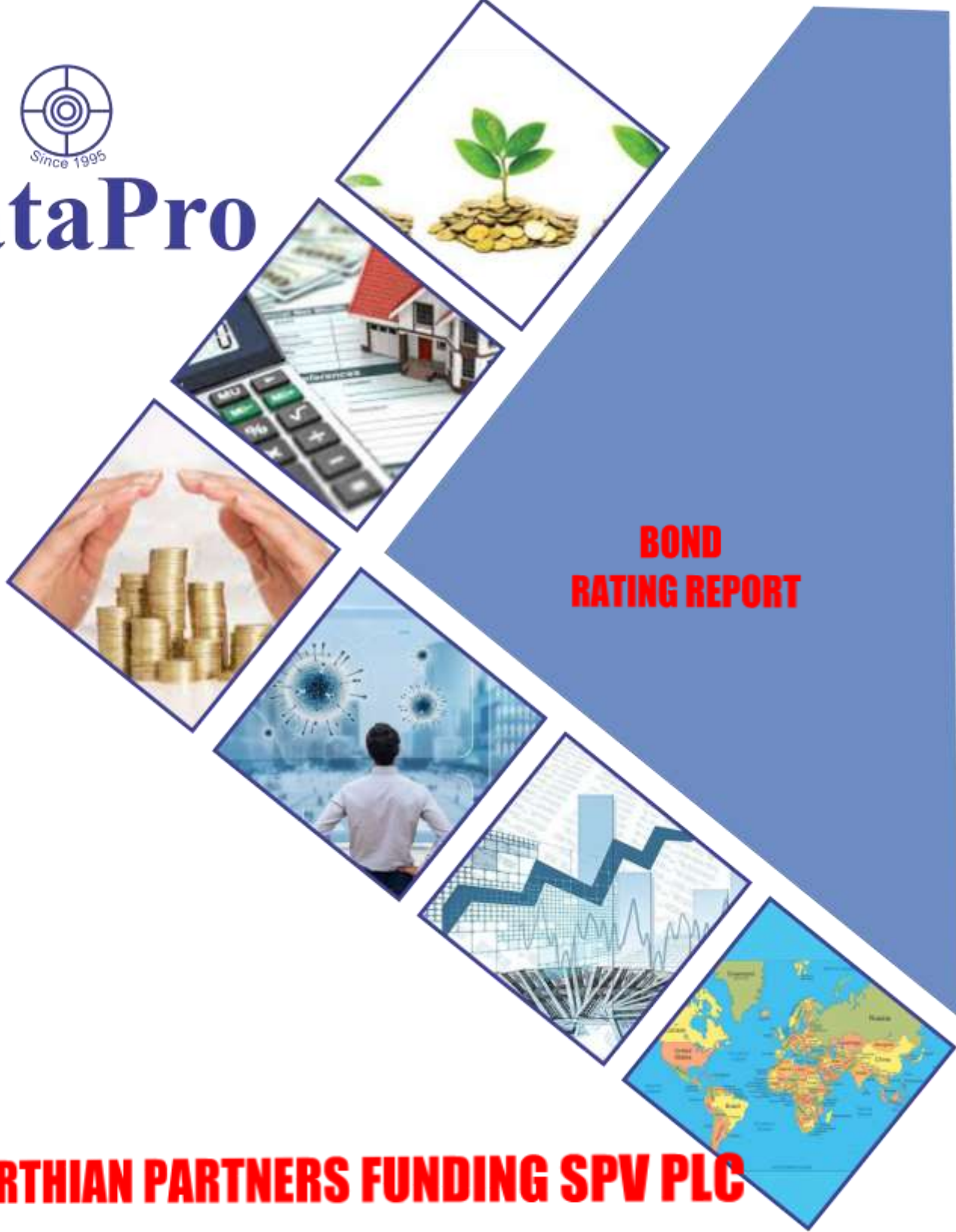




DataPro



BOND RATING REPORT

PARTHIAN PARTNERS FUNDING SPV PLC

Ground Floor, Foresight House
163-165 Broad Street,
By Marina Water Front
☎ 234-1-4605395, 4605396
Email: info@datapronigeria.com
dataprong@gmail.com
Website: www.datapronigeria.net

March, 2022

PARTHIAN PARTNERS FUNDING SPV PLC

Long-Term Rating:

BBB⁺

Security Type: Series 1
Fixed Rate
Senior Bond

Maturity Date: 2025

Rating Outlook: Stable

Currency: Naira

Rating Watch: Applicable

Date issued: 26 Mar, 2022

Valid Till: 25 Mar, 2023

Reference:

Abiodun Adeseyoju, FCA.
Abimbola Adeseyoju
Oladele Adeoye

This report is provided by DataPro subject to the Terms & Conditions stipulated in our Terms of Engagement

**Up To ₦10Billion Series 1: 3-Year Senior
Secured Fixed Rate Short Term Bond Under the
₦10Billion Bond Issuance Programme**

EXECUTIVE SUMMARY

	2020 ₦'000	2019 ₦'000	2018 ₦'000	2017 ₦'000
Net Income	1,488,190	761,291	422,017	346,605
Profit Before Tax	819,594	241,761	113,996	88,666
Total Assets	3,579,884	1,230,496	919,112	379,040
Equity	1,414,534	956,098	898,832	868,142
Total Liabilities	2,165,350	274,398	274,398	140,536
Fixed Assets	25,283	25,665	28,909	31,395

The Long-Term Rating of **BBB⁺** indicates *Slight Risk*. It shows Fair Financial Strength, Operating Performance and Business Profile when compared to the standard established by **DataPro**. This Issuer, in our opinion, has the ability to meet its ongoing obligations, but its financial strength is vulnerable to adverse changes in economic conditions.

ISSUE QUALITY

- The *Sponsor* has the ability to continually generate Revenue by carrying out the business of *Inter-dealer Broker*.
- The historical ability of the Sponsor to generate Pre-Tax Profit in the last three years (2018 – 2020).
- The Investment Grade Rating of the Sponsor.
- The creation of Debt Service Reserve Account under the management of the Trustees.
- The Bondholders' claim on the cash flow of the Issuer is equal to all unsecured Debt obligations of the Issuer.

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 ISSUE

The Bond ("The Issue") is a ₦10billion Fixed Rate Senior Short-Term Bond Under the ₦10billion Debt Issuance Program undertaken by *Parthian Partners Funding SPV Plc* ("*The Issuer*").

The *Issuer* is a Special Purpose Vehicle (SPV) sponsored by *Parthian Partners* ("*The Sponsor*"). It was incorporated on the 22nd of January 2022 for the purpose of raising funds from the Capital market to finance short term funding needs of the Sponsor.

The Issue is constituted by a Trust Deed executed by the Issuer, the Sponsor and the Joint Trustees. The Trust Deed provides for the obligation of the Issuer and the duties of the Trustees in protecting the interest of the Bondholders.

The Issue shall constitute direct, unsecured, senior and unconditional obligations of the Issuer. The Bonds shall rank pari passu without preference or priority among themselves and rank equally with all other existing obligations of the Issuer.

Aside the Issuer and Sponsor, other parties to the Issue include: *Constant Capital Limited, Renaissance Securities (Nigeria) Limited, CardinalStone Partners Limited, SCM Capital Limited* (Issuing Houses), *Apel Capital & Trust Limited, CardinalStone Trustees Limited* (Trustees), *Duale, Ovia & Alex-Adedipe* (Solicitors to the Issue), *KPMG Professional Services* (Auditors) and *PricewaterhouseCoopers* (Reporting Accountants).

REDEMPTION AND USE OF PROCEEDS

The Principal shall be redeemed by bullet payment on maturity. However, Coupon on the Bond is payable semi-annually from the Issuance Date. A *Debt Service Reserve Account ("DSRA")* shall be established by the Issuer under the management of the Trustee. The Sponsor will fund the *DSRA* account with the next coupon repayment at least five (5) days to the payment date.

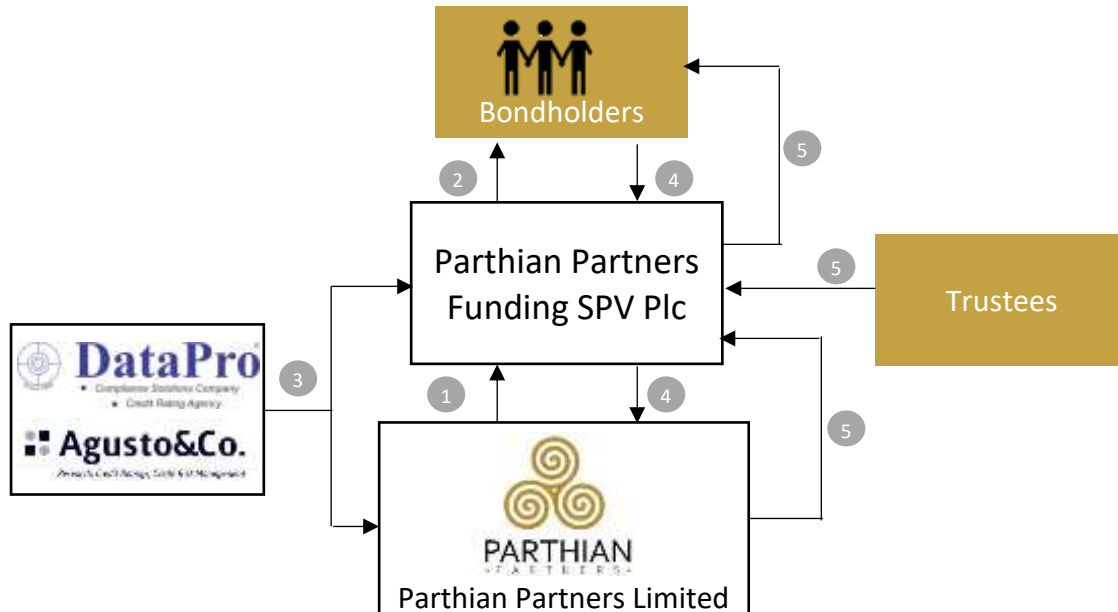
TRANSACTION STRUCTURE

The Transaction Structure around the *Issue* involves sponsoring a Special Purpose Vehicle by *Parthian Partners*.

The net proceeds from the Bonds shall be used to purchase Notes issued by the Sponsor in line with the Master Notes Purchase Agreement (MNPA). The proceeds will ultimately be used to further *Parthian Partners'* mandate of increasing liquidity in the Nigerian Debt Market by discounting *FGN* Promissory Notes and supporting the *FGN* Bond Market.

The graphical illustration of the transaction structure is as presented:

STRUCTURE OF THE ISSUE



Source: Parthian Partners Funding SPV Plc

- The Sponsor shall incorporate the Special Purpose Vehicle *Parthian Partners Funding SPV PLC* to serve as a pass-through vehicle in accessing funding via the domestic Short-term Bonds market
- The *SPV* shall establish a NGN10 billion Short-term Bond Programme
- The net proceeds from the Bonds shall be received by the *SPV* and passed to the Sponsor in accordance with the Master Notes Subscription Agreement (“MNPA”) and Deed of Covenant
- Through the Trustees, the Sponsor and *SPV* shall fulfill the Bond obligations (interest and principal) to the Bondholders in line with the Bond repayment schedule and Series 1 Trust Deed.

The transaction structure is governed by the following major covenant:

Master Notes Purchase Agreement

This is an agreement between the Issuer, the Sponsor and the Trustees by which the Issuer agrees to subscribe to the Notes issued by the Sponsor using proceeds from the sale of the Bonds as contemplated under the Pricing Supplement.

Deed of Covenant

This is an undertaking by the Sponsor in favour of the Issuer and the Trustee for the settlement of payment obligations of the Sponsor under the Master Notes Purchase Agreement and the prompt settlement of the payment obligations of the Issuer to the Bondholders, with respect to the Bonds.

Programme and Series Trust Deeds

These are agreements between the Sponsor, the Issuer and the Trustee which sets out the terms, conditions and covenants governing the issuance of Bonds, the appointment of Trustee under the Programme and the performance of the obligations of the Sponsor, Issuer and the Trustee under the Programme.

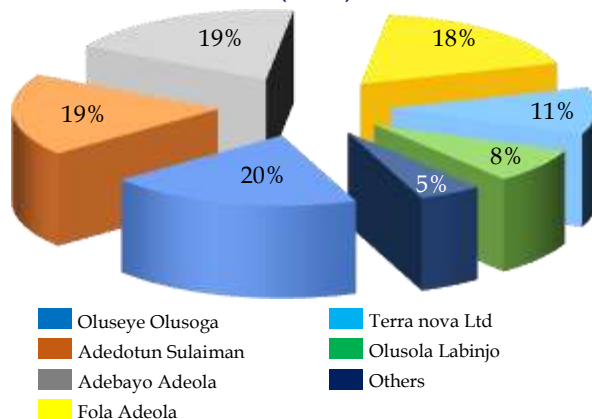
THE ISSUER

Parthian Partners Limited (“PPL” or “the Company”) was incorporated as a Private Limited Liability Company in Nigeria in 2012. PPL subsequently obtained a license to operate as an Inter-Dealer Broker from the **Securities and Exchange Commission (SEC)** in 2013. The Company is one of the **FMDQ Exchange** registered Inter-Dealer Brokers in Nigeria.

The Company provides wholesale brokerage services for transactions among and between Market Dealers, Investors as well as Pension Fund Administrators, Fund Managers, Banks and International Financial Institutions. PPL facilitates trading in Federal Government of Nigeria (FGN) Bonds, Treasury Bills, State Government Bonds, Local Contractor Bonds, Corporate Bonds and Eurobonds.

The Company has a wholly owned subsidiary, **Parthian Securities Limited**, which was established in 2016. The subsidiary has acquired a Broker/Dealer License to provide securities trading services to Retail Investors as well as the Wholesale Market.

ANALYSIS OF SHAREHOLDING STRUCTURE (2020)



Source: Parthian Partners Ltd

The Company operates from its head office in Lagos. The staff strength of the Company as at 31 December, 2021 was 40.

The authorized share capital of the Company as at 31 December, 2020, is 250,000,000 ordinary shares of ₦1 each. The issued share capital of the Company is ₦178,077,431 made up of 178,077,431 units of ordinary shares of ₦1 each

Directors Profile

The following served on the board during the year under review; **Mr. Adedotun Sulaiman – Chairman, Mr. Oluseye Olusoga– Managing Director/CEO, Mr. Adebayo K. Adeola, Mr. Bismarck J. Rewane, Mr. Abraham Nwankwo and Mr. Rilwan Belo-Osagie**

The profiles of the Company’s directors are as stated:

1. **Name:** Mr. Adedotun Sulaiman
Position: Chairman
Profession: Management and Strategy Consultant
Years of Experience: 44 Years
Education:
 - B. Sc. – University of Lagos
 - M. Sc – Harvard Business School**Experience:**
 - Accenture Nigeria
 - Barclays Nigeria Limited
 - UTC Nigeria PLC
 - Secure ID Limited
 - Interswitch Limited
 - Chairman, Financial Reporting council of Nigeria
2. **Name:** Mr. Oluseye Olusoga
Position: Managing Director/CEO
Profession: Management, Banking and Commerce
Years of Experience: 16 Years
Education:
 - B. Eng – University of Surrey
 - Said Business School, Oxford
 - Warwick Business School, UK**Experience**
 - Parthian Partners Limited
 - Lehman Brothers, London
 - Citibank
 - Capital Market Master Plan Committee
3. **Name:** Mr. Adebayo K. Adeola
Position: Non-Executive Director
Profession: Engineering Consultancy
Years of Experience: 36 Years
Education:
 - Project Management Institute (PMI)
 - Institute of Civil Engineers**Experience**
 - UTC Nigeria PLC
 - Guaranty Trust Bank Holding Company
4. **Name:** Mr. Bismarck J. Rewane
Position: Non-Executive Director
Profession: Management and Strategy Consultant
Years of Experience: 35 Years
Education:
 - B. Sc. – University of Lagos
 - M. Sc – Harvard Business School**Experience**
 - Financial Derivative Company
 - International Merchant Bank
 - Barclays Bank of Nigeria Limited
 - Barclays Bank International PLC
 - First National Bank of Chicago
 - Guinness Nigeria PLC

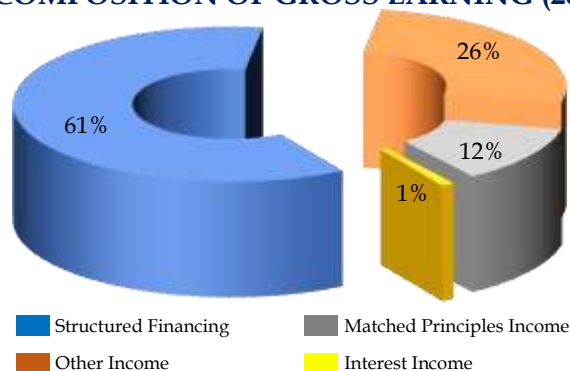
•UBA Custodian Limited

5. **Name:** Dr. Abraham Nwankwo
Position: Non-Executive Director
Profession: Journalism, Banking and Public Debt Management
Years of Experience: Over 20 Years
Education:
 - B. Sc. – University of Nigeria, Nsukka
 - M. Sc- University of Nigeria, Nsukka
 - Ph.D – University of Nigeria, Nsukka**Experience**
 - Debt Management Office
6. **Name:** Mr. Rilwan Belo-Osagie
Position: Non-Executive Director
Years of Experience: 30 Years
Profession: Banking and Management
Education:
 - B. Eng. – Imperial College of Science and Technology
 - M. Sc – Strathclyde University, Glasgow
 - MBA – London Business School**Experience**
 - FSDH Merchant Bank
 - Chartered Bank Nigeria Limited
 - African International Bank Limited

EARNING PROFILE

We reviewed the Company's Audited Financials covering the period 2017 to 2020. This is in addition to Unaudited Financials for the period ending 2021.

COMPOSITION OF GROSS EARNING (2021)



Source: Parthian Partners Ltd

The Classification of the Company's Income include: Matched Principled Income, Structured Financing, Interest Income and Other Income. Structured Financing Income accounted for 61% of Total Earnings in the year 2021. It comprised of Advisory Fees and Interest Income on Structures. This class of income grew significantly from ₦38.0m in the year 2020 to ₦1.6b (Yr.21).

The Company classified Brokerage Fees, Trading, Foreign Exchange Gains, and Technical Fees as part of its Other Income. These Revenue Sources accounted for 26% of its entire earnings during the year 2021. In absolute term, this Revenue source increased from ₦157.5m (Yr.20) to ₦664.7m (Yr.20).

The Matched Principal Income is made up of Local Bonds, Promissory Notes, Eurobonds and Treasury Bills. Earnings across these sources contracted significantly during the year 2021. On the whole, it dipped from ₦1.3b (Yr.20) to ₦297m (Yr. 21) and contributed 12% to total Revenue during the year under review.

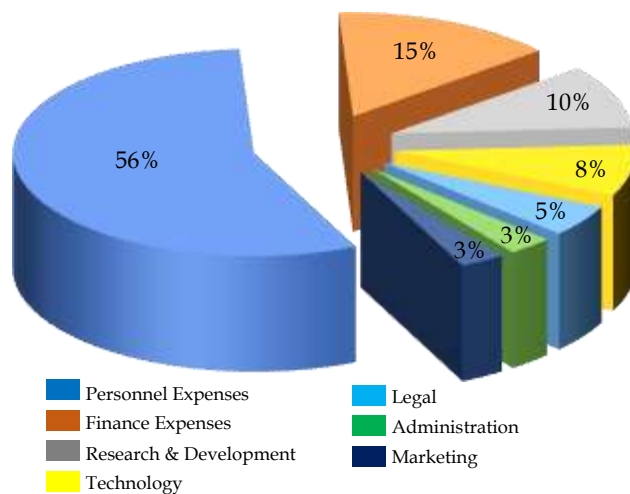
Interest Income contributed just 1% of aggregate Revenue in the year 2021. This represented interest earned from Treasury Bills and Bonds. Aggregate amount generated in the year 2021 was ₦37.9m which was less than ₦64.6m earned in the year 2020.

On account of strong growth in Structured Financing and Other Income segment of the Company Revenue, Gross Earnings increased by 73% in the year 2021. In absolute term, it surged from ₦1.5b (Yr.20) to ₦2.6b (Yr.21).

However, Total Net Income recorded by the Company in the year 2021 was ₦1.2b. This represented a Net Income Margin of 46% as against circa 100% achieved in the year 2020. The significant cost incurred on Structured Finance accounted for the compressed Margin in the year 2021.

PROFITABILITY

COMPOSITION OF OPERATING EXPENSES



Source: Parthian Partners Ltd

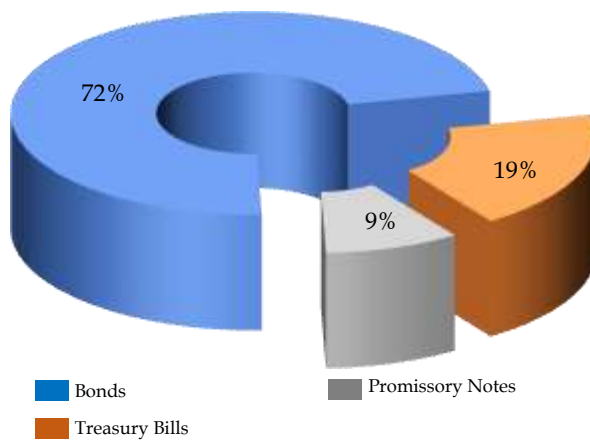
The Company was able to reduce its Personnel cost from ₦427.2m (Yr.20) to ₦367m (Yr.21). This was due to the exclusion of Discretionary award bills from the staff packages during the year 2021. Consequently, operating Cost went down by 2% during the year 2021.

The reduction in Operating Expenses was not enough compensation for the decline in Net Income Margin. Therefore, Profit Before Tax decreased from ₦810m (Yr.20) to ₦570m (Yr.21). All

profitability indices also went down during the year.

INVESTMENT

DISTRIBUTION OF INVESTMENTS



Source: Parthian Partners Ltd

The Company Investments are classified into Subsidiary and Financial Assets. The Financial Assets accounted for 43% of the Company's Total Assets. It comprised of Treasury Bills, Promissory Notes and Bonds. Aggregate Fair value of Financial Assets through Profit or Loss was ₦561m (Yr.21). The Financial Assets are largely concentrated in bonds which accounted for 72% of its Total. However, this excluded off-Balance Sheet Bond Financial

Assets amounting to ₦5.7b in the year 2021.

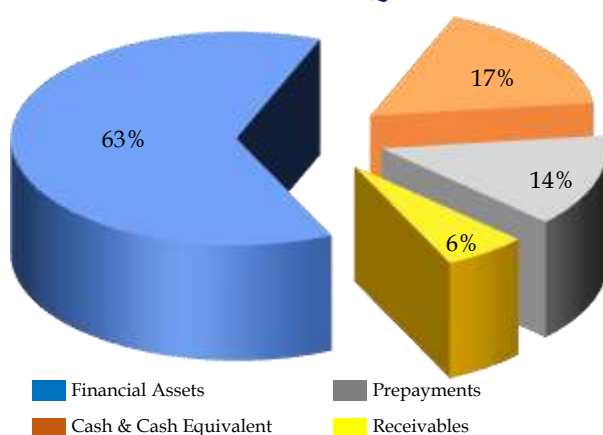
Investment in Subsidiary accounted for 24% of the Company Total Assets. This represents the interest of the Company in *Parthian Securities Limited*, its wholly owned Subsidiary.

Investment Income for the year 2021 comprised of Interest Income on Treasury Bills and Bonds. This declined during the year by 41% largely due to reduction in interest earned on Bonds.

As a result, Return on Investment spiraled downwards from 103% (Yr. 20) to 7% (Yr. 21).

LIQUIDITY

COMPONENTS OF LIQUID ASSETS



Source: Parthian Partners Ltd

Total Liquid Assets of the Company recorded a decrease by 72% from ₦3.2b (Yr. 20) to ₦890m (Yr. 21). It comprised of Cash & Cash Equivalents, Financial Assets, Prepayments and receivables from customers, Tax Authorities (WHT) and from *Parthian Securities Limited*. Liquid Assets represented 68% of Total assets for the year 2021 as against 90% the previous year.

Financial Assets made up for a bulk of the Total Liquid Assets accounting for 63% during the year. Total Amount in the hands of third parties

constituted a bulk (56%) of Total Assets in the year 2020. However, Receivables as at 2021 accounts for about 10% of the Total Assets. This was due to the non-inclusion of Currency Swap Asset in the Company's books as at the year-end 2021. The Company entered into Currency Swap contracts with counterparties for the purpose of trading and risk management. The counterparties provide foreign currencies funds in exchange of Naira at a fixed rate. However, there was no such receipt as at December 31, 2021.

The corresponding liability of the Currency Swap Contract was also not in the book of the Company in the year 2021. Consequently, Total Liabilities reduced significantly from ₦2.2b (Yr.20) to ₦45.3m (Yr.21)

The decrease in Total Liability boosted the coverage provided by the Liquid Assets. The coverage of Total Liabilities by Liquid Assets was over 1000% in the year 2021.

CAPITAL ADEQUACY

The Share Capital and Share Premium of the company remained the same at ₦178.1m and ₦572.7m respectively. However, Retained Earnings dipped by 21% during the year under review. This was due to the Dividend payment of ₦0.7b as against a Retained Profit of ₦0.6b. Consequently, Shareholders' Fund dipped by 10% in the year 2021 from ₦1.4b (Yr. 20) to ₦1.3b.

The decline recorded in Total Assets outstripped the reduction in Shareholders Fund. This was largely due to the settlement of the Currency Swaps Contract between the Companies and its counterparties.

The Shareholders Fund at ₦1.3b is far in excess of the regulatory requirement. Additionally, funding of operation by Equity amounted to 41% in the year 2021.

EFFICIENCY

Parthian Partners Limited operates with a team of 40 staff. The Company is supported by its Group's robust and centralized operational support team which includes functions such as Financial Control, Legal, Audit and Risk Management. Staff cost fell by 14% and 30% in the year 2020 and 2021 respectively. It also accounted for 56% of total Operating Expenses.

The Company's ability to utilize asset for the purpose of generating returns fell to 40% (Yr. 20) and then increased to 97% during the year 2021. Similarly, Revenue as a proportion of Total Asset was 41% (Yr. 20) as against 93% (Yr. 21).

POLITICAL ENVIRONMENT

The race to replace incumbent President Muhammadu Buhari has begun. Even though the 2023 election is still more than 11 months away political gladiators interested in becoming next the President in the two main political parties of the *All-*

Progressive Congress (APC) and the *People's Democratic Party (PDP)* have started making their intentions known.

The Electoral Amendment Act of 2022 meant to improve the electoral process has been released. It introduces such reforms as: Early release of funds to the *Independent National Electoral Commission (INEC)*; Electronic transmission of results; the right to review election results declared under duress; Electronic voter accreditation, Assistance to persons with disabilities at polling places among others.

The political terrain is however still littered with unresolved issues around banditry (who are now classified as terrorists), disruptive activities of the *Independent People of Biafra (IPOB)* in the East, Boko Haram/The Islamic State's West African Province (ISWAP) insurgency in the North and relentless cases of Kidnapping for ransom nationwide.

Despite the revolt of the youth against police brutality in the *October 2020 ENDSARS* protest cases of impunity and collusion with criminal elements still define the Nigerian Police.

This is also the season of Constitution amendment by the National Assembly to correct what is perceived as structural deficiencies in the nation's polity.

The political climate before a new President is sworn in by May 2023 will be determined by what legacies the incumbent want to be remembered for and the politicking of those who intend to take over.

ECONOMIC ENVIRONMENT

Nigeria is the leading economy in Africa. It has a population of over 200 million people. Nigeria's Gross Domestic Product (GDP) grew by 3.98% (year-on-year) in real terms in the fourth quarter of 2021. The fourth quarter growth indicates a steady economic recovery accounting for annual growth of 3.40% in 2021. This was higher than the 0.11% growth rate recorded in Q4 2020 by 3.87% points and lower than 4.03% recorded in Q3 2021 by 0.05% points.

The Non-oil segment grew by 4.73% in the quarter due to 3.58% growth in agriculture and 5% in services. The oil sector contracted by 8.06% in the fourth quarter and 8.30% in the full year 2021. The oil benchmark for the year 2022 budget is \$62 per barrel and 1.88 million barrel per day. This compared well with the current selling price of Oil which is above the benchmark (\$105.01 as at February 24, 2022 according to www.oilprice.com).

The Budget of Federal Government for the year 2022 included a total Expenditure of ₦17.12t as against ₦10.39t Revenue. The Capital Expenditure Component of the Budget is benchmarked at ₦5.35t. A supplementary appropriation bill has also been forwarded to the National Assembly to accommodate Fuel subsidy payment in the year 2022. The Budget therefore is a pointer to the fact that the Federal Government will continue to borrow in order to fund its deficit.

Nigeria's local currency has been hitting low records on the Parallel and Over-the-counter spot markets since early March 2020 when the **Central Bank of Nigeria (CBN)** adjusted value of the Naira. The official Exchange Rate to the dollar as at February 15 was ₦416.31 while the exchange rate at the parallel market stood at ₦570.

The **CBN** retained the Monetary Policy Rate (MPR) at 11.5% which is the lowest since 2016. This was done to support the recovery of output growth and price stability. However, Inflation Rate as at the month of January 2022 is 15.6% a slight improvement compared with 15.63% in December 2021.

The retention of MPR at 11.5% by the **CBN** as against the possibility of hikes around the world especially the US might lead to outflow of fund from Nigeria. The current low rate on Money Market Instruments is already taking its toll on its demand by Investors. The Asset Management Sectors suffered its first decline in five years in 2021. According to the **Securities and Exchange Commission (SEC)**, total Funds under Management declined from ₦1.49 trillion in 2020 to ₦1.3trillion as at the year ended 2021, as a result of capital outflows, fueled by low-interest rate.

In the Capital Market, several innovations have recently been introduced under the 10-Year Capital Market Master Plan (2015-2025) which envisions the emergence of Nigeria as Africa's most modern, efficient and internationally competitive market. The year has witnessed series of market events that shaped market direction. Full reopening of the borders and economy in 2021, together with increase in activities boosted the country's macroeconomic conditions including the Capital Market.

As at the third Quarter of 2021 Capital importation into Nigeria stood at \$1.73 billion (Source: National Bureau of Statistics) from \$875.62m in the preceding quarter. The largest percentage was received through portfolio investment accounting for 70.30% (\$1.22b) of total capital importation. Others includes; Other Investments (23.47%) and Foreign Direct Investment (6.23%).

The equity market witnessed a largely mixed performance despite the impressive and resilient earnings recorded across various sectors. Equity capitalization rose by 5.89% (₦1.24 Trillion) during the year 2021 with the NGX Oil and Gas index recording the best performance.

In the fixed income market, capitalization grew by 12.81% from ₦17.50t (Yr. 20) to ₦19.74t (Yr. 21) driven majorly bond issuances. The year 2021 saw the groundbreaking listing of **BUA Cement's** ₦115b Bond, the largest corporate Bond. Consequently, turnover in the fixed income market grew from ₦1.37 billion (Yr. 20) to ₦3.52 billion (Yr. 21) representing an increase of 158.19% in value traded underpinned by the rising rates in the market.

The year 2022 is a pre-presidential election year; as a result, investors are cautious, especially foreign portfolio managers, in allocating funds to Nigerian Assets. Although, it is expected that oil price may remain relatively strong through 2022, the likely elevation of political risk may trigger macro-economic vulnerabilities.

The rise in inflation in the month of December 2021 could be heightened by the Fuel scarcity occasioned by the importation of methanol-blended fuel in the months ahead. This is compounded by the low interest rate regime discouraging savings and investments in the local market. Therefore, ability to creatively develop attractive products that meet investor's needs would positively impact the operators.

RISK FACTORS

In the course of our review, we observed the following risk factors.

- **INTEREST RATE RISK**

This is the risk of loss to income arising from changes in interest rates.

The Company has significant investment in Bonds, Promissory notes and Treasury bills. Consequently, adverse movement in interest rate may affect income.

- **FOREIGN EXCHANGE RISK**

This is the risk arising from loss of capital or earnings due to adverse movements in the Exchange rates of Assets or Liabilities.

Based on our review, the financial assets (Investments) of the company are largely constituted by Eurobonds. Therefore, adverse movement in Exchange Rate could impact profitability.

- **CREDIT RISK**

This is the risk arising from the inability of counterparties to honor their obligations as and when due. The Company invested in unquoted equities of companies. The inability of the investee to honour their obligations may significantly impact on the earning capability of the Company.

- **LIQUIDITY RISK**

Liquidity risk is the risk arising from inability to meet obligations as they fall due.

Based on our review, the Company maintained a current ratio of over 1000%, an impressive growth compared with the previous years.

- **REGULATORY RISK**

This is the risk arising from the inability of the Company to meet regulatory requirements for its operations.

The major requirement of the regulator is for operator to maintain a Regulatory Capital of ₦50m. The Company's Capital as at the year-end 2021 is in excess of ₦1bn

LEGAL OPINION

The following were observed from the documents reviewed.

- *The Issuer* is a legal entity and is capable of participating in a transaction of this nature.
- Each of the obligations under the *Bond* when issued in definitive form will constitute legally valid, binding and enforcement obligations of the *Issuer* under Nigerian Law.
- The transaction documents with all their respective schedules and appendices are legal, valid, binding and enforceable under Nigerian Law in accordance with their terms.
- Each of the transaction documents is in proper legal form.

REGULATORY ENVIRONMENT

The applicable law to the operation of the Company is *Investment and Securities Act of 2007*. Consequently, the Company is subject to the regulations of the *Securities & Exchange Commission and Financial Market Dealer Quotations (FMDQ)*.

Current information on the website of *Securities & Exchange Commission (SEC)* confirmed that the company is a licensed *Inter-dealer Broker*.

ISSUE QUALITY

- The *Sponsor* has the ability to continually generate Revenue by carrying out the business of *Inter-dealer Broker*.
- The historical ability of the Sponsor to generate Pre-Tax Profit in the last three years (2018 – 2020).
- The Investment Grade Rating of the Sponsor.
- The creation of Debt Service Reserve Account under the management of the Trustees.
- The Bondholders' claim on the cash flow of the Issuer is equal to all unsecured Debt obligations of the Issuer.

CONCLUSION

We have reviewed the documents relating to the Transaction Structure of the Issue. The ability to repay obligation under the Issue is dependent on the capacity of the Sponsor. Consideration was also given to the governance structure around the management of the Debt Service Reserve Account.

Consequently, we assigned a Rating of “*BBB+*”.

Signed: 
Name: Oladele Adeoye
Designation: Chief Rating Officer
Date: 26th March, 2022

For and on behalf of:
DataPro Limited
Ground Floor, Foresight House
By Marina Water Front
163/165 Broad Street, Lagos Island, Lagos.
Tel: 234-1-4605395, 4605396
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USER GUIDE

DataPro's credit rating is an opinion of an issuer's/issues overall creditworthiness and its capacity to meet its financial commitment.

Our *short-term* ratings have a time horizon of less than 12 months in line with industry standards reflecting risk characteristics. The ratings place greater emphasis on the liquidity to meet financial commitment in a timely manner.

The long-term risk indicator is divided into 8 bands ranging from AAA through DD. Each band could be modified by + or -. With + representing slightly less risk than -. Such suffixes are not added to the 'AAA' long-term rating category and to categories below 'CCC'. Or to short-term rating older than A1+.

LONG-TERM RATING

Investment Grade

Indicator	Meaning	Explanation
AAA	Lowest Risk.	(<i>Superior</i>) Assigned to issuers which have superior financial strength, operating performances and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a Excellent ability to meet their ongoing obligations.
AA	Lower Risk	(<i>Excellent</i>) Assigned to issuers which have excellent financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a very strong ability to meet their ongoing obligations.
A	Low Risk	(<i>Very Good</i>) Assigned to issuers which have very good financial strength, operating performance And profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have a strong ability to meet their ongoing obligation.
BBB	Slight Risk	(<i>Fair</i>) Assigned to issuers which have fair financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion, have an ability to meet their current

obligations, but their financial strength is vulnerable to adverse changes in economic conditions.

Non-Investment Grade

Indicator Meaning Explanation

BB	Moderate Risk	<i>(Marginal)</i> Assigned to issuers which have, marginal financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
B	High Risk	<i>(Weak)</i> Assigned to issuers which have, weak financial strength, operating performance and profile when compared to the standard established by <i>DataPro Limited</i> . These issuers, in our opinion have an ability to meet their current obligation, but their financial strength is vulnerable to adverse changes in economic conditions.
CCC	Higher Risk	<i>(Poor)</i> Assigned to issuers, which have poor financial strength, operating performance and profile when compared to the standards established <i>DataPro Limited</i> . These issuers, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.
DD	Highest Risk	<i>(Very Poor)</i> Assigned to issuers, which have very poor financial strength, operating performance and profile when compared to the standards established by <i>DataPro Limited</i> . These issuers, in our opinion may not have an ability to meet their current obligation and their financial strength is extremely vulnerable to adverse changes in economic conditions.