Guidelines, the CP Notes will be held in custody by CSD, either in the name of the beneficial owner or Nominee.

All transactions in the Notes shall be cleared and settled electronically in accordance with the rules and operating procedures of CSD. Subject as aforesaid, the CP Notes will be issued, cleared and transferred in accordance with the Terms and Conditions and will be settled through Authorised Participants (the Issuing and Placing Agent or the Issuing, Placing and Collecting Agent) who will follow the electronic settlement procedures prescribed by CSD.

AUTHORISED PARTICIPANTS

For purposes of the CP Issuance, the Authorised Participant is DLM Advisory Limited and any successor Issuing and Placing Agent appointed in accordance with the Issuing and Placing Agency Agreement to act in that capacity.

CSD will maintain a central securities account for the Authorised Participant and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participant. Noteholders may exercise their rights in respect of the Notes held in the custody of CSD only through the Authorised Participant.

REGISTRATION

1. The under-listed Authorised Participants shall register with CSD, where CP custody and depository services are required.

    a) Collecting & Paying Agents (CPA) / Issuing & Placing Agents (IPA) and Dealing Members shall complete the CSD's designated Form. These authorized participants shall be required to submit proof of the appropriate FMDQ membership along with the completed form.

    b) Investors are required to route their account opening applications and transactions through any of the above-mentioned authorized participants (of their choice), who will officially notify CSD to create sub-accounts for these clients and also attach clients' mandates to this effect.

2. CSD will assign a Trade Member Code to the authorized participant and also provide the account number (and sub-accounts numbers for clients) after creation as requested by the authorized participant to enable them trade the CPs.

3. FMDQ Securities Exchange Limited shall request for the CP to be registered with a CSD, who in turn shall furnish the exchange and CPA/IPA with the Unique Identifier for the registered CP, subject to receipt of CP registration fees from the CPA/IPA .

4. In the case of a Shelf Programme, the CSD will re-open the existing unique identifier for all tranches with same maturity dates, however new Unique Identifiers will be issued for tranches with different maturity dates.

Custody and Dematerialisation

1. CPA/IPA with physical CP notes may decide to dematerialise CP(s) with the CSD by completing the CSD's Form
2. All holders of CP notes must route these notes through the IPCA/IPA who will then submit on the CSD authorized platform in dematerialized form.
3. CPA/IPA may also decide to keep the CPs in physical form with the CSD (subject to service agreement with the CSD), acting as the Custodian for the issue.
4. CPA/IPA can also lodge the CP(s) electronically by using the CSD's e-lodgement format
5. CPA/IPA (or Lead Agent in a consortium), will advise the CSD, after dematerialisation or e-lodgement to transfer CPs to investors' (or their custodians') accounts at the CSD before trading commences
6. Cut-off time for e-lodgement of CPs is 10.00am on the day before the value date (VD – 1) and the CSD shall process same within 24 hours of receipt.

Redemption

1. Register closes two (2) working days before maturity date (MD - 2).

2. The IPCA/IPA will submit a letter to the CSD confirming the intention of the issuer to repay the holders of the CP on the maturity date by 12 noon on MD - 2.

3. The CSD shall expunge (knock-off) matured CP(s) on the maturity/redemption date of the CP.

4. Maturity must be on a business day, however if the maturity date of a CP falls on a public holiday, the ensuing working day shall be the maturity date of the CP.

Roll-Over

1. Every roll-over of a CP issue shall be treated or classified as a fresh/separate CP.

2. Upon rollover, the Exchange shall request for the rollover CP to be registered with a CSD, who in turn shall furnish the exchange and CPA/IPA with the new Unique Identifiers, subject to receipt of CP rollover fees from the CPA/IPA .

3. The CSD shall expunge the existing CP Symbol and ISIN Codes from the system and replace with the new codes.

Default

1. Where the issuer is unable to repay the CP investors and the CP will be in default status, the CPA/IPA shall notify the CSD, as well as the investors, latest two (2) working days before the maturity date (MD - 2), latest by 3.00pm.

2. The CSD shall make public the default status to the market latest by MD - 1.

3. In case of (i) above, the CP holdings must remain with the CSD until the IPCA or Collecting and Paying Agent (CPA) pays off the CP holders and notifies the CSD and the exchange with evidence.

4. Thereafter, the CSD will notify the public and expunge the CP from the Depository accordingly.

SECONDARY MARKET (OTC) TRADE SETTLEMENT

1. Standard settlement cycle is T + 2.

2. The exchange shall submit Dealing Members' confirmed CP trade details on trade day in the specified format via the CSD authorized platform, based on the following settlement timelines:

    - Same Day Settlement - 12.30pm
    - T+1 or T+2 Settlements - 3.00pm

3. The CSD shall deliver securities and send confirmation of transfers via the CSD authorized platform by 2pm on settlement day to the exchange and Nigeria Inter-Bank Settlement System (NIBSS) simultaneously. Authorized participants shall state the particular account number where the CP(s) will be settled.

4. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the Exchange and CSD simultaneously.

5. Transactions for standard settlement (T + 2) shall stop five (5) working days before maturity date (MD – 5), therefore the last applicable settlement shall be before close of business on MD - 3.

REPORTING

1. The CSD will effect the transfer of CPs on the settlement date as advised by the exchange and also keep records of consideration for each transaction.

2. The CSD will advise the Exchange of successful and failed transactions on each settlement day for onward communication to Dealing Members.

COMMODITIES FUNDING SPV PLC

(A Special Purpose Vehicle incorporated in Nigeria with Registration Number: [•]

SECURITISATION OF COLLATERALISED LOAN NOTE RECEIVABLES
ISSUE OF UP TO ₦[■] SERIES [■] ASSET BACKED COMMERCIAL PAPER (CP)
UNDER ITS ₦[50,000,000,000] ASSET BACKED COMMERCIAL PAPER PROGRAMME

You should carefully read the Risk Factors beginning on Page [●] of the Programme Memorandum. The CP Notes are asset-backed securities and will be the sole obligation of the Issuing entity and all cash flows that by right have been assigned to the Issuing entity according to the Priority of Payments as described in the Programme Memorandum.

On the Closing Date, Commodities Funding SPV Plc (the "Issuer" or "the SPV"), will issue Series [●] Notes of up to ₦[●] for a tenor not exceeding [●] months under the Programme; the proceeds of which will be used to make payment for the Purchase of the Assigned Rights as assigned to the Issuer by Citihomes Finance Company. The Notes will be payable solely from cash flows from the Loan Receivables. The Issuer will repay principal and the accrued interest in the [●]-month anniversary of the CP Issue. Credit enhancement for the CP Notes will consist of senior/subordination structure, Excess Spread, Embedded Security/Implied Overcollateralization and embedded Credit Risk Guarantee from NIRSAL.

Commodities Funding SPV Plc is a Special Purpose Company ("SPV") set up as a financing vehicle with the objective of borrowing or raising money solely in connection with its securitisation programme for the purchase of receivables, notes, debentures, in such manner as the company shall think fit, and to secure the payment of any money borrowed, or owing by loan, by charge or lien upon the whole or part of the company's property or assets.

This Pricing Supplement is to be read and interpreted in conjunction with all documents which are incorporated herein and on the basis that such documents are incorporated and form part of this Pricing Supplement. This Pricing Supplement shall be the sole concern of the Issuer and the party to whom the Memorandum is delivered (the "Recipient") and should not be distributed by the Recipient to any other parties.

The CP Notes shall be issued in dematerialised form, and may however be traded over the counter ("OTC") between counterparties via FMDQ Securities Exchange Limited ("FMDQ Exchange") platform in accordance with the rules, guidelines and such other regulation with respect to the issuance, registration and quotation of commercial paper as may be prescribed by the Central Bank of Nigeria ("CBN") and FMDQ Exchange, or any other recognized trading platform as approved by the CBN. The securities will settle via a Central Securities Depository ("CSD"), acting as Registrars and Clearing Agent for the CP Notes. This Pricing Supplement has been prepared in accordance with the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances, and Commercial Papers issued on September 11, 2019 and the FMDQ Exchange Commercial Paper Registration and Quotation Rules. This document is important and should be read carefully, if any recipient is in any doubt about its contents or the actions to be taken, such recipient should please consult his/her investment banker(s), accountant, solicitor any other professional adviser for guidance immediately. In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in the Pricing Supplement, the Issuer will prepare a supplement to this Pricing Supplement or publish a new Pricing Supplement for use.

Arranger/Issuing & Placing Agent

DLM Advisory

RC: 688014

This Pricing Supplement is Dated [●]

SUMMARY OF THE TERMS OF THE SERIES 1 CP NOTES

Issuer/Purchaser	Commodities Funding SPV Plc
Originator/Seller	CitiHomes Finance Company
Arranger	DLM Advisory Limited
Issuing & Placing Agent	DLM Advisory Limited
Collecting and Paying Agent	Access Bank Plc
Trustees	DLM Trust Company Limited |UTL Trust Management Services Limited
Joint Transaction Counsel	G.Elias & Co | Olaniwun Ajayi LP
Auditors to the Issuer	Deloitte & Touche
Sponsor to the Quotation on FMDQ Securities Exchange Limited	DLM Advisory Limited
Legal Opinion Provided By	G.Elias & Co
Custodian	Central Securities Clearing System Plc
Series Number	[■]
Issue Size	[■]
Programme Size	₦[50] billion
Interest/Discount Convention	[■]
Tenor	[■]
Yield	[■]]%
Maturity Date	[■]
Minimum Subscription	[■]
Currency of the Issue	[■]
Issue Rating	[■]

Source of Repayment	Interest and Principal received from Obligors on the Loan Notes
Credit Enhancement	*Senior/Subordination Structure*

▪

Series of CPs issued under the Programme may be offered in multiple tranches. Where more than one tranche is issued in any Series, such Series of CPs may incorporate a senior/subordinated structure and shall re-allocate cashflows to tranches based on varying seniorities. The subordinated tranches provide credit enhancement by absorbing losses on the underlying asset pool before more senior tranches absorb losses. The applicable final terms shall clearly state the status of the Notes being issued under the relevant tranches

Excess Spread

The yield on Loans granted by the Originator to the Obligors shall for every tranche of funding be in excess of the yield on the CP Notes issued by the Issuer under the Programme. Thus, by purchasing the Assigned Rights pursuant to the LRPA, the Issuer shall have rights to the Excess Spread accruing from the Assigned Rights. The minimum Excess Spread acceptable under the proposed programme has been set at [400bps] and will serve as the first line of defence for absorbing losses under the Programme.

Embedded Security/Implied Overcollateralization

Pursuant to the LRPA and by purchasing the Assigned Rights of the Originator under the Loans, the Issuer, and by implication the Investors, shall have the benefit of a collateral cover of 120% of the Principal Value of the CP Notes comprising of the principal amount of the Loan Receivables, monies standing to the credit of the Collateral Margin Account, and the Pledged Assets. Thus, CP Notes issued by the Issuer shall be collateralised by Loan Receivables equivalent to the principal value of the Notes, albeit with a significant positive yield differential.

In addition to the above, and pursuant to the Collateral Management Agreement, the Collateral Manager shall upon the occurrence of a Default, without notice to or further consent of the Obligor or any other person, have the right to sell and dispose of the Pledged Assets at the price at which such Pledged Assets are traded on the Exchange, the proceeds of which shall be used to satisfy the Secured Obligations of the Obligors to the Originator.

The above embedded security and implied overcollateralization structure will provide coverage in excess of what is required to meet the payment obligations and absorb losses of the Issuer at any point in time under all

	issuances under the Programme and provide strong credit protection to holders of Notes under the Programme.
	Embedded Credit Risk Guarantee
	The Loans disbursed by the Originator to the Obligors shall have the benefit of a partial guarantee provided by NIRSAL subject to the terms of the Credit Risk Guarantee (CRG). The guarantee shall be available to repay to the Originator, part of any amount outstanding under a Loan, including accrued interest to the limit of a pre-agreed CRG rate, upon the occurrence of an event of default under the Facility Agreement.
	Pursuant to the LRPA and the purchase all of the Assigned Rights of the Originator, which includes the Lenders rights in respect of the CRG, the Issuer shall by implication have the benefit of the proceeds of any payments made to the Originator in respect of the CRG, which shall be available to repay to Noteholders, all or part of any amount outstanding under the CPs, including accrued interest on the relevant Payment Date.
	[Applicable/Not Applicable]
Status of the Notes	Each Note constitutes a senior secured obligation of the Issuer and save for certain debts mandatorily preferred by law, the Notes rank pari passu among themselves, and with other present and future senior secured obligations of the Issuer outstanding from time to time
Form of Notes	Dematerialised
Quotation	The Notes shall be quoted on FMDQ Securities Exchange Limited and/or any other recognised Exchange
Taxation	See Page [■] of the Programme Memorandum
Method of Offer	Fixed Price Offer or Book-Building
Implied Yield	[■]
Discount Rate	[■]
Issue Price	[■]
Book Closed Period	[■]
Day Count Fraction	[■]
Business Day Convention	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria

Redemption/Payment Basis	[■]
Issuer's Early Redemption	[■]
Issuer's Optional Redemption	[■]
Roll-over	[■]
Other Terms Applicable on Redemption	[■]
Offer Opens	[■]
Offer Closes	[■]
Allotment Date	[■]
Notification of Allotment	All applicants will be notified through an email and/or telephone of their allotment by no later than [■]
Issue Date	[■]
Payment Date	[■]
Specified Currency	Nigerian Naira (₦)
Details of Bank Account to Which Payments are to be made in respect of the Notes	Bank: [■] Account Name: [■] Account Number: [■]
Settlement Procedures and Settlement Instructions	Purchases will be settled via direct debit, electronic funds transfer, NEFT or RTGS

Use of Proceeds

The proceeds of the Series [■] Notes will be utilised by Commodities Funding SPV Plc to purchase the Assigned Rights from the Originator.

Material Adverse Change Statement

Except as disclosed in this document, there has been no significant change in the transaction structure or credit worthiness of the Issuer following the last rating review reports by [■] dated [■] and [■] respectively.

Responsibility

The Issuer and its Board of Directors accept responsibility for the information contained in this Programme Memorandum which, contains all information that is material in the context of the issue of the Notes.

Signed on this 20th day of August 2021

For and on behalf of:

Commodities Funding SPV Plc

Name: Dauda Mamman
Director

VATAD SOLICITORS
LAZ 128573
VATAD SOLICITORS

Name: DEBORAH ISIAKPONA
~~Director~~/ Company Secretary

Authorisation of the Programme

At the meeting held on the 4th of January 2021, the Board of Directors of Commodities Funding SPV Plc passed a resolution approving the registration of the proposed ₦50,000,000,000 CP Programme.

Commercial Paper Outstanding

As at the date of this Programme Memorandum, the Issuer has no outstanding Commercial Paper.

Going Concern

As at the date of this Programme Memorandum, the Issuer – an SPV, can be reasonably expected to continue into the foreseeable future.

Litigation

As at the date of this Programme Memorandum, the Issuer has no record of claims and litigation.

Material Contracts

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

a) Collecting and Paying Agency Agreement
b) Programme and Series Trust Deed
c) CP Security Deed
d) Security Trust Deed
e) Liquidity Asset Purchase Agreement
f) Master and Supplemental Loan Receivables Purchase Agreement
g) Collateral Management Agreement
h) Issuing & Placing Agency Agreement
i) Master & Supplemental Facility Agreement

Other material contracts in respect of any issuance of CPs under the Programme will be disclosed in the Applicable Pricing Supplement issued in respect of a Series or Tranche.

"**Applicable Pricing Supplement**" means the pricing supplement applicable to a particular Series or Tranche issued under the Programme;

"**Business Day**" means any day on which banks are open for business in Nigeria, but shall exclude any Saturday, Sunday or a public holiday declared by the Federal Government of Nigeria;

"**CBN**" means the Central Bank of Nigeria;

"**CBN Guidelines**" means the Central Bank of Nigeria Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued on September 11, 2019, as may be amended or supplemented from time to time;

"**Collateral Manager**" or "**Aggregator**" means AFEX Commodities Exchange Limited or any other collateral manager appointed by the Issuer under the collateral management agreement;

"**Collateral Margin**" means the amount to be deposited by the Obligors in the Collateral Margin Account being an amount equal to 20% of the amount borrowed by the Obligors from the Issuer;

"Collateral Margin Account" means the account to be maintained with the Agent under the terms of this Facility Agreement for the maintenance of the Collateral Margin;

"**Collections**" means all cash collections and other cash proceeds in respect of the Loan Receivables due to the Lender from Obligors, including without limitation, any interest, charges or other related monies accruing in respect thereof;

"**Commercial Papers**" or "**Notes**" means the commercial papers issued by the Issuer from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement;

"**CPA**" means Zenith Bank Plc appointed as the Collecting & Paying Agent under the Collecting and Paying Agency Agreement or any other Collecting and Paying agent appointed by the Issuer;

"**CSD**" refers to the central securities depository for the Programme or any other specialist financial institution holding the Commercial Papers either in certificated or uncertificated form so that ownership can be easily transferred through a book entry rather than the transfer of physical certificates and recognised by the Exchange and assigned a unique identifier by the CSD;

"**CSCS**" Central Securities Clearing System PLC

"**Entry**" means any entry relating to any Commercial Paper, which is or has been made in the CSD account of any Noteholder;

"**Facility Agreement**" means each agreement of the same name entered into between the Lender and each Obligor;

"**Facility Collection Account**" means each interest-bearing account to be maintained with the Agent in the name of the [Lender] into which an Obligor shall make monthly interest and principal payments in accordance with the Facility Agreement entered into between the Lender and the relevant Obligor;

"**FMDQD**" FMDQ Depository Limited

"**FMDQ Exchange**" or the "Exchange" means FMDQ Securities Exchange Limited;

"**FMDQ Exchange Rules**" means the FMDQ Exchange Commercial Paper Registration and Quotation Rules, July 2020 and as may be amended or supplemented from time to time;

"**IPA**" means DLM Advisory Limited appointed as the issuing and placing agent under the Issuing and Placing Agency Agreement or any other issuing and placing agent appointed by the Issuer;

"**ISA**" means the Investments and Securities Act No. 29 of 2007 as may be modified or amended from time to time;

"**Issue Date**" in relation to any Series or Tranche, means the date on which the Commercial Papers are issued;

"**Issuing and Placing Agency Agreement**" means the agreement of the same name between the Issuer and DLM Advisory Limited in its capacity as the IPA;

"**Issue Proceeds Account**" means the account into which proceeds of the issue of Commercial Papers under the Programme will be received and paid to the Issuer after the Issue Date;

"**Lender**" refers to Citihomes Finance Company Limited;

"**Mandate**" means the written instructions of the Issuer and the Note Trustees issued to the Agent detailing the procedure for operating the Transaction Accounts;

"**Maturity Date**" means the date on which the Issuer makes payment towards the redemption of the Commercial Papers. The maturity date of all outstanding CPs shall also not exceed the validity period of the applicable Issuer/CP Programme rating designated at the commencement of the registration of the CP Programme;

"**Noteholders**" means persons to whom Notes have been allotted pursuant to the Programme and their respective assignees;

"**Note Collections Account**" means the account each to be opened in respect of the Notes in the joint names of the Issuer and the Note Trustees of which the Note Trustees is the sole signatory and held with the Agent, into which Collections are to be paid by the Lender;

"**Obligors**" means the persons set out in the Programme Memorandum or any Applicable Pricing Supplement as obligors who the proceeds of the Notes shall be on-lent to under the terms of the Financing Documents;

"Payment Account" means the account to be maintained by the Trustees with the Agent into which the Agent shall transfer from the Note Collections Account all payments required to service the Issuer's payment obligations on a relevant Payment Date in accordance with the Priority of Payments;

"**Principal Amount**" means with respect to any Entry, the principal which would be due to the holder of the account in which such Entry is credited on the redemption of the Commercial Paper(s) at the Maturity Date;

"Priority of Payments" means the order for disbursement of funds from the Payment Account;

"**Programme**" means the N50,000,000,000 (Fifty Billion Naira) asset-backed commercial paper issuance programme established by the Issuer;

"**Programme Memorandum**" means the programme memorandum issued in accordance the CBN Guidelines and the FMDQ Exchange Rules and providing detailed provisions of the Programme, as read with any supplementary programme memorandum issued by the Issuer from time to time, and any Applicable Pricing Supplement thereto that may be issued by the Issuer in respect of a Series or Tranche issued under the Programme;

"**Qualified Institutional Investors**" or "**QII**" include banks, fund managers, pension fund administrators, insurance companies, investment/unit trusts, multilateral and bilateral institutions, registered private equity funds, registered hedge funds, market makers, staff schemes, trustees/custodians, stockbroking firms and any other category of investors as may be determined by the Securities and Exchange Commission from time to time.

"**Register**" means the register of Noteholders to be maintained by the CSD;

"**Repayment Instalment**" has the meaning assigned to it in the Facility Agreement;

"**Sanctions**" means any sanctions administered by the Nigerian government;

"**Security Deed**" means the security deed entered into between the Security Trustee, the Lender and the Issuer to secure the obligations of the Issuer to the Noteholders;

"**Security Trustee**" means UTL Trust Management Services Limited or any other security trustee appointed under the terms of the Security Deed, or its successor in interest or assigns, or any successor to the security trustee under the Security Deed, as therein provided;

"**Series**" means a tranche of the Commercial Papers which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects except for their respective credit enhancement features, ranking and/or issue prices;

"**Terms and Conditions**" means, in respect of a Series or Tranche, the terms and conditions in respect of the Commercial Papers set out in the Programme Memorandum, as may be or have been amended by any Applicable Pricing Supplement issued by the Issuer in respect of the Series or Tranche of Commercial Papers;

"**Tranche**" means in relation to a Series, those Commercial Papers of that Series that are issued on the same date, at the same issue price and have other identical terms;

"Transaction Accounts" means the accounts maintained further to the CPA, and/or any further account required to be created or maintained by the Agent for the purpose of the Transaction;

"**Transaction Documents**" means the Programme Memorandum, together with this Agreement, the Trust Deed, the Issuing and Placing Agency Agreement, and all other documents to be issued by the Issuing and Placing Agent, on behalf of the Issuer, inviting subscription to the Commercial Papers; and

"**Trust Deed**" refers to the trust deed entered into between the Issuer and the Note Trustees which constitutes the Notes.

"**Unique Identifier**" means a code specifically designated/assigned to identify a CP

ISSUER

Commodities Funding SPV Plc
Suite 4 – 6, Pees Galleria
2A Osborne Road
Ikoyi, Lagos

ARRANGER/ISSUING AND PLACING AGENT

DLM Advisory Limited
66 – 68 Alexander Avenue
Ikoyi, Lagos

COLLATERAL MANAGER

AFEX Commodities Exchange Limited
3rd Floor, Yobe Investment House
Plot 1332 Ralph Shodeinde Street,
Beside Federal Ministry of Finance
CBD, Abuja

ORIGINATOR/SERVICER

Citihomes Finance Company
66 – 68 Alexander Avenue
Ikoyi, Lagos

JOINT TRANSACTION COUNSEL

G.Elias & Co
6 Broad Street
Lagos
Nigeria

Olaniwun Ajayi LP
Plot L2 401 Close
Banana Island
Lagos

JOINT NOTE TRUSTEES

DLM Trust Company Limited
66 – 68 Alexander Avenue
Ikoyi, Lagos

UTL Trust Management Services Limited
No. 47 Marina, ED Building
Lagos Island
Lagos

Olufunke Aiyepola

COLLECTING AND PAYING AGENT

Zenith Bank Plc
Plot 84, Ajose Adeogun Street
Victoria Island
Lagos

AUDITORS TO THE ISSUER

Deloitte & Touche
Civic Towers
Ozumba Mbadiwe Road
Victoria Island, Lagos