

## 2,500,000,000 (Two Billion Five Hundred Million Naira) Commercial Paper Issuance Programme

Smart Residences Limited (“SRL” or “Smart Residences”, or the “Issuer” or the “Company”), a private liability company incorporated in Nigeria has established this ₦2,500,000,000 (Two Billion Five Hundred Million Naira) Commercial Paper Issuance Programme (the “CP Programme”), under which Smart Residences may from time to time issue Commercial Paper notes (“CP Notes” or “Notes”), denominated in NGN (₦), in separate series or tranches subject to compliance with all relevant laws and in accordance with the terms and conditions (“Terms and Conditions”) contained in this Programme Memorandum (the “Programme Memorandum”).

Each Series and each Tranche (as defined herein) 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 Notes from time to time outstanding under the CP Programme shall not exceed ₦2,500,000,000 (Two Billion Five Hundred Million Naira) over the three-year period that this Programme Memorandum, including any amendments thereto, shall remain valid.

This Programme Memorandum is to be read and construed in conjunction with any supplement hereto and all documents which are incorporated herein by reference and, in relation to any Series 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, the Applicable Pricing Supplement and the Notes have not been and will not be registered with the Securities and Exchange Commission, or under the Investments and Securities Act, No. 29 of 2007 (as amended).

The Notes issued under this Programme shall be issued in dematerialized form, registered, quoted and traded over the counter via the FMDQ Securities Exchange Limited (“FMDQ Exchange”) platform in accordance with the rules, guidelines and such other regulations with respect to the issuance, registration and quotation of commercial paper as have been and 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 CP Notes issued under the Programme will settle via FMDQ Depository Limited (“FMDQ Depository”), acting as Central Securities Depositories.

This Programme Memorandum and the Applicable Pricing Supplement shall be the sole concern of the Issuer and the party to whom this Programme Memorandum and the Applicable Pricing Supplement are delivered (the “Recipient”) and shall not be capable of distribution 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.

In the event of any occurrence of a significant factor, material mistake or inaccuracy relating to the information included in the Programme Memorandum, the Issuer will prepare a supplement to this Programme Memorandum or publish a new Programme Memorandum for use in connection with any subsequent issue of Notes. 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.

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 September 11, 2019, and the CBN Circular to all deposit money 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 “FMDQ Exchange Rules” or the “Rules”) of FMDQ Exchange in force as at the date thereof. The 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 banker, stockbroker, accountant, solicitor and/or any other professional adviser for guidance immediately.

ARRANGER



COLLECTION AND PAYING AGENT



THIS PROGRAMME MEMORANDUM IS DATED APRIL 2, 2024

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## DEFINITIONS AND INTERPRETATIONS

*In this Programme Memorandum, unless a contrary indication appears, the following expressions shall have the meanings indicated in the table below. Words in the singular shall include the plural and vice versa, references to a person shall include references to a body corporate, and reference to a gender includes the other gender.*

“Agency Agreements”	The Issuing and Placing Agency Agreement, and the Collecting and Paying Agency Agreement.
“Augusto”	Augusto & Co.
“Applicable Pricing Supplement”	The pricing supplement applicable to a particular series or tranche of Notes issued under the CP Programme.
“Arranger”	Cordros Capital and any other additional arranger appointed pursuant to the Dealer Agreement from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Arranger pursuant to the Dealer Agreement
“BA” “Board” or “Directors”	Banker’s Acceptance. Board of Directors of Smart Residences Limited.
“Business Day”	Any day other than a Saturday, Sunday, or a public holiday on which commercial banks are open for business in Lagos, Nigeria.
“Business Hours”	8.00 am to 5.00 pm on any Business Day.
“CAMA”	Companies and Allied Matters Act, 2020 (as may be amended from time to time).
“CBN”	Central Bank of Nigeria.
“CBN Guidelines”	CBN’s Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Paper, issued on 11th September 2019, and the CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Papers as amended or supplemented from time to time.
“CGT”	Capital Gains Tax as provided for under the Capital Gains Tax Act, 1967 (as amended by the Finance Acts).
“CITA”	Companies Income Tax Act, 1977 (as amended by the Companies Income Tax Act No 11 of 2007 and the Finance Acts).
“Collection and Paying Agent” or “CPA”	Fidelity Bank Limited and any successor Collecting and Paying Agent(s)
“Collecting and Paying Agency Agreement”	The agreement dated on or about the date of this Programme Memorandum between the Issuer and the Collecting and Paying Agent.
“Commercial Paper” or “CP Notes” or “Notes”	Quoted senior unsecured commercial paper notes to be issued by the Issuer in the form of short-term zero-coupon notes under the CP Programme.

“Conditions” or “Terms and Conditions”	Terms and conditions, in accordance with which the Notes will be issued, set out in the section headed “Terms and Conditions of the Notes”.
“CP Programme” or “Programme”	The CP Programme described in this Programme Memorandum pursuant to which the Issuer may issue several, separate series of Notes from time to time with varying maturities and discount rates, provided however, that the aggregate Face Value of Notes in issue does not exceed Two Billion Five Hundred Million Naira (₦2,500,000,000.00).
“Central Securities Depository” or “CSD”	Means FMDQ Depository Limited
“Day Count Fraction”	Such method of Calculating the interest/discount as specified in the Applicable Pricing Supplement.
“Deed of Covenant”	The Deed of Covenant dated on or about the date of this Programme Memorandum executed by the Issuer in favour of the Noteholders.
“Dealer Agreement”	The Dealer and Arranger Agreement dated on or about the date of this Programme Memorandum between the Issuer and the Dealers;
“Dealers”	Cordros Capital Limited, and any other additional dealer appointed pursuant to the Dealer Agreement from time to time, which appointment may be for a specific issue or on an ongoing basis, subject to the Issuer’s right to terminate the appointment of any Dealer pursuant to the Dealer Agreement.
“Face Value”	The par value of the Notes.
“FGN”	Federal Government of Nigeria.
“Finance Acts”	the Finance Act 2019, the Finance Act 2020 and the Finance Act 2021
“FIRS”	Federal Inland Revenue Service.
“FMDQ Depository”	The central securities depository
“FMDQ Exchange” or the “Exchange”	FMDQ Securities Exchange Limited, is a securities exchange and self-regulatory organisation licensed by the Securities and Exchange Commission to provide a platform for, amongst others, listing, quotation, registration and trading of debt securities.
“FMDQ Exchange Rules”	The FMDQ Exchange Commercial Paper Registration and Quotation Rules issued in April 2021 (as may be amended from time to time) and such other regulations (including but not limited to Market Bulletins) with respect to the issuance, registration and quotation of commercial papers as may be prescribed by FMDQ Exchange from time to time.

“Force Majeure”	Any event or circumstance (or combination of events or circumstances) that is beyond the control of the Issuer which materially and adversely affects its ability to perform its obligations as stated in the Conditions, which could not have been reasonably foreseen, including without limitation, nationwide strikes, national emergency, lockout, plague, epidemic, pandemic, outbreak of infectious disease or any other public health crisis, including quarantine or other restrictions, riot, war, embargo, legislation, acts of God, acts of terrorism, and industrial unrest.
“Implied Yield”	The yield accruing on the Issue Price of a Note, as specified in the Applicable Pricing Supplement.
“Issuer”	Smart Residences Limited.
“Issue Date”	The date upon which the relevant Series/Tranche of Notes is issued as specified in the Applicable Pricing Supplement.
“Issue Price”	The price at which the relevant Series/Tranche of Notes is issued, as specified in the Applicable Pricing Supplement.
“Issuing and Placing Agency Agreement”	The agreement dated on or about the date of this Programme Memorandum between the Issuer and the Issuing and Placing Agent.
“Issuing and Placing Agent” or “IPA”	Cordros Capital Limited and any successor Issuing and Placing Agent appointed in accordance with the Agency Agreement.
“Lead Arranger”	Cordros Capital Limited.
“Maturity Date”	The date as specified in each Applicable Pricing Supplement on which the Principal Amount is due.
“Naira or NGN or ₦”	The Nigerian Naira, the lawful currency of Nigeria.
“Nigeria”	The Federal Republic of Nigeria and “Nigerian” shall be construed accordingly.
Notes	The commercial paper issued by the Issuer from time to time pursuant to the Programme Memorandum and any Applicable Pricing Supplement as promissory notes and held in a dematerialised form by the Noteholders through the CSD
“Noteholder”	The holder of a Note as recorded in the Register in accordance with the Terms and Conditions.
“Outstanding”	In relation to the Notes, all the Notes issued, other than: i. those Notes which have been redeemed pursuant to these Conditions ii. those Notes in respect of which the date (including, where applicable, any deferred date) for its redemption, in accordance with the relevant conditions, has occurred and the redemption moneys have been duly paid in accordance with the provisions of this Deed and those Notes which have become void under the provisions of this Deed
“OTC”	Over-the-Counter.
“PITA”	Personal Income Tax Act, 1993 (as amended by the Personal Income Tax (Amendment) Act of 2011 and the Finance Acts).

“Principal Amount”	The nominal amount of each Note, as specified in the Applicable Pricing Supplement.
“Programme Memorandum”	This information memorandum dated April 2, 2024 details the aggregate size and broad terms and conditions of the CP Programme.
“Qualified Institutional Investor” or “QII”	Banks, fund/asset 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, Issuing houses and any other category of investors as may be determined by the Exchange from time to time.
Redemption Amount	The amount specified in the Applicable Pricing Supplement as the amount payable in respect of each Note on the Redemption Date
Redemption date	Means, in relation to any Tranche, the date on which redemption monies are due and payable in respect of the Notes as specified in these conditions and the Applicable Pricing Supplement
“Register”	The register of Noteholders, maintained by the Issuing and placing Agents.
“Relevant Currency”	Naira.
“Relevant Date”	The payment date of any obligation due on the Notes.
“Relevant Last Date”	The date stipulated by the CSD and specified in the Applicable Pricing Supplement, after which transfer of the Notes will not be registered.
“Series”	A Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects except for their respective Issue Dates, and/or Issue Prices.
“Special Resolution”	A resolution passed by at least three-fourths (3/4) majority of the total number of Noteholders at any point in time.
“Tranche”	Notes which are identical in all respects.
“Unique Identifier”	A code specifically designated/assigned to identify a CP.
“Validity Period”	The three (3) year period commencing from {} to {}, during which the CP Programme is valid. Provided that the tenor of every issue (including any rollover of such issue) shall not exceed two hundred and seventy days (270)
“VAT”	Value Added Tax as provided for in the Value Added Tax Act, 1993 (as amended by the Value Added Tax Act No 12 of 2007 and the Finance Acts, and as may be amended from time to time).
“WHT”	Withholding Tax as provided for in section 78(2) of CITA and Section 70 (2) PITA.
“Zero Coupon Note”	A Note which will be offered and sold at a discount to its Face Value and which will not bear interest, other than in the case of late payment.

## IMPORTANT NOTICES

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This Programme Memorandum contains information provided by the Issuer in connection with the CP Programme under which the Issuer may issue and have outstanding at any time Notes up to a maximum aggregate amount of N2,500,000,000 (Two Billion Five Hundred Million Naira). The Notes shall be issued subject to the Terms and Conditions contained in this Programme Memorandum.

The Issuer shall not require the consent of the Noteholders for the issue of Notes under the Programme.

The Issuer accepts responsibility for the information contained in this Programme Memorandum. To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained or incorporated in this Programme Memorandum is correct and does not omit anything 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 material in the context of the CP Programme and the offering of the Notes, and that the information contained in this Programme Memorandum 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.

To the fullest extent permitted by law, none of the Arrangers and other professional advisers accept any responsibility for the contents of this Programme Memorandum or for any other statement, made or purported to be made by any of the Arrangers or on their behalf in connection with the Issuer or the issue and offering of the Notes. Each of the Arrangers and other professional advisers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save to the extent precluded by law) which it might otherwise have in respect of this Programme Memorandum or any such statement.

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 CP 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 in connection with the CP Programme is intended to provide a basis for any credit or other evaluation or should be considered as a recommendation by the Issuer, the Arrangers or any other professional adviser that any recipient of this Programme Memorandum or any other information supplied in connection with the CP Programme should purchase any Notes.

Each person contemplating the purchase of any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness, of the Issuer and the terms of the offering and its own determination of the suitability of any such investment and any other factors which may be relevant to it in connection with such investment. Neither this Programme Memorandum nor any other information supplied in connection with the CP Programme constitute the rendering of financial or investment advice or an offer or invitation by, or on behalf of, the Issuer, each of the Arrangers or any other professional adviser, to any person to subscribe for or to purchase any Notes.

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. None of the Arrangers and the other professional advisers expressly or impliedly undertake to review the financial information or affairs of the Issuer during the life of the Programme. Investors should review, among other things, the most recent audited annual financial statements of the Issuer prior to making any investment decision. The Commercial Paper is a NGN denominated instrument and all currency risks assumed by investors upon purchase of the Commercial Paper issue are borne by the individual investors.

**FMDQ SECURITIES EXCHANGE LIMITED TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS PROGRAMME MEMORANDUM, NOR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THIS 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.**

## INCORPORATION OF DOCUMENTS BY REFERENCE

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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. the audited annual financial statements of the Issuer (and notes thereto) and any audited interim financial statements published subsequent to such annual financial statements of the Issuer for the financial years prior to each issue of Notes under this Programme; and
3. any supplements and/or amendments to this Programme Memorandum circulated by the Issuer from time to time in accordance with the Programme Memorandum.

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.

The Issuer may for so long as any Note remains outstanding, publish an amended and restated Programme Memorandum, a further supplement to the Programme Memorandum on the occasion of any subsequent issue of Notes, where there has been:

- (a) a material change in the condition (financial or otherwise) of the Issuer which is not then reflected in the Programme Memorandum or any supplement to the Programme Memorandum; or
- (b) any modification of the terms of the Programme, which would then make the Programme materially inaccurate or misleading.

Any such new Programme Memorandum or Programme Memorandum as supplemented and/or modified shall be deemed to have been substituted for the previous Programme Memorandum or to have modified the previous Programme Memorandum from the date of its issue.

The Issuer will provide, at its registered office, as set out in this Programme Memorandum, free of charge to each prospective investor upon request, a copy of any of the documents deemed to be incorporated herein by reference, unless such documents have been modified or superseded (and which documents may at the Issuer's option be provided electronically). Requests for such documents shall be directed to the Issuer at its registered office as set out in this Programme Memorandum.

## SUMMARY OF THE PROGRAMME

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The following summary does not purport to be complete, and is taken from and qualified in its entirety by the remainder of, this Programme Memorandum and the Applicable Pricing Supplement:

<b>ISSUER:</b>	Smart Residences Limited
<b>PROGRAMME DESCRIPTION:</b>	Domestic Commercial Paper Issuance Programme.
<b>SIZE OF PROGRAMME:</b>	Two Billion Five Hundred Million Naira (₦2,500,000,000.00) aggregate principal amount of Notes outstanding at any point in time.
<b>ISSUANCE IN SERIES:</b>	The Notes will be issued in Series or Tranches, and each Series may comprise one or more Tranches issued on different dates. The Notes in each Series will have the same maturity date and identical terms (except that the Issue Dates and Issue Price may be different). Details applicable to each Series or Tranche will be specified in the Applicable Pricing Supplement.
<b>DEALER/ARRANGER</b>	Cordros Capital Limited
<b>COLLECTING AND PAYING AGENT:</b>	Fidelity Bank Plc
<b>AUDITOR:</b>	PKF Professional Services
<b>SOLICITOR:</b>	Aluko and Oyebode
<b>REGISTRARS/CUSTODIAN:</b>	FMDQ Depository Limited
<b>USE OF PROCEEDS:</b>	The net proceeds from each issue of Notes will be used to augment the Issuer's working capital requirements and for the Issuer's business or as may otherwise be described in the Applicable Pricing Supplement.
<b>METHOD OF ISSUE:</b>	The Notes may be offered and sold 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, within Nigeria or otherwise, in each case as specified in the Applicable Pricing Supplement.
<b>MATURITY DATE:</b>	As specified in the Applicable Pricing Supplement, subject to a minimum tenor of Fifteen (15) days and a maximum of Two Hundred and Seventy (270) days (including rollover, from date of issue).

**SUMMARY OF THE PROGRAMME**

<b>INTEREST PAYMENTS:</b>	Notes issued will be in the form of Zero-Coupon Notes and will not pay interest prior to final maturity
<b>SOURCE OF REPAYMENT:</b>	The CP Notes will be paid from the cashflow from the Issuer.
<b>ISSUE PRICE:</b>	The price at which the relevant Series/Tranche of the Notes is issued, as specified in the Applicable Pricing Supplement
<b>ISSUE SIZE:</b>	As specified in the Applicable Pricing Supplement
<b>ISSUING AND PLACING AGENT</b>	Cordros Capital Limited
<b>CURRENCY OF ISSUE:</b>	The Notes issued under this Programme will be denominated in Naira.
<b>REDEMPTION:</b>	As stated in the Applicable Pricing Supplement, subject to the CBN Guidelines and FMDQ Exchange Rules.
<b>RATING:</b>	Pursuant to the CBN Guidelines and FMDQ Exchange Rules, either the Issuer or the specific issue itself shall be rated by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN. The Issuer has been assigned a long-term national rating of “Bbb-“ by Augusto. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
<b>STATUS OF THE NOTES:</b>	Each Note constitutes a senior, direct, unconditional, unsubordinated and unsecured obligation of the Issuer and the Notes rank <i>pari passu</i> among themselves and, save for certain debt obligations preferred by law, <i>pari passu</i> with all other present and future unsecured and unsubordinated obligations of the Issuer outstanding from time to time.
<b>QUOTATION:</b>	The Issuer will quote all Series or Tranches issued on FMDQ Exchange’s platform or any other recognised trading platform/exchange. All secondary market trading of the Notes shall be done in accordance with the rules in relation to the quotation or listing of any Series or Tranche quoted or listed on the relevant trading platform.
<b>TAXATION:</b>	Refer to the section of this Programme Memorandum titled “ <i>Tax Considerations</i> ”.
<b>GOVERNING LAW:</b>	The Notes issued under the Programme and all related contractual documentation will be governed by and construed in accordance with Nigerian law.

### BACKGROUND

On 11th September 2019, the CBN revised its circular titled “Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers” (the “**Guidelines**”), in an attempt to facilitate the effective and efficient functioning of the Nigerian money market and provide a regulatory framework for the issuance of **CP Notes** and **Banker’s Acceptance** in Nigeria.

### REGULATORY FRAMEWORK

Issuance of CP Notes in Nigeria is subject to the provisions of the Guidelines. The provisions applicable to CP Notes are as highlighted below:

#### QUALIFICATION

A CP qualifies as a financing vehicle if:

- i. The issuer has three (3) years audited financial statements, the most current not exceeding (18) months from the last financial year end; and
- ii. The issuer has an approved credit line with a Nigerian bank acting as a Collecting and paying agent, where the bank guarantees the issue.

#### SIZE AND TENOR

CP Notes shall be issued at the primary market for a minimum value of ₦100,000,000 (One Hundred Million Naira) and multiples of ₦50,000,000 (Fifty Million Naira), thereafter.

Furthermore, they shall be issued for maturities of between 15 (Fifteen) days and 270 (Two Hundred and Seventy) days, including rollover, from the date of issue. The discount element on maturing CP Notes may not be capitalised and rolled over.

#### RATING

Either the issuer of the CP Notes or the specific issue shall have an investment grade rating (minimum of BBB- or similar rating) by a rating agency registered in Nigeria or any international rating agency acceptable to the CBN.

An indicative rating should have been obtained prior to the submission of declarations and information to the CSD.

#### INVESTORS IN BANKERS’ ACCEPTANCES AND COMMERCIAL PAPERS

CP Notes may be issued to and held by individuals, deposit money banks, other corporate bodies registered or incorporated in Nigeria and unincorporated bodies, non-resident Nigerians and foreign institutional investors.

Clean CPP Notes (i.e., CP Notes not backed by a guarantee or such other credit enhancement shall only be sold to Qualified Institutional Investors and Eligible Investors. Eligible Investors seeking to invest in clean CP Notes shall first execute a declaration attesting to his/her/its eligibility in the manner/form prescribed in Template 1 of the FMDQ Commercial Paper Registration and Quotation Template Guide, or such other regulation as may be prescribed by the FMDQ from time to time.

**FORMS OF MAINTAINING CP NOTES**

Issuers and investors in CP Notes may issue or hold CP Notes in dematerialised or physical form. Issuers and investors are encouraged to issue and hold CP Notes in a dematerialised form.

**ISSUING, COLLECTING AND PAYING AGENT (ICPA)**

Only a deposit money bank or discount house (licensed by the CBN) that is a registered member of the FMDQ Exchange may act as an ICPA for the issuance of a CP.

**GENERAL REQUIREMENTS**

- i. CP Notes are only redeemable at maturity and as such cannot be pre-liquidated.
- ii. Investors may rediscount the paper with the Issuer before maturity at new market terms if the Issuer is willing to purchase the risk.
- iii. Any proposed issue of CP Notes shall be completed within the period of 2 (two) weeks from the date of opening of the issue for subscription.
- iv. All CP Notes issued in Nigeria shall be registered with the CSD, which shall serve as the custodian of all issues and central depository for all dematerialised instruments.

**MANDATORY REGISTRATION AND QUOTATION**

CBN Circular of 12 July 2016 on Mandatory Registration and Listing of Commercial Papers requires CP Notes to be registered and quoted on an authorised securities exchange. Accordingly, banks are prohibited from transacting in CP Notes (that are not quoted or intended for quotation on an authorised securities exchange), in any capacity whatsoever, including to act as issuer, guarantor, issuing, placing, paying and Collecting agent, etc. The CBN having approved the quotation rules of the FMDQ Exchange has cleared it for the quotation of CP Notes in Nigeria.

**COMPLIANCE WITH THE CBN GUIDELINES AND FMDQ RULES**

The Issuer has complied with all applicable provisions as stated in the CBN Guidelines and FMDQ Exchange Rules. A legal opinion confirming adherence to the CBN Guidelines and FMDQ Exchange Rules is incorporated on page 46 of this Programme Memorandum.

**COMPLIANCE WITH SECURITIES REGULATION**

There is no obligation for the Issuer to register the Notes with the SEC. This is by virtue of Rule 8 of the SEC Rules, which exempt short-term securities (including notes) with maturity dates not exceeding 9 months from the date of issuance from registration with the SEC.

*The following are the Terms and Conditions of the Notes to be issued by the Issuer under the Programme. The provisions of the Applicable Pricing Supplement to be issued in respect of any Note are incorporated by reference herein and will supplement these Terms and Conditions for the purposes of that Note. The Applicable Pricing Supplement in relation to any Series of Notes 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.*

### **CONDITION 1**

#### **CURRENCY, FORM, TITLE AND DENOMINATION**

##### **1.1 Issue and Currency**

1.1.1 The Notes may be issued from time to time by the Issuer in Tranches pursuant to the Programme. A Tranche of Notes may, together with a further Tranche or Tranches, form a Series of Notes issued, provided that the aggregate Principal Amount of all Notes Outstanding under the Programme at any one point in time does not exceed the Programme size. The Applicable Pricing Supplement for each Tranche/Series of Notes is (to the extent relevant) incorporated herein for the purposes of those Notes and supplements these Conditions. The Applicable Pricing Supplement may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of those Notes.

1.1.2 The Noteholders are by virtue of their subscription to, or purchase of, the Notes deemed to have notice of, and are entitled to the benefit of and are subject to all the provisions of the Applicable Pricing Supplement and the Deed of Covenant.

1.1.3 The Notes shall be registered electronically and serially numbered.

1.1.4 Notes issued under the Programme will be Zero-coupon Notes.

1.1.5 The Notes may be issued in the Relevant Currency.

##### **1.2 Form and Title**

1.2.1 The Notes will be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the CSD.

1.2.2 Title to the Notes passes upon credit to the CSD account of the Noteholder. The CSD statement of account shall be conclusive and binding for all purposes save in the case of manifest error and such Noteholder 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 and no person will be liable for so treating the Noteholder.

##### **1.3 Denomination**

1.3.1 The aggregate Principal Amount of the Notes will be as specified in the Applicable Pricing Supplement.

1.3.2 The minimum denominations of Notes denominated in other currencies will be in accordance with any applicable legal and regulatory requirements.

##### **1.4 Closed Periods**

No Noteholder may require the transfer of the Notes: (i) during the period of fifteen (15) days ending on the relevant Redemption Date; (ii) following the issuance of default notice to the Issuer pursuant to Condition 9 (Events of Default); or (iii) following the Relevant Last Day.

## **CONDITION 2**

### **STATUS OF THE NOTES**

2.1 Each Note constitutes a direct, unconditional, unsubordinated and senior unsecured obligation of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Notes shall, save for such obligations as may be mandatorily preferred by applicable legislation relating to creditor's rights, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

## **CONDITION 3**

### **REDEMPTION**

3.1 Unless previously redeemed or purchased and cancelled as specified below, the Notes will be redeemed at the Redemption Amount, specified in or determined in the manner specified in the Applicable Pricing Supplement, on the Redemption Date subject to the provisions contained in Condition 4 (Payments).

## **CONDITION 4**

### **PAYMENTS**

4.1 Only Noteholders named in the Register as at the close of business on the Relevant Last Day shall be entitled to payment of amounts due and payable in respect of Notes. The Noteholder shall be the only person entitled to receive payments in respect of Notes and the Issuer will be discharged by payment to, or to the order of the Noteholder in respect of each amount so paid.

4.2 Payments of any outstanding obligation regarding the Notes will be made in the Relevant Currency by electronic funds transfer to the specified bank account of the Noteholder.

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

4.4 If the Issuer is prevented or restricted directly or indirectly from making any payment by 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, unrest or disturbances, cessation of labour, 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) of any such amounts made payable to the relevant Noteholder.

Such payments by cheque shall be sent by post through a reputable and registered courier operator to the address of the Noteholder of registered Notes as set forth in the Register on the Relevant Last Day or, in the case of joint Noteholders of registered Notes, the address set forth in the Register of that one of them who is first named in the Register in respect of that Note. Cheques shall be posted by registered post, provided that the Issuer shall not be responsible for any loss in transmission and the postal authorities shall be deemed to be the agent of the Noteholders for the purposes of all cheques posted in terms of this Condition 4.4.

4.5 Where the Issuer fails to redeem the Notes on the Redemption Date (and only in this event), interest shall begin to accrue on the Redemption Amount at the Default Rate from the Redemption Date until the date on which all amounts due in respect of such Note have been paid.

4.6 If the Redemption Date is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the Redemption Amount until the next Business Day, and the Noteholder shall not be entitled to any interest, return or other payment in respect of any such delay.

4.7 On the Redemption Date, payment shall only be made to the Noteholders if the Issuer has made funds available to the Collecting and Paying Agent.

4.8 In respect of payments relating to Notes under a Tranche, (notwithstanding that such Notes may have the same Issue Date), where the total Discount Amount payable by a Noteholder in respect of the said Notes has not been received by the relevant Issue Date but is at the discretion of the Issuer accepted within 5 (five) Business Days thereof, the Discount Amount payable by the Noteholder in respect of such Notes shall be adjusted to reflect the reduced tenor of the investment as applicable.

#### **CONDITION 5**

##### **TRANSFER OF NOTES**

5.1 All Notes issued under the Programme in dematerialized or immobilized (book entry) form may be transferred only in accordance with the rules of the relevant CSD

5.2 The Notes shall be transferred on the FMDQ Exchange in accordance with the rules and regulations of the FMDQ Exchange.

#### **CONDITION 6**

##### **REGISTER**

6.1 The Register shall be maintained by the IPAs and CSD. The Register shall reflect the number of Notes issued and shall contain the name, address, and bank account details of the registered Noteholders. The Register shall set out the aggregate Principal Amount of the Notes held by each Noteholder and the Issue Date.

6.2 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 in the case of manifest error and such person 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.

6.3 The Register shall be open for inspection during the normal business hours of the Registrar to any Noteholder or any person authorised by the Noteholder.

6.4 Each Tranche or Series shall be registered in the applicable Register.

6.5 The CSD 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 accordance with these Conditions.

#### **CONDITION 7**

##### **TAXATION**

7.1 The Notes issued under the Programme will be Zero-coupon Notes and as such, will be offered and sold at a discount to Face Value. With the expiration of the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order, 2011, this commercial paper will be subject to WHT where the Noteholder is a company liable to companies income tax.

#### **CONDITION 8**

##### **PRESCRIPTION**

8.1 The Notes will become void unless presented for payment in respect of the Redemption Amount within 3 (three) years from the appropriate Relevant Date.

**CONDITION 9**

**EVENTS OF DEFAULT**

Upon the happening of any of the following events (“events of default”) which is continuing, any noteholder may, by written notice to the issuer at its specified office(s), effective upon the date of receipt thereof by the issuer declare the notes held by that noteholder to be forthwith due and payable, provided that no such action shall be taken if it is as a result of force majeure or the Issuer withholds or refuses to make any payment in order to comply with any law or regulation of Nigeria or to comply with any order of a court of competent jurisdiction. In addition, the Noteholders shall have the right to exercise all other remedies available to them under the laws of the Federal Republic of Nigeria.

Upon the occurrence of an Event of Default, the Issuer shall pay Noteholders interest at the Default Rate until the debt obligations to the Noteholders have been settled in full. In addition, the Noteholder shall have the right to exercise all other remedies available to them under the laws of Nigeria.

**9.1 Non-Payment or Part-Payment:** the Issuer fails to make payment or makes part-payment by the Redemption Date in respect of any Tranche or Series of Notes, save for where its failure to pay is as a result of an administrative or technical error and payment is made within ten (10) Business Days of its due date; or

**9.2 Breach of other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or where capable of remedy, is not remedied within thirty (30) days after written notice of such default shall have been given to the Issuer at its specified office; or

**9.3 Breach of Representation:** any representation, warranty or undertaking made in connection with any documentation supplied by the Issuer pursuant to the Programme is in the reasonable opinion of the Arrangers, materially incorrect or misleading; or

**9.4 Winding-Up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer applies or petitions for a winding-up or administration order in respect of itself or ceases or through an official action of its board of directors threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders; or

**9.5 Insolvency:** the Issuer is, or is deemed by law or a court of competent jurisdiction to be insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or

**9.6 Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out, on or against a material or substantial part of the property, assets or revenues of the Issuer, and such distress, attachment, execution or other legal process is not discharged or stayed within 90 (ninety) days; or

9.7 **Failure to take action:** any action, condition or thing (including the obtaining of any consent or approval) now or hereafter necessary to enable the Issuer to comply with its obligations under the Programme for the issuance of the Notes is not taken, fulfilled or done, or any such consent, or approval is revoked, modified, withdrawn or withheld or ceases to remain in full force and effect, resulting in the Issuer being unable to perform any of its payment or other obligations in terms of the Notes or the Programme for the issuance of the Notes.

9.8 In line with section 9.2 of the FMDQ Exchange Rules, part payment of the CP value to investors shall also constitute a default.

9.9 In line with section 9.8 of the FMDQ Exchange Rules, in respect of any Tranche or Series, if the Issuer fails to notify FMDQ Exchange (through the IPA) that the Notes have been liquidated and funds have been transferred to all Noteholders by 5:00pm on the Redemption Date

### **CONDITION 10**

#### **NOTICES**

##### 10.1 Notices to the Noteholders

**10.1.1** All notices to the Noteholders will be valid if mailed to them at their respective addresses of record contained in the relevant Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the CBN Guidelines, the FMDQ Exchange Rules or the rules and guidelines of such other regulatory authority as may be applicable to the Notes.

10.1.2 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.

##### 10.2 Notices from the Noteholders

10.2.1 Notices to be given by any Noteholder to the Issuer shall be in writing and given by lodging the same, with the Issuing and Placing Agents.

10.2.2 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 IPAs and CSD.

**CONDITION 11**

**CHANGE OF THE AGENT**

11.1 The Issuer is entitled to vary or terminate the appointment of the Issuing and Placing Agents, Collecting and Paying Agent and or appoint additional or other agents and/or approve any change in the Specified Office through which any agent acts, provided that there will at all times during the subsistence of the Programme, be an agent with Specified Offices.

11.2 The Issuing and Placing Agents and the Collecting and Paying Agent act solely as agents of the Issuer and does not assume any obligation towards or any relationship of agency or trust for or with any Noteholder.

**CONDITION 12**

**MODIFICATION**

12.1 The Arrangers may agree with the Issuer, without the consent of the Noteholders to any modification of any of these Conditions which is of a formal, minor or technical nature or is made to correct a manifest error, or to comply with the mandatory provisions of any law in Nigeria and which is not materially prejudicial to the interests of the Noteholders.

12.2 Save as provided in Condition 12.1 above, no amendment of the Conditions may be effected unless;

(i) such amendment is in writing and signed by or on behalf of the Issuer; and

(ii) the Exchange is notified of such amendments:

(a) If it affects the rights, under the 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

(b) If it affects only the rights, under the 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.

12.3 Any such modification, authorisation or waiver shall be binding on the Noteholders and shall be notified to the Noteholders, as soon as practicable in accordance with Condition 10 (Notices).

**CONDITION 13**

**MEETINGS OF NOTEHOLDERS**

13.1 The Issuer may at any time convene a meeting of all Noteholders upon at least twenty-one (21) days prior written notice to such Noteholders. The notice is required to be given in accordance with Condition 10 (Notices). Such Notice shall specify the date, place and time of the meeting to be held, which place shall be in Nigeria.

13.2 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.

13.3 Two (2) or more Noteholders holding or representing by proxy a simple majority of the Principal Amount of the Notes that are outstanding for the time being, shall be able to request the Issuer to convene a meeting of Noteholders. Should the Issuer fail to requisition such a meeting within ten (10) days of such a request being received by the Issuer, the Noteholders requesting the meeting may convene such a meeting.

## TERMS AND CONDITIONS OF THE NOTES

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13.4 A Noteholder may by an instrument in writing (a “**Form of Proxy**”) signed by the holder 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, appoint any person (a “**Proxy**”) to act on his or its behalf in connection with any meeting or proposed meetings of the Noteholders.

13.5 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.

Any Proxy or Representative appointed shall, so long as the appointment remains in force, be deemed for all purposes in connection with any meeting or proposed meetings of the Noteholder specified in the appointment, 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.

13.6 The chairman of the meeting of the Noteholders shall be appointed by the Issuer or majority of Noteholders present in person or proxy. The procedures to be followed at the meeting shall be as determined by the chairman subject to the remaining provisions of this Condition 13. Should the Noteholders request a meeting, and the Issuer fails to convene such a meeting within 10 days of such request, 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.

13.7 At any such meeting, two (2) or more Noteholders present in person, by representative or by proxy, holding in aggregate not less than one-third (1/3rd) 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.

13.8 If within thirty (30) 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 fourteen (14) days nor more than twenty-one (21) 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 requisite quorum been present.

13.9 A resolution in writing duly signed by 75% (seventy-five percent) of the Noteholders for the time being outstanding, shall be as effective for all purposes as a Special Resolution duly passed at a meeting of the Noteholders, provided that the resolution was sent to all the Noteholders entitled to receive notice of a meeting of Noteholders. Such resolution may be contained in one document or in several documents of identical form duly signed by or on behalf of all of the Noteholders.

### **CONDITION 14**

#### **FURTHER ISSUES**

14.1 The Issuer shall be at liberty from time to time without the consent of the Noteholders to create and issue further Notes (the “**Additional Notes**”) having terms and conditions which are identical to any of the other Notes already issued under the Programme (the “**Existing Notes**”) or the same in all respects save for their respective issue prices, issue dates and aggregate Principal Amounts, so that the Additional Notes shall be consolidated by the Issuer to form a single Series with the Existing Notes.

### **CONDITION 15**

#### **GOVERNING LAW**

15.1 The provisions of these Conditions and the Notes are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria.

***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 particular 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.***

The Notes issued under the Programme will be zero-coupon notes and, as such, will be offered and sold at a discount to Face Value. The Notes will thus not bear interest, and the Issuer will not be required to withhold or deduct tax from payments in respect of the Notes to the Noteholders. However, the discount on the Notes, and/or any accrued interest on the redemption monies to be paid to Noteholders may be taxed in accordance with applicable Nigerian tax laws such as the Companies Income Tax Act, 2004 (as amended),

Pursuant to the Companies Income Tax Act, 2004 (as amended), the Issuer shall be required by law to withhold tax on the difference between the discounted value and the face value of the commercial papers. This requirement to deduct withholding tax is without exception as regards corporate entities and the Issuer shall be obliged to deduct the tax in accordance with the applicable Nigerian laws.

Furthermore, In the event of disposal of the Notes held, the proceeds from the sale of the Notes are exempt from the tax imposed under the Value Added Tax Act, 2004 (as amended) (“VAT Act”) by virtue of the Finance Act 2020. This is because securities are specifically excluded from the definition of “goods and services” under the VAT Act. Consequently, VAT is not required to be paid on the Notes. All gains derived from the disposal of the Notes will also remain subject to capital gains tax in compliance with the Capital Gains Tax Act, Cap C1 LFN 2004 (as amended).

***The foregoing summary does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective purchaser of Notes issued under the Programme. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Notes issued under the Programme. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes issued under the Programme and the tax consequences applicable to each actual or prospective purchaser of the Notes may vary. Any actual or prospective purchaser of the Notes who intends to ascertain his/her tax position should seek professional advice from his/her preferred professional advisers as to the tax consequences arising from subscribing to or purchasing the Notes, bearing in mind his/her peculiarities. Neither the Issuer nor its advisers shall be liable to any subscriber or purchaser of the Notes in any manner for placing reliance upon the contents of this section.***

## RISK FACTORS

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*The following section does not describe all the risks (including those relating to each prospective investor's particular circumstances) 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.***

### RISK RELATING TO THE COUNTRY

#### **Economic Risk**

The Nigerian economy is largely dependent on global oil prices and country's level of oil and gas production as the oil sector remains a major contributor to the GDP. In addition, the oil sector plays a central role in Nigeria's economy, as it accounts for a substantial portion of its export earnings. This dependence makes the Nigerian economy vulnerable to oil price fluctuations, as many economic sectors and state governments in Nigeria depend upon public spending and private consumption driven by oil revenues. Deterioration of major economic variables could adversely impact the operation of Smart Residences Limited.

#### **Political Risk**

The diverse political, religious and ethnic landscape in Nigeria has led to struggles for power between rival groups, which has consistently hindered the smooth governance of the country. The risks related to political instability, continued criminal activities including banditry, kidnapping, security challenges as well as political and religious tensions in the country could adversely impact Nigeria's economy and by extension, the operations of Smart Residences Limited.

#### **Foreign Exchange Risks**

The Nigerian foreign exchange market has remained volatile following declines in foreign exchange reserves which was largely driven by the nation's low crude oil production and weakened participation of foreign direct and portfolio investments. Further depreciation or devaluation of the Naira may negatively impact the Company's cost profile, considering the nature of its business.

#### **Tax laws, Rules, and Regulations**

There can be no assurance that tax laws, rules, and regulations (or interpretations thereof) will not change, possibly with retroactive effect, or that Nigeria tax authorities may not otherwise successfully assert positions contrary to those taken by the issuer. In any such case, the issuer may be required to operate in a less tax-efficient manner, incur costs and expenses to restructure our operations and/or owe past taxes (and potentially interest and penalties), which in each case could negatively impact their operations.

### RISK RELATED TO THE ISSUER

#### Operational Risks

The issuer is subject to various operating risks common to the hospitality industry, many of which are beyond their control, including, among others, the following; Risk emanating from premature termination of lease agreements, disagreement with lessors that leads litigation and arbitration, pricing strategies of competitors, increase in operating costs due to inflation and other factors that may not be offset by increased room rates or other income, increases in wages and other labor costs, energy, healthcare, insurance, transportation and fuel, and other expenses central to the conduct of our business or the cost of travel for our guests, including recent increases in energy costs and any resulting increase in travel costs.

#### Development and Financing Risks

Apartments offering expansion depend on capital to buy, to lease, develop, and the issuer be unable to access capital when necessary. The availability of funds for new investments and improvement of existing apartments depends in large measure on our ability to access the capital markets, over which they have little control. Obtaining financing on attractive terms has been, and may in the future be further, constrained by the capital markets for hospitality and real estate investments.

#### Technology, Information Protection, and Privacy Risks

Cyber risk and their failure to maintain the integrity of customer, colleague, or Company data could adversely affect their business, harm their reputation, and/or subject them to costs, fines, penalties, investigations, enforcement actions, or lawsuits. Information technology system failures, delays in the operation of their information technology systems, or system enhancement failures could reduce their revenues and profits and harm reputation of the issuer's brands and businesses.

#### Credit Risk

This is the risk of failure by corporate borrowers to perform their payments, guarantees and other obligations. It also includes the risk of suffering financial losses, should any of Company's customers, borrowers or counterparties fail to honour their contractual obligation to perform on payments, guarantees and obligations. These losses could in turn impact the Issuer's financial condition.

#### Geographic concentration

The issuer is exposed to significant risks related to the geographic concentration of their apartments, including weather-related emergencies, instability in government and public safety. Their apartments are concentrated in Abuja and in an event of unforeseen circumstances it could have a material adverse effect on the business, financial condition, liquidity, results of operations and prospects.

**RISK RELATED TO THE HOSPITALITY/LODGING INDUSTRY**

**Increased level of competition**

The issuer operates in a market that contain many competitors. Their lodging offerings generally compete with major hotel chains, regional hotel chains, independent hotels, and home sharing and rental services across national venues. Their ability to remain competitive and attract and retain business, group and leisure travelers depends on their success in distinguishing and driving preference for their lodging products and services, including their direct booking channels, consumer-facing technology platforms and services, and other offerings. If they cannot compete successfully in these areas, their operating margins could contract, market share could decrease, and earnings could decline. Further, new lodging supply in individual markets could have a negative impact on the hospitality industry and hamper their ability to maintain or increase room rates or occupancy in our markets.

**Cyclical and changes in customer preference**

The hospitality industry is cyclical and adverse global economic conditions or low levels of economic growth could adversely affect the issuer's revenues and profitability as well as cause a decline in or limitation of their future growth.

**Natural or man-made disasters**

Risks relating to natural or man-made disasters, weather and climate-related events, contagious diseases, such as the COVID-19 pandemic, terrorist activity, and war could reduce the demand for lodging, which may adversely affect our financial condition and results of operations.

### RISKS FACTORS RELATING TO THE NOTES

#### Market Price Risk

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Company's results, adverse business developments, changes in the macroeconomic environment and the actual or expected sale or purchase of a large number of Notes. Each investor needs to assess the market risk prior to trading their Notes.

In addition, the Notes may vary inversely with changes in prevailing interest rates as the Notes could be offered at a fixed rate benchmark bills. In this instance, where the interest rates rise, the prices of fixed rate securities fall and when interest rates drop, the prices increase.

Therefore, the extent of the fall or rise in the prices is a function of the existing interest, days to maturity and the increase or decrease in the level of the prevailing interest rates. Increased interest rates which frequently accompany inflation and/or a growing economy are also likely to have a negative effect on the price of the Notes.

#### Liquidity Risk

Although the listing of the Notes increases the possibility of trading activity, the Notes issued under the Programme will be new securities which may not be widely distributed. The liquidity of the Notes may be limited, and investors may not be able to trade the Notes actively or realise a yield comparable to that of similar instruments, if any, in developed secondary markets. The trading market for debt securities may be volatile and may be adversely impacted by many events. The market for debt securities is influenced by economic and market conditions, interest rates, currency exchange rates as well as global events, which may also have an adverse effect on the price of the Notes.

#### Ranking

The Notes will constitute senior unsecured obligations of the Issuer. Therefore, holders of secured indebtedness, if any, will have claims that are prior to the claims of the holders of the Notes, to the extent of the assets securing such indebtedness. Thus, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding, the pledged assets would be available to satisfy obligations on the secured indebtedness before any payment could be made on the Notes.

## **SETTLEMENT, CLEARING AND TRANSFER OF NOTES**

*Words used in this section shall bear the same meanings as 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, each Series or Tranche of Notes will be held in custody by the 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 the CSD. Subject as aforesaid, each Tranche of Notes will be issued, cleared and transferred in accordance with the Terms and Conditions and will be settled through Authorised Participants (as defined below) who will follow the electronic settlement procedures prescribed by the CSD.

### **AUTHORISED PARTICIPANTS**

The CSD will maintain central securities account for the Collecting and Paying Agent/Issuing and Placing Agents and the Dealing Members (the "**Authorised Participants**") and each beneficial owner of the Notes is required to have a sub-account under the Authorised Participants.

Noteholders may exercise their rights in respect of the Notes held in the custody of the CSD only through the Authorised Participants. For purposes of Notes issued under this Programme, the Authorised Participants are Cordros Capital Limited, Polaris Bank, any other bank or dealer or arranger appointed by the Issuer

### **REGISTRATION**

- i. The Authorised Participant is required to register with the CSD before dealing in CP Notes.
- ii. Noteholders are required to route their account opening applications and transactions through the Authorised Participant, who will officially notify the CSD to create sub-accounts for these Noteholders and attach Noteholders' mandates to this effect.
- iii. The CSD will assign a unique identification number (the "**Trade Member Code**") to the Authorised Participant and also provide an account number (and sub-account numbers for Noteholders) after creation as requested by the Authorised Participant to enable them to trade the CP Notes.
- iv. FMDQ Exchange shall request for the CP to be registered with the CSD, who in turn shall furnish FMDQ Exchange and the Authorised Participant with the CP Symbol and ISIN Codes for the registered CP, subject to receipt of CP registration fees from the Authorised Participant
- v. The CSD will re-open the existing ISIN code for all Tranches with same maturity dates, however new ISIN codes will be issued for Tranches with different maturity dates.

### **LODGEMENT**

- i. The Authorised Participant will electronically lodge CP Notes with the CSD and advise the CSD after lodgement to transfer the CP Notes to the sub-account of the beneficial owners of the Notes.
- ii. The CSD shall process same within 24 (twenty-four) hours of receipt.

## SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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### REDEMPTION

- i. No transactions or trades may be effected for any CP Notes 5 (five) working days prior to its maturity date.
- ii. The Authorised Participant will submit a letter to the CSD confirming the intention of the Issuer to repay the Noteholders on the Maturity Date by 12.00 noon on the date which is 2 (two) Business Days before the Maturity Date.
- iii. The Authorised Participant must notify the CSD to expunge (knock-off) matured CP Notes latest by 3.00pm on the Maturity Date of the CP.
- iv. In case of default by the Issuer, the Issuing and Placing Agents and the Collecting and Paying Agent must notify the CSD and FMDQ latest by 3.00pm on the Maturity Date to make public, the default status of the CP to the market.
- v. In case of (iv) above, the CP must remain with the CSD until the CPA pays off the Noteholders and notifies the CSD and the FMDQ with evidence.
- vi. Thereafter, the CSD will notify the public and expunge the CP accordingly.

### Roll-Over

- i. All CPs, including roll-overs shall not exceed 270 days (tenor) from the date of issue.
- ii. Every roll-over of a CP shall be treated or classified as a fresh/ separate CP.
- iii. Upon granting approval for rollover, FMDQ Exchange shall request for the rollover CP to be registered with the CSD who in turn shall furnish FMDQ Exchange and the Authorised Participant with the new unique identifier, subject to receipt of CP rollover fees from the Authorised Participant.
- iv. The CSD shall expunge the existing CP unique identifier from the system and replace with new codes.

### DEFAULT

- a. The Exchange shall be notified immediately it is identified that a default is imminent or there is a strong possibility of default. The IPA shall provide reasons for the default or imminent default (e.g., insufficient funds in the funding account to meet payment obligations on maturity date or inability of CPA to effect payment to investors due to technical issues such as a market disruption or as the case may be)
- b. The CPA shall notify FMDQ Exchange in writing that the CP has been liquidated and that funds have been transferred to all CP holders by 5:00 PM on the Maturity Date, failing which the Issuer shall be deemed to be in default
- c. In the case of a default event, the CP holdings must remain with the CSD until the CPA pays off the Noteholders and notifies the CSD and the FMDQ Exchange with evidence

### SECONDARY MARKET TRADING (OTC) GUIDELINES

- i. Standard settlement cycle is T+2.
- ii. FMDQ shall submit the confirmed CP trade details on trade day in the specified format via the CSD authorised platform, based on the following settlement timelines:
  - Same Day Settlement: 12.30 p.m.
  - T+1 or T+2 Settlements: 3.00 p.m.
- iii. The CSD shall deliver securities and send confirmation of transfers via the authorised platform by 2.00 p.m. on the settlement date to the Nigeria Inter-Bank Settlement System ("**NIBSS**") and to the FMDQ simultaneously.

## SETTLEMENT, CLEARING AND TRANSFER OF NOTES

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- iv. NIBSS shall transfer settlement amounts to respective accounts and send confirmation to the CSD, and the Authorised Participant simultaneously.
- v. Transactions for standard settlement (T+2) shall stop five (5) Business Days before the Maturity Date. Therefore, the last applicable settlement shall be before close of business on the date which is five Business Days before the Maturity Date.

### REPORTING

- i. The CSD will effect the transfer of CP Notes on the settlement date as advised by the buyer and seller ("**Transaction Parties**") and also keep records of consideration for each transaction.
- ii. The CSD will advise the Authorised Participant or the FMDQ for onward communication to the Authorised Participant, as applicable, of successful and failed transactions on each settlement day.
- iii. The Authorised Participant and Noteholders can ascertain their CP balances after each day's trade via the CSD website (if applicable).

### TRANSFER OF NOTES

Title to beneficial interest in the Notes will pass on transfer thereof by electronic book entry in the securities accounts maintained by the CSD and may be transferred only in accordance with rules and operating procedures of the CSD.

### CASH SETTLEMENT

Transaction parties will be responsible for effecting the payment transfers either via Real Time Gross Settlement, National Electronic Funds Transfer or any other transfer mode agreed by the Transaction Parties and recognised by the CBN.



**Issue of [Aggregate Nominal Amount of Series/Tranche] [Title of Notes]  
Under its ₦2,500,000,000 (Two Billion Five Hundred Million Naira)  
Commercial Paper Issuance Programme**

This Applicable Pricing Supplement must be read in conjunction with the Programme Memorandum, dated April 2, 2024 prepared on behalf of SMART RESIDENCES LTD in connection with its ₦2,500,000,000 (Two Billion Five Hundred Million Naira) Domestic Commercial Paper Issuance Programme, as amended and/or supplemented from time to time (the “**Programme Memorandum**”).

Any capitalised terms not defined in this Applicable Pricing Supplement shall have the meanings ascribed to them in the Programme Memorandum.

This document constitutes the Applicable Pricing Supplement relating to the issue of commercial paper notes (“**CP Notes**” or the “**Notes**”) described herein. The Notes described herein are issued on and subject to the Terms and Conditions as amended and/or supplemented by the Terms and Conditions contained in this Applicable Pricing Supplement. To the extent that there is any conflict or inconsistency between the contents of this Applicable Pricing Supplement and the Programme Memorandum, the provisions of this Applicable Pricing Supplement shall prevail.

<b>PARTIES</b>	
<b>1. ISSUER</b>	Smart Residences Ltd
<b>2. DEALER/ARRANGER</b>	Cordros Capital Limited
<b>3. ISSUING AND PLACING AGENT</b>	Cordros Capital Limited
<b>4. Sponsors</b>	{ }
<b>5. COLLECTING AND PAYING AGENT</b>	Fidelity Bank Plc
<b>6. AUDITORS</b>	PKF Professional Services Limited
<b>7. SOLICITORS</b>	Aluko and Oyeboode
<b>8. CSD</b>	FMDQ Depository Limited
<b>PROVISIONS RELATING TO THE</b>	
<b>8. SERIES NUMBER</b>	[ ]
<b>9. TRANCHE</b>	[ ]
<b>10. (a) PROGRAMME SIZE</b>	₦2,500,000,000.00
<b>(b) ISSUED AND OUTSTANDING AT THE DATE OF THE PRICING SUPPLEMENT</b>	[ ]
<b>11. AGGREGATE NOMINAL AMOUNT</b>	[ ]
<b>12. FACE VALUE</b>	[ ]

## PRO FORMA APPLICABLE PRICING SUPPLEMENT

---

- |                             |   |
|-----------------------------|---|
| 13. DISCOUNTED VALUE        | [ ]   |
| 14. NOMINAL AMOUNT PER NOTE | [ ]   |
| 15. ISSUE PRICE             | [ ]   |
| 16. TENOR                   | [ ]   |
| 17. MATURITY DATE           | [ ]   |
| 18. FINAL REDEMPTION AMOUNT | [ ]   |
| 19. SPECIFIED DENOMINATION  | [ ]   |
| 20. SPECIFIED CURRENCY      | [ ]   |
| 21. STATUS OF NOTES         | [ ]   |
| 22. FORM OF NOTES           | [ ]   |
| 23. LISTING                 | [ ]   |
| 24. TAXATION                | [ ]   |
| 25. METHOD OF OFFER         | [ ]   |
| 26. BOOK CLOSED PERIOD      | The Register will be closed from [ ] to [ ] until the Maturity Date |

### ZERO COUPON NOTES

- |  |     |
|--|-----|
| 27. (a) DISCOUNT RATE ("DR")                                     | [ ] |
| (b) IMPLIED YIELD  | [ ] |
| (c) ANY OTHER FORMULA OR BASIS FOR DETERMINING AMOUNT(S) PAYABLE | [ ] |
| 28. DAY COUNT FRACTION   | [ ] |
| 29. BUSINESS DAY CONVENTION                                      | [ ] |

### PROVISIONS REGARDING REDEMPTION

- |  |                                       |
|--|---------------------------------------|
| 30. REDEMPTION/PAYMENT BASIS             | [Redemption at par] [other (specify)] |
| 31. ISSUER'S EARLY REDEMPTION            | [Applicable/Not applicable]           |
| 32. ISSUER'S OPTIONAL REDEMPTION         | [Applicable/Not applicable]           |
| 33. OTHER TERMS APPLICABLE ON REDEMPTION | [ ]                                   |

### GENERAL

- |   |   |
|---|---|
| 34. OFFER OPENS   | [ ]   |
| 35. OFFER CLOSES  | [ ]   |
| 36. ALLOTMENT DATE  | [ ]   |
| 37. NOTIFICATION OF ALLOTMENT   | All applicants will be notified through an email and/or telephone of their allotment by no later than [ ] |
| 38. PAYMENT DATE  | [ ]   |
| 39. DETAILS OF BANK ACCOUNT(S) TO WHICH PAYMENTS ARE TO BE MADE IN RESPECT OF THE NOTES | [ ]   |
| 40. SETTLEMENT PROCEDURES AND SETTLEMENT INSTRUCTIONS                                   | [ ]   |
| 41. DELIVERY DATE   | [ ]   |

**MATERIAL ADVERSE CHANGE STATEMENT**

Except as disclosed in this document, there has been no significant change in the financial position of the Issuer since [insert date of last audited accounts or interim accounts (if later)] and no material adverse change in the financial position or prospects of the Issuer since [insert date of last published annual accounts].

**RESPONSIBILITY**

The Issuer and its Board of Directors accept responsibility for the information contained in this Applicable Pricing Supplement which, when read together with the Programme Memorandum [and supplemental Programme Memorandum, if any], contains all information that is material in the context of the issue of the Notes.

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ [ ]

For and on behalf of  
SMART RESIDENCES  
LTD

---

Name  
Capacity: Director  
Who warrants his/her authority hereto

---

Name  
Capacity: Director  
Who warrants his/her authority  
hereto

## OVERVIEW OF Smart Residences Limited

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### 1. Background

Smart Residences Limited (“Smart Residences”, “SRL”, or “the Company”) was incorporated on 8 May 2019 and commenced full operations in January 2020 as a flexible accommodation and unique hospitality service provider in Nigeria. The Company’s principal business activities involve the provision of serviced short-let apartments to corporate clients, individuals and tourists who require decent, comfortable and home-like accommodation to live for a short period. The Company operates through two trademarks– “Gidanka” (associated with its three apartments in operation “The Residence”, “The Glass Residence”, and “The Destination”) and “Home-Away”, which is currently undergoing renovation, all located in the Federal Capital Territory, Abuja. The Residence contains 30 units split into 14 basic studio apartments, four each of standard studio, executive studio, standard one-bedroom and deluxe one-bedroom apartments. The Glass Residence consists of five units of each of these categories, while The Destination, launched in December 2022, contains 110 units of apartments, workstations and two meeting rooms.

The Company’s three serviced apartments are strategically situated in Katampe Extension, Diplomatic Zone, Jabi, and Aminu Kano, Wuse 2 in Abuja. These apartments are leased for a duration of 10 years, enabling SRL to adapt to evolving client preferences by moving to new locations when necessary. This distinctive approach sets the Company apart from conventional hotels, as it aims to continually offer clients desirable locations and flexibility.

#### Business Segments.

- Hospitality
- Real Estate Development and Management
- Property and facility management
- Sales/ Marketing Management

#### Shareholding Structure

The below shows the shareholders of the issued share capital of Smart Residences Limited as at 20<sup>TH</sup> of February, 2024.

Shareholders	Number of shares	Percentage Holding
ALEXANDER AGHEDO OSARETIN	23,500,000	23.5%
ABIOLA OLAJIDE DAVID	60,000,000	60.0%
OMEIZA OHANI JAMES	2,500,000	2.5%
ALAYA SALLY TAJUDEEN	2,500,000	2.5%
OYEWOLE FUNMILOLA ABOSEDE	4,000,000	4.0%
AMINU ALIYU HASSAN	7,500,000	7.5%

**Corporate Governance****The Board**

The Board of Directors is responsible for the governance of Smart Residences and is accountable to shareholders for creating and delivering sustainable value through the management of Smart Residences' business. The Board defines the long-term goals and the strategies for Smart Residence Limited and sets forth the principles and directives for the resulting corporate policies.

In accordance with best practices, the Board currently comprises five (5) Directors made up of the chairman of the Board, three (3) Non- Executive Directors and one (1) Executive Directors. The Board is also supported by senior executives who actively participate as an integral part of all Board and management committees.

<b>S/N</b>	<b>Name</b>	<b>Designation</b>
1	Oyiboka Eric Orunoye	Board Chairman
2	Abiola Olajide David	Chief Executive Officer
3	Aminu Aliyu Hassan	Non-Executive Director
4	Omeiza Ohani James	Non-Executive Director
5	Oyewole Funmilola Aboosedo	Non-Executive Director

**Profile of Directors as at 20<sup>TH</sup> of February, 2024.****Eric Oyiboka – Board Chairman**

Eric Oyiboka is the Chairman of Smart Residencies Limited and boasts of over three decades of experience in the hospitality industry. Before his appointment, he served as the CEO of Nov Hotels in South Africa for over ten years. He was an executive Director at the Monarch Hotel Nairobi Kenya and chairman of Bakotu Apartments, a short and hotels servicing company in Gambia.

**Abiola Olajide – Chief Executive Officer**

Olajide Abiola, FSM is the co-founder and CEO of Smart Residences LTD, and the CEO of KiaKia, one of Nigeria's leading financial technology companies with over N11bn in transaction volume. He is also the CEO of Wheat Genius Ltd (the operators of THE CITY Kitchen and the RIZPI snack brand), and the Director/Head of Credit and Risk of NFGCS Farms Ltd, one of the largest farms in Nigeria.

A military veteran with 14 years of post-graduate experience cutting across technology, finance, sales, business administration, project management, and legislation, Olajide served in the 7th Senate on the Senate Committees on Banking, Insurance, Appropriation, and Capital Markets.

A graduate of Computer Science from the University of Ilorin and holder of a Nigerian Army Certificate of Education and map reading, Abiola is a Microsoft-certified information technology professional. He holds course certificates in project management, Negotiation marketing, budgeting and costing from the Universities of California, Irvine and the University of Michigan. He is also a Fellow at the Institute of Strategic Management.

### **Aminu Aliyu Hassan- Non-Executive Director**

Aliyu Hassan Aminu possesses over 18 years of experience as a business process improvement professional in the private sector. He has worked with various small-to-medium scale businesses mainly in the services sector. He specialises in strengthening internal processes /controls, business process review and compliance.

In 2009, he co-founded First Track Interlinks Services Ltd, a procurement, distribution, tax advisory and change management company where he currently sits as a board member. Mr Aminu, working with various teams, has provided visionary leadership in designing and implementing operational structures that have achieved and exceeded set objectives at the start-up stages of various enterprises.

He is dedicated, hardworking and a team player. He is widely travelled and has participated in several management/leadership courses. Mr Aminu holds a Business administration degree and a Masters degree in Information Technology Management from the University of Wollongong, Dubai, UAE.

### **James Omeiza – Non-Executive Director**

Over 20-years-experience in Hotel and Hospitality Management. James is the Senior Advisor at Tree-House Nigeria Limited. He is also a Board Member at First Track Limited, Tokmanni Oyj, and Vieser Oy and a Non-Executive Director of Fortress Bricks Limited.

### **Funmilola Oyewole – Non-Executive Director**

Funmilola has 17 years plus of experience in Finance and Strategy. She led the Transformation Team at Laico Regency Hotel, South Africa. Before joining Smart Residences, she served as Non- Executive Director of Mid-Range Hotels in Kenya and The Sands at Nomad Hotel, Nairobi.

### Profile of Management Team

#### **Abiola .Olajide- Chief Executive Officer**

Olajide Abiola, FSM is the co-founder and CEO of Smart Residences LTD, and the CEO of KiaKia, one of Nigeria's leading financial technology companies with over N11bn in transaction volume. He is also the CEO of Wheat Genius Ltd (the operators of THE CITY Kitchen and the RIZPI snack brand), and the Director/Head of Credit and Risk of NFGCS Farms Ltd, one of the largest farms in Nigeria.

A military veteran with 14 years of post-graduate experience cutting across technology, finance, sales, business administration, project management, and legislation, Olajide served in the 7th Senate on the Senate Committees on Banking, Insurance, Appropriation, and Capital Markets.

A graduate of Computer Science from the University of Ilorin and holder of a Nigerian Army Certificate of Education and map reading, Abiola is a Microsoft-certified information technology professional. He holds course certificates in project management, Negotiation marketing, budgeting and costing from the Universities of California, Irvine and the University of Michigan. He is also a Fellow at the Institute of Strategic Management.

#### **Aminu Aliyu Hassan- Chief Operations Officer**

Aliyu Hassan Aminu possesses over 18 years of experience as a business process improvement professional in the private sector. He has worked with various small-to-medium scale businesses mainly in the services sector. He specialises in strengthening internal processes /controls, business process review and compliance.

In 2009, he co-founded First Track Interlinks Services Ltd, a procurement, distribution, tax advisory and change management company where he currently sits as a board member. Mr Aminu, working with various teams, has provided visionary leadership in designing and implementing operational structures that have achieved and exceeded set objectives at the start-up stages of various enterprises.

He is dedicated, hardworking and a team player. He is widely travelled and has participated in several management/leadership courses. Mr Aminu holds a Business administration degree and a Masters degree in Information Technology Management from the University of Wollongong, Dubai, UAE.

#### **Tomiwa Tunde- Head of Strategy and Tech**

Also the CEO and founder of VAYA Energy Solutions and eWorks Projects Company, Stanley has spent 25 years across various industry sectors including Telecom, Banking, Fintech, Power Solutions and Clean Energy. He has held executive management positions in the Telecom industry (serving as Chief Technology Officer at Suburban Telecom and Teasy Mobile) and senior management positions in Banking (ICT Head at Aso Saving and Loans).

He is an Electrical Engineering graduate of the University of Lagos, an alumnus of London Business School and a member of the International Academy of Retail Banking (IARB). Stanley is a registered engineer with the Council for the Regulation of Engineering in Nigeria (COREN).

#### **Chima Nwanjafo- Operations Manager**

A graduate of Human Anatomy, with over 5 years corporate experience; Chima is a multi-skilled, hardworking, enthusiastic and goal-driven Hospitality Manager with impeccable taste for quality customer service, high standard maintenance, business profitability, staff management, team building and business growth. He is also skilled at developing, setting up and marketing of mart serviced apartments and development of standard operating procedures for effective management and service delivery.

#### **Adesoba Adebayo - Operations Manager**

Adesoba Adebayo holds a Bsc. in Accounting from University of Abuja and is a certified Accountant (ACA). He has had training in Financial Accounting, Financial Management, Risk Management, Audit and Taxation. He has work experience in Banking, Agro-Allied Financing Companies, Accounting and Audit Firms, a professional experience spanning over 7 years so far.

He is experienced in budgeting, account reconciliation, developing accounting frameworks, designing, implementing and maintaining internal control relevant to the preparation of financial statements, financial risk management, computing/recovery of excess bank charges, he is also experienced in statutory/investigative audit and taxation.



PKF Professional Services

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G.P.O Box 2047, Marina, Lagos, Nigeria.

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+234 (0)90 3000 1352  
email: info@pkf-ng.com  
web: www.pkf-ng.com

**Report of the independent auditor on the summary financial statements**

**To the members of Smart Residences Limited**

**Report on the summary financial statements**

**Opinion**

The summary financial statements which comprise the summary statements of financial position at 31 December 2022 and 31 December 2021 and 31 December 2020 and the summary statements of comprehensive income and cash flows for the years then ended are derived from the audited financial statements of Smart Residences Limited for the years 31 December 2022 and 31 December 2021 and 31 December 2020.

In our opinion, the accompanying summary financial statements are consistent in all material respect, with the audited consolidated financial statements, in accordance with the requirements of the FMDQ commercial paper quotation rules.

**Summary financial statements**

The summary financial statements do not contain all the disclosures required by the International Financial Reporting Standards, the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, the Banks and Other Financial Institution Act and other relevant Central Bank of Nigeria circulars applied in the preparation of the audited consolidated financial statements of the Company. Therefore, reading the summary financial statements and the auditor's report thereon, is not a substitute for reading the audited financial statements for the years ended 31 December 2022 and 31 December 2021 and 31 December 2020 and the auditor's reports thereon.

**Directors' responsibility for the summary financial statements**

The Directors are responsible for the preparation of the summary financial statements in accordance with the FMDQ commercial paper quotation rules.

**Auditor's responsibility**

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

**Banji Olaokun, FCA**  
**FRC/2023/PRO/ICAN/073/903690**  
**For: PKF Professional Services**  
**Chartered Accountants**  
**Lagos, Nigeria**

**Dated: 29 January 2023**

Partners: TA Akande (Managing), NA Abdus-salam, OO Ogundeyin, SO Adejayan, ED Akintola, II Aremu, AA Agbolola  
Directors: OA Olaokun, EA Akapo (Mrs.), NI Nnamdi (Mrs.)

Offices in: Abuja, Kano

PKF Professional Services is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separate and independent legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s).

## HISTORICAL FINANCIAL INFORMATION

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The financial information set out on pages 34 to 36 of this Programme Memorandum has been extracted from the audited annual financial statements of the Issuer and is available at the specified office(s) of the Issuer. This section should be read and construed in conjunction with any audited interim financial statements published subsequently, for the financial years prior to each issue of Notes under this Programme.

### Income Statement for the year ended 31 December 2022, 2021 and 2020

	2020	2021	2022
<b>Revenue</b>	<b>₹ 119,465,797.0</b>	<b>₹ 474,113,666.0</b>	<b>₹ 1,618,228,977.0</b>
Direct Cost	(14,088,876.0)	(44,812,251.0)	(348,665,539.0)
<b>Gross Profit</b>	<b>105,376,921.0</b>	<b>429,301,415.0</b>	<b>1,269,563,438.0</b>
Administrative Expenses	(28,175,661.0)	(101,296,644.0)	(310,103,814.0)
Depreciation	(66,043,193.0)	(153,988,934.0)	(296,060,823.0)
Other Operating Expenses	(2,054,000.0)	(3,249,500.0)	(9,500,000.0)
Foreign Exchange Loss	9,104,067.0	-	(37,282,437.0)
<b>Operating Profit</b>	<b>(13,684,188)</b>	<b>170,766,337.0</b>	<b>616,616,364.0</b>
Finance Cost	-	(25,019,016.0)	(248,954,285.0)
Profit Before Tax	(4,580,121.0)	145,747,320.0	367,662,079.0
Corporate Tax	(1,153,745.0)	(43,709,763.0)	(93,896,301.0)
<b>Profit after Tax</b>	<b>(5,733,866.0)</b>	<b>102,037,557.0</b>	<b>273,765,778.0</b>

**HISTORICAL FINANCIAL INFORMATION**


---

**Statement of Financial Position as at 31 December 2022, 2021 and 2020**

	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Non-Current Asset</b>			
Property, Plant & Equipment	136,922,960.0	394,313,500.0	615,161,011.0
Capital Work in Progress	34,183,021.0	67,152,299.0	564,879,567.0
Right-of-use-Asset	127,249,811.0	244,474,260.0	1,143,980,012.0
<b>Total Non-Current Assets</b>	<b>₹ 298,355,792.0</b>	<b>₹ 705,940,059.0</b>	<b>₹ 2,324,020,590.0</b>
<b>Current Assets</b>			
Trade and Other Receivables	142,796.0	1,317,829.0	243,257,526.0
Inventories	2,157,822.0	3,734,853.0	313,203,841.0
Cash and Cash Equivalents	1,367,223.0	4,182,070.0	680,824,351.0
<b>Total Current Assets</b>	<b>3,667,841.0</b>	<b>9,234,752.0</b>	<b>1,237,285,718.0</b>
<b>Total Assets</b>	<b>₹ 302,023,633.0</b>	<b>₹ 715,174,811.0</b>	<b>₹ 3,561,306,308.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Lease Liability	33,066,452.0	135,162,791.0	1,319,834,137.0
Borrowings	-	-	1,300,000,000.0
<b>Total Non-Current Liabilities</b>	<b>33,066,452.0</b>	<b>135,162,791.0</b>	<b>2,619,834,137.0</b>
<b>Current Liabilities</b>			
Trade and Other Payables	43,726,338.0	57,464,761.0	33,578,928.0
Current Tax Liabilities	1,153,745.0	17,017,286.0	74,790,724.0
Provision & Accruals	14,166,732.0	18,226,281.0	35,010,200.0
<b>Total Current Liabilities</b>	<b>59,046,815.0</b>	<b>92,708,328.0</b>	<b>143,379,852.0</b>
<b>Total Liabilities</b>	<b>₹ 92,113,267.0</b>	<b>₹ 227,871,119.0</b>	<b>₹ 2,763,213,989.0</b>
<b>EQUITY</b>			
Ordinary Share Capital	1,000,000.0	1,000,000.0	1,000,000.0
Deposit for Shares	214,644,232.0	390,000,000.0	427,022,850.0
Retained Earnings	(5,733,866.0)	96,303,692.0	370,069,469.0
Total Equity	209,910,366.0	487,303,692.0	798,092,319.0
<b>Total Equity and Liabilities</b>	<b>₹ 302,023,633.0</b>	<b>₹ 715,174,811.0</b>	<b>₹ 3,561,306,308.0</b>

**HISTORICAL FINANCIAL INFORMATION**


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**Statement of Cash Flows for the year ended 31 December 2022, 2021 and 2020**

	2020	2021	2022
<b>Non-Current Asset</b>			
Property, Plant & Equipment	136,922,960.0	394,313,500.0	615,161,011.0
Capital Work in Progress	34,183,021.0	67,152,299.0	564,879,567.0
Right-of-use-Asset	127,249,811.0	244,474,260.0	1,143,980,012.0
<b>Total Non-Current Assets</b>	<b>₹ 298,355,792.0</b>	<b>₹ 705,940,059.0</b>	<b>₹ 2,324,020,590.0</b>
<b>Current Assets</b>			
Trade and Other Receivables	142,796.0	1,317,829.0	243,257,526.0
Inventories	2,157,822.0	3,734,853.0	313,203,841.0
Cash and Cash Equivalents	1,367,223.0	4,182,070.0	680,824,351.0
<b>Total Current Assets</b>	<b>3,667,841.0</b>	<b>9,234,752.0</b>	<b>1,237,285,718.0</b>
<b>Total Assets</b>	<b>₹ 302,023,633.0</b>	<b>₹ 715,174,811.0</b>	<b>₹ 3,561,306,308.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Lease Liability	33,066,452.0	135,162,791.0	1,319,834,137.0
Borrowings	-	-	1,300,000,000.0
<b>Total Non-Current Liabilities</b>	<b>33,066,452.0</b>	<b>135,162,791.0</b>	<b>2,619,834,137.0</b>
<b>Current Liabilities</b>			
Trade and Other Payables	43,726,338.0	57,464,761.0	33,578,928.0
Current Tax Liabilities	1,153,745.0	17,017,286.0	74,790,724.0
Provision & Accruals	14,166,732.0	18,226,281.0	35,010,200.0
<b>Total Current Liabilities</b>	<b>59,046,815.0</b>	<b>92,708,328.0</b>	<b>143,379,852.0</b>
<b>Total Liabilities</b>	<b>₹ 92,113,267.0</b>	<b>₹ 227,871,119.0</b>	<b>₹ 2,763,213,989.0</b>
<b>EQUITY</b>			
Ordinary Share Capital	1,000,000.0	1,000,000.0	1,000,000.0
Deposit for Shares	214,644,232.0	390,000,000.0	427,022,850.0
Retained Earnings	(5,733,866.0)	96,303,692.0	370,069,469.0
<b>Total Equity</b>	<b>209,910,366.0</b>	<b>487,303,692.0</b>	<b>798,092,319.0</b>
<b>Total Equity and Liabilities</b>	<b>₹ 302,023,633.0</b>	<b>₹ 715,174,811.0</b>	<b>₹ 3,561,306,308.0</b>

The following information is an extract from the rating report prepared by **Agusto & Co.**

## SMART RESIDENCES LIMITED

### Issuer Rating:

# Bbb-

*A company with satisfactory financial condition and adequate capacity to meet its obligations as and when they fall due relative to all other issuers in the same country.*

**Outlook:** Stable

**Issue Date:** 6 October 2023

**Expiry Date:** 30 June 2024

Previous Rating: **Bbb-**

**Industry:** Hospitality

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Outlook	12
Financial Summary	13
Rating Definition	15

#### Analysts:

**Bolaji Balogun**

[bolajibalogun@agusto.com](mailto:bolajibalogun@agusto.com)

**Isaac Babatunde**

[isaacbabatunde@agusto.com](mailto:isaacbabatunde@agusto.com)

**Agusto & Co. Limited**

UBA House (5th Floor)

57, Marina

Lagos, Nigeria

[www.agusto.com](http://www.agusto.com)

### RATING RATIONALE

Agusto & Co hereby affirms the “**Bbb-**” rating assigned to (“Smart Residences”, “SRL” or “the Company”). The affirmed rating reflects our opinion on SRL’s good profitability metrics upheld by robust growth in its operating scale and its relatively sturdy ability to pass on cost increases to its customers to preserve margins and strong cash flow position upheld by sustained net earnings growth. The rating also considers Smart Residences’ good position in the Flexible Accommodation segment of the Nigerian Hospitality Industry, improving fundamentals of the domestic tourism sector, which is positively influencing demand for affordable and flexible accommodation options and its adequate working capital position. Nevertheless, the rating is tempered by SRL’s elevated leverage metrics, concerns over its concentrated ownership structure, the susceptibility of its operations to external shocks such as rising energy and other operating costs due to higher inflationary pressures and the potential adverse impact on profit margins.

Smart Residences Limited is a hospitality and real estate firm that operates in the Federal Capital Territory, Abuja. SRL was established during the height of the COVID-19 pandemic in 2020 and offers serviced short-term rental apartments to corporate and individual clients. The Company’s principal revenue sources are rental inflows on apartments, food and beverages sold to customers and event hosting income. Smart Residences Limited commenced operations with a portfolio of 30 leased apartments, and within its first two years of operation, it successfully doubled that number. Smart Residences currently manages three leased properties - The Residences, The Glass Residences and The Destination all under a 10-year lease agreement, while the fourth (The Home Away) is currently under renovation and is scheduled to become operational in November 2023.

In the financial year ended 31 December 2022 (FYE 2022), the Company recorded a significant 241% year-on-year growth in revenue to ₦1.6 billion, mainly supported by its increased operating scale, upward price reviews and the sustained demand for flexible accommodation buoyed by election-related activities. In the same year, SRL’s direct cost-to-revenue ratio inched up to 28.5% (2021: 21.5%) amidst higher

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inflationary pressures on the prices of food and other key inputs, translating to a gross profit margin of 71.5% (2021: 78.5%). However, Smart Residences' operating profit margin (OPM) rose to 41% in FYE 2022 (2021: 36.7%) due to better management of operating costs in the year and was well above our internal benchmark of 20%. Overall, SRL posted a lower pre-tax-pre-interest return on assets (ROA) of 13% (2021: 20%) due to the addition of The Destination apartments to its operations, which ballooned its asset base while the pre-tax return on equity ratio stood at 46% (2021: 30%). The aforementioned ratios were in line with our expectations, giving credence to SRL's good profitability position in our view.

In the review period, Smart Residences posted an operating cash flow (OCF) of ₦1.3 billion (2021: ₦469 million) to reflect the growth in net earnings. The OCF, which represented 78% of revenue was more than sufficient to cover the returns to providers of finance (RTPOF) of ₦108 million, which was good in our opinion. Given the Company's increasing operating scale, which should translate to sustained net earnings growth, we expect its cash flow position to remain good in the near term.

The Company's spontaneous financing as at FYE 2022 was insufficient to cover its trading assets, leaving a working capital need of ₦413 million. Nonetheless, Smart Residences Limited's long-term funds as at FYE 2022 were sufficient to cover the long-term assets, resulting in a working capital available of ₦1.1 billion. Thus, Smart Residences Limited recorded an overall working capital surplus of ₦687 million as at FYE 2022. Agosto & Co. considers the Company's working capital to be adequate.

Smart Residences Limited obtained ₦1.3 billion in bank borrowings in FYE 2022 to finance the renovation of 'The Destination' and 'The Home Away' properties and to meet the rising working capital requirements on account of its expanding operations. This in addition to the lease liabilities recognised on 'The Glass Residences' and 'The Destination' resulted in a sharp rise in SRL's total liabilities to approximately ₦2.8 billion (2021: ₦228 million) and comprised lease liabilities (48%) interest-bearing liabilities (47%) and non-interest-bearing liabilities (5%). On the back of the incremental borrowings and higher funding costs in the year, SRL's interest-expense-to-sales ratio soared to 6.7% in 2022 (2021: NIL) and exceeded our threshold of 5%. Similarly, SRL's net debt (total liabilities less cash and equivalent) to total assets and interest-bearing liabilities to equity ratios rose to 116% (2021: 45%) and 78% (2021: NIL) respectively, underscoring its high leverage position in our opinion.

Looking ahead, Management intends to diversify its earnings base by tapping into the considerable opportunities in the Real Estate Industry by entering into joint venture arrangements to construct furnished apartments for its high-end clientele base and also offering facility management services in the near term. The Company believes the combination of the aforementioned initiatives will result in sustained improvements in its financial condition in the near term.

Therefore, we attach a **stable** outlook to Smart Residences Limited.





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02 April 2024

**Cordros Capital Limited**  
70 Norman Williams Street  
Ikoyi  
Lagos

Dear Sir,

**RE: ESTABLISHMENT OF A ₦2,500,000,000.00 COMMERCIAL PAPER ISSUANCE PROGRAMME BY SMART RESIDENCES LIMITED**

We have acted as Solicitors to Smart Residences Limited (the “**Issuer**”) in connection with its establishment of a ₦2,500,000,000.00 (Two Billion, Five Hundred Million Naira) Commercial Paper Issuance Programme (the “**Programme**”), under which the Issuer, a private limited liability company incorporated under the laws of the Federal Republic of Nigeria, may from time to time issue Commercial Paper Notes (“**CP Notes**” or “**Notes**”), denominated in Nigerian Naira, in separate series or tranches subject to the terms and conditions (the “**Terms and Conditions**”) contained in the Programme Memorandum (defined below) and applicable Pricing Supplement.

We are giving this opinion pursuant to the Dealer Agreement (the “**Dealer Agreement**”) dated 2nd April 2024 between the Issuer and Cordros Capital Limited (the “**Dealer**”).

The Notes issued will be constituted by, subject to, and have the benefit of, a Deed of Covenant dated 2nd April 2024, made by the Issuer, which shall take effect as a deed poll for the benefit of the holders of the Notes (the “**Deed of Covenant**”).

For avoidance of doubt, all capitalised terms used but not defined herein shall have the meanings assigned to such terms in the Programme Memorandum, or any Pricing Supplement, as applicable.

**1. OPINION DOCUMENTS**

In rendering our legal opinion (the “**Opinion**”), we have examined such documents as we have considered necessary for the opinions expressed in this Opinion and principally the following documents in connection with the Transaction:

- 1.1 An executed copy of the Programme Memorandum dated 2nd April 2024;
- 1.2 An executed copy of the Dealer Agreement 2nd April 2024;
- 1.3 An executed copy of the Deed of Covenant 2nd April 2024;
- 1.4 An executed copy of the Issuing and Placing Agency Agreement dated 2nd April 2024;

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- 1.5 An executed copy of the Collecting and Paying Agency Agreement dated 2nd April 2024;

(The documents referred to in paragraphs 1.1 to 1.5 are referred to as the "Transaction Documents").

- 1.6 A copy of a Certificate of Incorporation of the Issuer dated 19 February 2020, issued by the Corporate Affairs Commission;
- 1.7 A copy of the Memorandum and Articles of Association of the Issuer certified by the Corporate Affairs Commission on 19 February 2020;
- 1.8 A copy of the resolution of the meeting of the Board of Directors of the Issuer dated 6 May 2022 authorising the establishment of the Programme; and
- 1.9 A copy of the Status Report verified by the Corporate Affairs Commission on 19 June 2023.

(The documents stated in paragraphs 1.6 to 1.9 are referred to as the "Corporate Documents" while the documents stated in 1.1 to 1.19 are collectively referred to as the "Documents" and separately as a "Document").

## 2. OPINION

### 2.1 Status

the Issuer (i) is a private limited liability company duly incorporated and validly existing under the laws of the Federal Republic of Nigeria; and (ii) has perpetual corporate existence and the capacity to sue or be sued in its own name.

### 2.2 Power and Authority

- 2.2.1 the Issuer has the corporate power, approval, capacity and authority to enter into and perform the obligations expressed and assumed by them under the Transaction Documents.
- 2.2.2 the Issuer has taken all necessary corporate and other action to authorise the entry into, execution of and performance of their respective obligations as parties under the Transaction Documents.

### 2.3 Legal Validity and Enforceability

- 2.3.1 the Transaction Documents constitute valid, legal, binding and enforceable obligations of the Issuer and are enforceable against each party in accordance with their terms.
- 2.3.2 the holders of the Notes shall be entitled, severally, to enforce the Deed of Covenant against the Issuer;
- 2.3.3 the Notes, when issued, would constitute valid, legal, binding and enforceable obligations of the Issuer;
- 2.3.4 the issuance of the Notes in dematerialised form is valid and legal under Nigerian law.



## 2.4 Consents, Filings and Form

- 2.4.1. no consent, approval, registration or filing with any court or governmental authority in the Federal Republic of Nigeria, (except such consents and approvals already obtained), is required in connection with the execution, delivery and performance of the Transaction Documents, including the issue of the Notes.
- 2.4.2. the Notes, when issued, would be issued in compliance with the Guidelines on the Issuance and Treatment of Bankers Acceptances and Commercial Papers issued by the Central Bank of Nigeria on 11 September 2019 and the Commercial Paper Registration and Quotation Rules issued by FMDQ in October 2023.
- 2.4.3. upon execution, the Transaction Documents will be in the proper form for their admissibility in evidence and their enforcement, (save for payment of stamp duty as described in paragraph 2.7 below), against the Issuer in the courts of the Federal Republic of Nigeria.

## 2.5 Non-Conflict with Laws

the execution of and performance by the Issuer of its obligations under the Transaction Documents and the Notes, will not contravene, violate or conflict with any law, statute, rule or regulation of the Federal Republic of Nigeria or the Corporate Documents of the Issuer.

## 2.6 Licensing and Qualifications etc.

the performance by any party of any of its rights, duties, obligations or representations under the Transaction Documents (including the Notes) will not violate any existing applicable law or regulation in the Federal Republic of Nigeria.

## 2.7 Taxes and Stamp Duty/Registration

the provisions of the Stamp Duties Act<sup>1</sup> require any instrument executed in the Federal Republic of Nigeria, or relating, wheresoever executed, to any property situated or any matter or thing done or to be done in the Federal Republic of Nigeria to be stamped and the appropriate stamp duty paid in respect of the said instrument. Unstamped or insufficiently stamped instruments are not admissible in evidence (except in criminal proceedings) in the courts of the Federal Republic of Nigeria.

## 2.8 Forum of Dispute Resolution

- 2.8.1 the submission to arbitration by the parties would be upheld in Nigeria as parties are permitted under Nigerian law to choose arbitration as a means of settling their disputes. Parties are also permitted to choose the seat and governing rules of the arbitration;

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<sup>1</sup> Cap S8 Laws of the Federation of Nigeria 2004 (as amended by the Finance Act of 2019, 2020, 2021 and 2023)



2.8.2 the courts of the Federal Republic of Nigeria will accept jurisdiction in any suit, action or proceedings against the Issuer arising out of or in connection with the Transaction Documents and the Notes and can give judgement in a currency other than the legal tender/lawful currency of the Federal Republic of Nigeria for the payment of any sum due under the Notes.

### 3. EXTENT OF REVIEW AND EXAMINATION

3.1 We have not carried out or assisted in the investigation or verification of the facts, or the reasonableness of any assumption or statement of opinion of any person expressed to be a party to the Transaction Documents or any other person disclosed in the Transaction Documents or in determining whether any material fact has been omitted therefrom.

3.2 For the purpose of providing this Opinion, we have examined only the executed copies of the Transaction Documents and have provided this Opinion solely based on the executed copies of the Transaction Documents. A reference to an executed copy of a Document includes Transaction Documents in agreed and final form which have been executed as of the date of this Opinion.

3.3 We have not examined any document or agreement other than the Documents save for such other documents that we have considered necessary for the purpose of acting as Solicitors to the Issue.

### 4. FOREIGN EXCHANGE CONTROL

there are no foreign exchange control consents, licences or approvals required (including without limitation by any governmental authority, including the Central Bank of Nigeria) for the entry into and performance by the Issuer of its obligations under the Transaction Documents or the Notes, save that non-residents of Nigeria who have brought funds into Nigeria for the purchase of the Notes through an approved and lawful channel may upon liquidating their investment in the Notes repatriate the proceeds of their investment upon the submission of all relevant documentation including a Certificate of Capital Importation, which evidences the in-flow of the funds into Nigeria by non-resident holders of the Notes in accordance with the provisions of the *Foreign Exchange (Monitoring and Miscellaneous Provisions) Act 2004* and Foreign Exchange Guidelines issued by the Central Bank of Nigeria from time to time;

### 5. ASSUMPTIONS

For the purpose of this Opinion, we have assumed, without independent verification, each of the following:

5.1 the authenticity of all seals and signatures, the completeness and conformity with original documents of all copies of the Documents submitted to us in physical or in electronic form, and that any Document submitted to us continues in full force and effect;

5.2 the Transaction Documents referred to in paragraph 1 above have been validly authorised and duly executed and delivered in such form by each of the parties to them (other than the Issuer), by a person or persons duly authorised to do so;



- 5.3 the Transaction Documents which are governed by the laws of the Federal Republic of Nigeria are, or will be, legal, valid, binding and enforceable against all relevant parties, in accordance with their respective terms under the laws of the Federal Republic of Nigeria;
- 5.4 the due compliance with all matters, (including without limitation, the obtaining of necessary consents, authorisations and approvals, and the making of necessary filings and registrations), required in connection with the Transaction Documents to render them enforceable in all relevant jurisdictions, (other than the Federal Republic of Nigeria), has been or will be effected and such compliance remains in full force and effect and will continue to be effected where required for the validity and enforceability, under such laws as applicable, (other than the laws of the Federal Republic of Nigeria), of the Transaction Documents (or any document in connection therewith); and
- 5.5 the power, authority and legal right of all parties under all the relevant laws and regulations, (other than the laws of the Federal Republic of Nigeria), to enter into, execute and perform their respective obligations under the Transaction Documents.
- 6. QUALIFICATIONS**
- 6.1 This Opinion is limited in all respects to the laws of the Federal Republic of Nigeria, as at the date hereof. We have not made any investigations of, and we do not express any opinion as to the laws of any other jurisdiction;
- 6.2 This Opinion is expressed as of the date hereof and we assume no obligation to update or supplement any opinion contained herein to reflect any fact or circumstance that may hereafter come to our attention or any changes in law that may hereafter occur or become effective;
- 6.3 Our opinion that an obligation or document is enforceable means that the obligation or document is of a type and form which the courts in the Federal Republic of Nigeria will enforce. It does not mean that the obligation or document can necessarily be enforced in all circumstances as the validity, enforceability and/or binding nature of such obligations or documents under the laws of the Federal Republic of Nigeria will be subject to, amongst other things, the laws of bankruptcy, insolvency, receivership, reorganisation, liquidation, moratorium and other like laws. In particular, equitable remedies such as injunctions and specific performance are discretionary and are not generally available in circumstances where damages are considered by the courts in the Federal Republic of Nigeria to be an adequate remedy;
- 6.4 Save for paragraph 2.7 above, we express no opinion as to the tax treatment or consequences of the Transaction Documents or the transactions contemplated therein; and
- 6.5 Where any obligation is to be performed or observed in a jurisdiction outside the Federal Republic of Nigeria, it may not be enforceable under Nigerian law if and to the extent that such performance or observance would be unlawful, unenforceable or contrary to public policy of the Federal Republic of Nigeria or under the laws of such jurisdiction.



7. RELIANCE

This Opinion is issued at the request of the Dealer for the purpose of the Programme and any Note issuances thereunder. The opinion may be relied upon only by the Dealer, in connection with the matters dealt with herein and may not without our prior written consent be relied upon by any other person. Neither its contents nor its existence may be disclosed to any other person unless we have given our prior written consent.

This Opinion may be disclosed (a) if required by law or regulation; (b) to the officers, directors, employees, affiliates, professional advisers (including legal advisers), auditors or regulators of the Dealer; and (c) in connection with any actual or potential dispute or claim in respect of the Commercial Paper Issuance Programme provided that such persons may not rely on the Opinion.

Yours faithfully,

*Aluko & Oyeboode*

**ALUKO & OYEBODE**

### **Authorisation**

The establishment of this CP Programme and issuance of Notes thereunder was approved by the resolution of the Board of Directors of Smart Residences Limited dated 29 September 2023.

### **Going Concern**

The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead. If any event occurs as a result of which the above statement is no longer true and accurate, the Issuer will give notice thereof to the Noteholders.

### **Auditors**

PKF Professional services acted as auditors of the annual financial statements of the Issuer for the financial years ended 31 December 2020, 2021 and 2022. The auditors have in respect of those years for which they were responsible for the audit, issued unqualified reports.

### **Material Contracts**

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

- i. An Issuing and placing agency agreement dated April 2,2024 between the Issuer and Cordros Capital Limited
- ii A collecting and Paying agency agreement dated April 2,2024 between the Issuer and Fidelity Bank Limited;
- ii. A Deed of Covenant dated April 2,2024 issued by the Issuer as a deed poll in favour of the Noteholders;and
- iii. A Dealer and Arranger Agreement dated April 2,2024 between the Issuer and the Joint Arrangers/Dealers.

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

### **Ultimate Borrower**

The Issuer is the borrower in respect of the Notes.

**ISSUER**

**Smart Residences Limited**

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off Awolowo Road, Jabi, Abuja, Nigeria  
Tel No: +2348038100159  
Contact: Mr. Abiola Olajide

**OLUJIDE ABIOLA**  
Chief Executive Officer

**AUDITORS TO THE ISSUER  
PKF Professional Services.**

Registered Office: 205A Ikorodu Road Obanikoro  
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Tel no: +2349030001351  
Contact: Banji Olaokun

**Banji Olaokun**  
DIRECTOR

**SOLICITORS**

**Aluko and Oyebo**

Registered Office: 1 Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria  
Tel No: +234 1 462 8360  
Contact: Ayodeji Oyetunde

**Ayodeji Oyetunde**  
PARTNER

**ISSUING AND PLACING AGENT**

**Cordros Capital Limited**

Registered Office: 70, Norman Williams, Ikoyi, Lagos  
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Tel No: 08068044744  
Contact: Saheed Okubena

**Saheed Okubena**  
GROUP MANAGING  
DIRECTOR

**COLLECTING AND PAYING AGENT**

**Fidelity Bank Plc.**

Registered Office: 3, Akin Adesola Street Victoria Island,  
Lagos,  
Nigeria.  
Tel No: 070034335489.  
Contact: Attai Anthony

**Attai Anthony**  
03044653  
Head of Operations