
THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ CAREFULLY

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS BEFORE SUBSCRIBING. FOR GUIDANCE, PLEASE CONSULT YOUR STOCKBROKER, SOLICITOR, BANKER OR INVESTMENT ADVISER, REGISTERED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC" OR "THE COMMISSION").

INVESTING IN THIS OFFER INVOLVES SOME RISKS. FOR INFORMATION CONCERNING POTENTIAL RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" COMMENCING FROM PAGE 93 OF THIS PROSPECTUS.



GPC-SPV COMPANY PLC

INCORPORATED AS A PUBLIC LIMITED LIABILITY COMPANY IN THE FEDERAL REPUBLIC OF NIGERIA

₦50,000,000,000 BOND ISSUANCE PROGRAMME SHELF PROSPECTUS

INVESTMENT IN THE BONDS IS STRICTLY FOR QUALIFIED INVESTORS (INSTITUTIONAL INVESTORS AND HIGH NETWORTH INDIVIDUALS) AS DEFINED IN THE RULES AND REGULATIONS OF THE SECURITIES & EXCHANGE COMMISSION 2013 (AS AMENDED).

This Shelf Prospectus and the bonds that it offers have been approved and registered by the Securities & Exchange Commission (the "SEC" or the "Commission"). It is a civil wrong and criminal offence under the Investments and Securities Act No. 29 of 2007 (the "Act" or "ISA") to issue a prospectus which contains false or misleading information. The clearance and registration of this Shelf Prospectus and the bonds which it offers does not relieve the parties from any liability arising under the Act for false and misleading statements contained herein or for any omission of a material fact. Investors are advised to note that liability for false or misleading statements or acts made in connection with this Shelf Prospectus is provided in sections 85 and 86 of the ISA.

This Shelf Prospectus has been issued in compliance with the ISA, the Rules and Regulations of the Commission and the listing requirements of FMDQ Securities Exchange ("FMDQ") and The Nigerian Exchange (the "NGX") and contains particulars which are compliant with the requirements of the Commission for the purpose of giving information with regard to the ₦50,000,000,000 (fifty billion Naira) GPC-SPV Company PLC Bond Issuance Programme ("the Programme").

Under this Programme, GPC-SPV Company PLC ("GPC", the "Company" or the "Issuer"), may from time-to-time issue bonds, as more fully described herein (the "Bonds"), in separate series, in amounts, at prices, and on terms to be set out in any accompanying Pricing Supplement.

The maximum aggregate nominal amount of all Bonds or any other type of securities issued from time to time and outstanding under this Programme shall not exceed ₦50,000,000,000 (fifty billion Naira) over the three years (or such extended period that the Commission may approve) that this Shelf Prospectus, including any amendments thereto, remains valid.

This Shelf Prospectus is to be read and construed in conjunction with any supplement thereto and all documents which are incorporated herein, by reference and, in relation to any Series or Tranche (as defined herein) of Bonds, together with the Applicable Pricing Supplement. This Shelf Prospectus shall be read and construed on the basis that such documents are incorporated herein and form part of this Shelf Prospectus.

The registration of this Shelf Prospectus and any Pricing Supplement thereafter does not in any way whatsoever suggest that the Commission endorses or recommends the securities or assumes responsibility for the correctness of any statement made or opinions or reports expressed therein. No Bonds or any other security will be allotted or issued on the basis of this Shelf Prospectus read together with a Pricing Supplement later than three (3) years (or such extended period that the Commission may approve) from the date of its issue or such other time frame prescribed by the Commission following its issue.

This Shelf Prospectus has been seen and approved by the Board of Directors (the "Board") of GPC-SPV Company PLC and they jointly and individually accept full responsibility for the accuracy of all information provided in this document.

LEAD ISSUING HOUSE / BOOK RUNNER



Planet Capital
Planet Capital Limited
RC: 906761

JOINT ISSUING HOUSES / BOOK RUNNERS

Ecobank
The Pan African Bank
**Ecobank Development
Company Limited**
RC: 440370



Lighthouse Capital Limited
RC: 73946



PAC Capital Limited
RC: 1208597

THIS SHELF PROSPECTUS IS DATED 23 NOVEMBER 2021

This Shelf Prospectus will be available on the following websites:

www.sec.gov.ng; www.gpcgrouppltd.com

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IMPORTANT NOTICES

This Shelf Prospectus has been prepared on behalf of GPC-SPV PLC in connection with its N50,000,000,000.00 Bond Issuance Programme for the purpose of providing information to prospective investors in respect of the Bonds described herein. The Securities and Exchange Commission (“the Commission” or “SEC”) has cleared and registered this Shelf Prospectus.

The Board of Directors of the Issuer and the Co-Obligor accept full responsibility for the information contained in this Shelf Prospectus. The Board of Directors confirms that to the best of their knowledge, the information contained in this Shelf Prospectus is in accordance with the Rules and Regulations of the Commission.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Shelf Prospectus or any other information supplied in connection with the Programme and, if given or made, such information must not be relied upon as having been authorised by the Issuer or the Co-obligor.

Neither this Shelf Prospectus nor any other information provided therein in connection with the Bonds is intended to be the basis of any credit or other forms of evaluation, or should be considered as a recommendation by the Issuer, the Co-Obligor, or any of the Issuing Houses or Trustees that any recipient of this Shelf Prospectus or other information therein in connection with the Issue should purchase the Bonds.

Each prospective investor contemplating purchasing any of the Bonds should make its own independent investigation of the financial condition and affairs, and appraisal of the creditworthiness of the Issuer and the Co-Obligor. Neither this Shelf Prospectus nor any other information supplied in connection with the Bonds constitutes an offer or invitation by or on behalf of the Issuer, the Co-Obligor, Issuing Houses or the Trustees to any person to subscribe for or to purchase the Bonds.

Neither the delivery of this Shelf Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer or the Co-Obligor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme continues to remain correct as of any time subsequent to the date of issue of this Shelf Prospectus.

The Issuing Houses expressly do not undertake to review the financial condition or affairs of the Issuer or the Co-Obligor throughout the life of the Bonds or to advise any investor in the Bonds of any information coming to their attention, subsequent to the Issue. The Issuing Houses have not separately verified the information contained in this Shelf Prospectus and hence no representation, warranty or undertaking, express or implied, is made and, no responsibility or liability is accepted whether in contract or otherwise by the Issuing Houses as to the accuracy or completeness of the information contained in this Shelf Prospectus or any other information supplied in connection with the Bonds or their distribution. Each person receiving this Shelf Prospectus acknowledges that such person has not relied on the Issuing Houses or any person affiliated with any of them in connection with its investigation of the accuracy of this Shelf Prospectus or such information or its investment decision. The receipt of this Shelf Prospectus or any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice from the Issuing Houses to any prospective investor. Prospective investors should make their own independent assessment of the merits or otherwise of subscribing for the Debt Securities offered herein and should seek professional advice in connection with any prospective investment by them.

The distribution of this Shelf Prospectus and the offer or sale of Bonds may be restricted by law in certain jurisdictions. Therefore, persons in possession of this Shelf Prospectus or any Bonds being offered must inform themselves about and observe any such restrictions. None of the Issuer, Issuing Houses or the other professional advisers, represent that this Prospectus may be lawfully distributed, or that any Debt Notes may be lawfully offered in compliance with applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, Issuing Houses or the other professional advisers, which would permit a public offering of any Bonds or distribution of this document in any jurisdiction where action for that purpose is required.

The Issuer and the Issuing Houses do not represent that this Shelf Prospectus may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available there under, nor does it assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which would permit a public offering of any Bonds or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable law and regulations.

KEY TERMS AND ABBRIVIATIONS

The following words shall have the meanings stated opposite them in this document, unless otherwise stated or clearly indicated by the context.

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| "Agusto" | Agusto & Co Limited |
| "Allotment Announcement" | The publication to be made after the SEC approval of allotment, in a minimum of two national newspapers by the Issuing House on behalf of the Issuer, which shall disclose the Coupon Rate, the size of the Issue and other salient Information |
| "Allotment Date" | The date on which the Bonds are allotted to the Allottees by the Issuer/Issuing House |
| "Allotment" | The issue of Bonds to successful bidders pursuant to the relevant Pricing Supplement |
| "Allottee" | A successful Participant from whom receipt of subscription monies is confirmed by the relevant Receiving Bank and to whom the Bonds shall be allotted by the Issuer |
| "APC" | All Progressive Party |
| "Applicable Pricing Supplement" | The Pricing Supplement applicable to a particular Series of Bonds issued under the Programme |
| "Auditors" | Grant Thornton Nigeria |
| "BCG" | Boston Consulting Group |
| "Bidder" | Any Qualified Investor, as defined by SEC rules, who makes a bid pursuant to the terms of a Pricing Supplement |
| "Board" or "Directors" | Board of Directors of the Issuer and Co-Obligor |
| "Bond Issuance Programme" or the "Programme" | The N50,000,000,000.00 Bond Issuance Programme being undertaken by the Issuer as described in this Shelf Prospectus, pursuant to which the Company may issue series and/or tranches of Bonds from time to time to a maximum value of N50,000,000,000.00. |
| "Bondholder" | Any registered owner or beneficial owner of Bond units to be issued under the Programme. |
| "Bonds" | The registered bonds issued by the Issuer from time to time under the Programme with the aggregate value not exceeding N50,000,000,000.00 |
| "Bond Maturity Date" | The date specified in the applicable Pricing Supplement on which the bonds are due to be redeemed |
| "Book Building" | A process of price and demand discovery through which the Issuing House seeks to determine the price at which securities |

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| | should be issued, based on the demand from Qualified Institutional and High Net worth Investors |
| <i>“Business Day”</i> | Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria on which banks are open for business in Nigeria |
| <i>“BVN”</i> | Bank Verification Number |
| <i>“CAC”</i> | Corporate Affairs Commission |
| <i>“CAMA”</i> | Companies and Allied Matters Act Cap C20, LFN, 2020 |
| <i>“CBN”</i> | Central Bank of Nigeria |
| <i>“CIT”</i> | Companies Income Tax |
| <i>“CITA”</i> | Companies Income Tax Act Cap C21, LFN, 2004 (as amended by the Companies Income Tax (Amendment Act No. 11 of 2007) |
| <i>“Co-obligor” or “Sponsor”</i> | GPC Energy and Logistics Limited |
| <i>“Conditions” or “Terms and Conditions”</i> | Terms and conditions in accordance with which the Bonds will be issued, set out in the section headed “Terms and Conditions of the Bonds” and in the Programme Trust Deed |
| <i>“Coupon Determination Date”</i> | The date falling no later than two Business Days prior to the Coupon Payment Date on which the Trustee determines the interest rate applicable on a Bond (other than a Fixed Rate Bond) for that Interest Period |
| <i>“Coupon Payment Date”</i> | The date on which coupon is to be paid to Bondholders as specified in the applicable Pricing Supplement |
| <i>“Coupon Period”</i> | The period from (and including) a Coupon Payment Date (or the Coupon Commencement Date) to (but excluding) the next Coupon Payment Date |
| <i>“Coupon”</i> | The interest rate payable to Bondholders as specified in the applicable Pricing Supplement |
| <i>“CSCS” or the “Clearing System”</i> | Central Securities Clearing Systems Plc |
| <i>“DataPro”</i> | DataPro Limited |
| <i>“Daily Official List”</i> | The publication of The Nigerian Stock Exchange, published daily, detailing price movements and information on all securities quoted on the Exchange |
| <i>“Daily Quotations List”</i> | The publication of the FMDQ Securities, published daily, providing information on all securities quoted on its Exchange |
| <i>“Debt Securities”</i> | Any securities, which include registered bonds, promissory notes, certificates, debentures and other securities authorized to be issued under the Programme by GPC-SPV Plc. |

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| <i>“DMB” or “DMBS”</i> | Deposit Money Banks |
| <i>“Early Redemption Amount”</i> | The amount at which the Bonds will be redeemed by the Issuer pursuant to the provisions of the Programme Trust Deed, or as set out in the applicable Supplementary Shelf Prospectus/Pricing Supplement |
| <i>“EBITDA”</i> | Earnings Before Interest, Taxation, Depreciation and Amortisation |
| <i>“Exchanges”</i> | Any organized regulated markets in which units of the Bond may be listed, bought and sold |
| <i>“Event of Default”</i> | All such events as are defined under the Programme Trust Deed |
| <i>“Face Value”</i> | The nominal value of the Bonds |
| <i>“Federal Government” or “FGN”</i> | Federal Government of Nigeria |
| <i>“FIRS”</i> | Federal Inland Revenue Service |
| <i>“Fixed Rate Bonds”</i> | Bonds in respect of which interest is to be calculated and paid on a fixed rate basis |
| <i>“Fixed Rate”</i> | The rate of interest payable in respect of Fixed Rate Bonds |
| <i>“Floating Rate Bonds”</i> | Bonds in respect of which interest is to be calculated and paid on a floating rate basis. |
| <i>“Floating Rate”</i> | The rate of interest payable in respect of Floating Rate Bonds |
| <i>“FMDQ” or “FMDQ Securities”</i> | FMDQ Securities Exchange Limited |
| <i>“FMCG”</i> | Fast Moving Consumer Goods |
| <i>“Free Cash Flow”</i> | EBITDA less bond coupon payment, applicable taxes and government/statutory deductions |
| <i>“GDP”</i> | Gross Domestic Product |
| <i>“GPC Logistics”, or the “Sponsor”</i> | GPC Energy and Logistic Ltd |
| <i>“High Net Worth Individual or HNI”</i> | As defined in the SEC rule, an individual investor with a minimum net worth of ₦300,000,000 (Three hundred million Naira) (excluding real assets such as automobiles, homes and furniture) |
| <i>“IFRS”</i> | International Financial Reporting Standards |
| <i>“Index Linked Coupon Bond”</i> | A Bond on which the payments of interest will be calculated by reference to an index and/or formula or to changes in the prices of securities or commodities or to such other factors as may be prescribed in the applicable Pricing Supplements |

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| <i>“Instruments”</i> | Any registered Bond or other security or debt instrument issued by GPC-SPV Plc under the Bond Issuance Programme |
| <i>“ISA”</i> | Investments and Securities Act (No 29 of 2007) |
| <i>“Issue Date”</i> | The date on which a Bond is issued and when accrual of the interest on the Bond commences |
| <i>“Issue Price”</i> | The price at which a Bond is issued as specified in the Applicable Pricing Supplement |
| <i>“Issuer” or “GPC-SPV”</i> | GPC-SPV Company Plc |
| <i>“LFN”</i> | Laws of the Federation of Nigeria 2004 |
| <i>“Listing Rules”</i> | The FMDQ Bond Listing and Quotations Rules |
| <i>“Naira”, “NGN” or “₦”</i> | The Nigerian Naira |
| <i>“NBS”</i> | National Bureau of Statistics |
| <i>“Nigeria”</i> | The Federal Republic of Nigeria, and the term “Nigerian” shall be construed accordingly |
| <i>“Obligors”</i> | The Issuer, GPC-SPV Company Plc |
| <i>“OTC”</i> | Over-the-counter |
| <i>“Payment Account”</i> | In relation to a Series, an account opened by the Issuer, in the name of, managed and controlled by the Trustee and into which the Issuer shall make payments in accordance with the terms of that Series |
| <i>“Pension Reform Act 2014”</i> | Pension Reform Act, Cap P4, LFN 2014 |
| <i>“PFA”</i> | Pension Fund Administrator and its plural form shall be construed accordingly |
| <i>“PIB”</i> | Petroleum Industry Bill |
| <i>“PIT”</i> | Personal Income Tax |
| <i>“PITA”</i> | Personal Income Tax Act Cap, P8, LFN 2004 (as amended by the Personal Income Tax (Amendment) Act No. 20 of 2011) |
| <i>“PDP”</i> | People’s Democratic Party |
| <i>“Planet Capital” or “Lead Issuing House”</i> | Planet Capital Limited |
| <i>“Pricing Supplement” or “Supplementary Shelf Prospectus”</i> | The document(s) to be issued pursuant to the Shelf Prospectus which shall provide final terms and conditions of a specific Series of debt securities issued under the Programme and read in conjunction with the Shelf Prospectus |
| <i>“Principal Amount”</i> | The nominal amount of each Bond, as specified in the applicable Pricing Supplement |

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| <i>“Professional Parties”</i> | Professionals engaged by the Issuer to advise on the establishment of the Debt Issuance Programme and the issuance of Bonds thereunder |
| <i>“Qualified Institutional Investor”</i> | As defined in SEC rules, Institutional purchasers of securities, including Fund Managers, Pension Fund Administrators, Insurance Companies, Investment/Unit Trusts, Multilateral and Bilateral Institutions, Registered and/or Verifiable PE funds and Hedge Funds, Market Makers, Staff Schemes, Trustees/Custodians, and Stock Broking Firms |
| <i>“Qualified Investors”</i> | Qualified Institutional Investors and High Net Worth Investors |
| <i>“Record Date”</i> | The date on which the list of holders of the Bonds is extracted from the register for the purposes of making Coupon payments |
| <i>“Redemption Amount”</i> | The aggregate Principal Amount outstanding in respect of a series of Bonds on the Maturity Date as specified in the applicable Pricing Supplement or any other date that the Bonds is to be repaid |
| <i>“Register”</i> | The record maintained by the Registrar detailing the particulars of Bondholders and respective Bonds held by each Bondholder |
| <i>“Registrar”</i> | PAC Registrars Limited or any other person so appointed by the Issuer” |
| <i>“Reverse Floating Rate”</i> | Bonds in respect of which interest is calculated to have an inverse relationship to the referenced benchmark rate |
| <i>“SEC” or “The Commission”</i> | Securities & Exchange Commission |
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| <i>“Senior Bonds”</i> | Bonds that rank pari passu without any preference of one above the other by reason of priority of date of issue, currency of payment or otherwise with all other senior obligations of the Company, present and future, except to the extent that any such obligations are by their terms expressed to be subordinated in right of payment |
| <i>“Series”</i> | Tranche of Bonds together with any further Tranche or Tranches of Bonds which are: - expressed to be consolidated and form a single series - identical in all respects (including as to listing) except for their respective Issue Dates, Coupon Payment Dates and/or Issue Prices |
| <i>“Series Trust Deed”</i> | A deed supplementing or modifying the provisions of the Programme Trust Deed entered into by the Issuer and the Trustees with regards to a specific Series and empowering the Trustees to hold, administer and manage the applicable assets |
| <i>“Settlement Date”</i> | The date by which the buyer (successful bidder/investor) must pay for the Bonds delivered by the Company |

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| <i>“Shelf Prospectus” or “Prospectus”</i> | This Prospectus that GPC-SPV Company Plc has filed in accordance with the Rules and Regulations of the SEC, which contains details of the Debt Issuance Programme |
| <i>“SSA”</i> | Sub-Saharan Africa |
| <i>“The ‘Book’”</i> | The collation of all bids received from Qualified Investors in respect of a particular Series or Tranche under the Programme, indicating the value of the bids and the respective allocation |
| <i>“The Constitution”</i> | The Constitution of the Federal Republic of Nigeria 1999 (as amended) |
| <i>“The NGX”</i> | The Nigerian Exchange |
| <i>“Tranche”</i> | Bonds which are identical in all respects |
| <i>“Transaction Documents”</i> | The Shelf Prospectus, Pricing Supplement, the Trust Deeds and all related documents |
| <i>“Trust Deed”</i> | The Programme Trust Deed by which the Bond Issuance Programme is constituted |
| <i>“Trust Deeds”</i> | The Programme Trust Deed and the Series Trust Deed(s) |
| <i>“Trustees”</i> | A group of persons or firm(s) granted fiduciary power by the Issuer to enforce the terms of the bond programme |
| <i>“Validity Period”</i> | A period expiring three (3) years from the date of SEC approval of this Shelf Prospectus |
| <i>“VAT”</i> | Value Added Tax |
| <i>“WHT”</i> | Withholding Tax as provided for in section 78(2) of CITA |
| <i>“Zero Coupon Bond”</i> | A Bond issued at a discount to its face value |

DECLARATION BY THE ISSUER



June 5, 2021

The Director General

Securities and Exchange Commission
SEC Tower, 272 Samuel Adesoji Ademulegun Street
Central Business District
Abuja

Dear Sir,

DECLARATION BY GPC-SPV COMPANY PLC

This prospectus has been prepared by the Issuing House(s) on our behalf, GPC-SPV Company ("GPC-SPV" or the "Issuer") with a view to providing relevant information as regards the registration of a Shelf Prospectus for the issuance of N50,000,000,000.00 Debt Programme by GPC-SPV Company PLC and the Issuance of Series 1 Bonds of up to N20,000,000,000.00.

On behalf of the Board of Directors, we hereby make the following declarations:

1. We confirm that the information contained in this Shelf Prospectus and the Pricing Supplement are to the best of our knowledge and belief, and in accordance with the facts and in all material respects, contain no omission likely to affect its impact.
2. There has been no significant change in the financial condition, or material adverse change in the state of affairs of the Issuer since the publication of the Shelf Prospectus & Pricing Supplement except as contained in this Shelf Prospectus.
3. The Issuer is not in breach of any terms and conditions in respect of borrowed funds, which has resulted in the occurrence of an event of default and an immediate recall of such borrowed funds during the 12 (twelve) months preceding the date of this Shelf Prospectus & Pricing Supplement.
4. No prosecution has been commenced against the Issuer during the Preceding 12 (twelve) calendar months in respect of any breach or contravention of any securities law or the Companies and Allied Matters Act, CAP C20 2004 (as amended) or the listing requirements of a recognized Securities Exchange.

Signed for and on behalf of:

GPC-SPV Company Plc

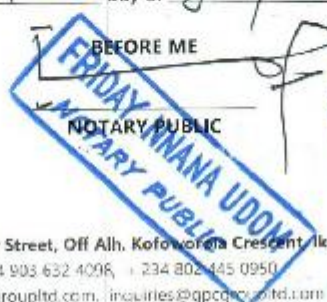
By its duly authorized representatives:

Mayowa Olaleye
Company Secretary

Elvis Okonji
Managing Director/CEO

Dr Mike Asekome
Non-Executive Director

DATED This 7th Day of July, 2021



GPC House, 4B, Regina Coker Street, Off Alh. Kofowale Crescent, Ikeja, Lagos, Nigeria

+ 234 903 632 4006 + 234 802 445 0950

info@gpcgrouppltd.com, inquiries@gpcgrouppltd.com

www.gpcgrouppltd.com

DECLARATION BY THE SPONSOR



June 5, 2021

The Director General

Securities and Exchange Commission
SEC Tower, 272 Samuel Adesoji Ademulegun Street
Central Business District
Abuja

Dear Sir,

DECLARATION BY GPC ENERGY AND LOGISTICS LIMITED

This prospectus has been prepared by the Issuing House(s) on our behalf, GPC Energy and Logistics Limited ("GPC" or the "Sponsor" or "Co Obligor") with a view to providing relevant information as regards the registration of a Shelf Prospectus for the issuance of N50,000,000,000.00 Debt Programme by GPC-SPV Company PLC and the issuance of Series 1 Bonds of up to N20,000,000,000.00.

On behalf of the Board of Directors, we hereby make the following declarations:

1. We confirm that the information contained in this Shelf Prospectus and the Pricing Supplement are to the best of our knowledge and belief, and in accordance with the facts and in all material respects, contain no omission likely to affect its impact.
2. There has been no significant change in the financial condition, or material adverse change in the state of affairs of the Issuer since the publication of the Shelf Prospectus & Pricing Supplement except as contained in this Shelf Prospectus.
3. The Issuer is not in breach of any terms and conditions in respect of borrowed funds, which has resulted in the occurrence of an event of default and an immediate recall of such borrowed funds during the 12 (twelve) months preceding the date of this Shelf Prospectus & Pricing Supplement.
4. No prosecution has been commenced against the Issuer during the Preceding 12 (twelve) calendar months in respect of any breach or contravention of any securities law or the Companies and Allied Matters Act, CAP C20 2004 (as amended) or the listing requirements of a recognized Securities Exchange.

Signed for and on behalf of:

GPC Energy and Logistics Limited

By its duly authorized representatives:

Mayowa Olaleye
Company Secretary

Elvis Okonji
Managing Director/CEO

Dr Mike Asekome
Chairman

DATED This 7th Day of July 2021



GPC ENERGY AND LOGISTICS LTD.

GPC House, 4B, Regina Coker Street, Off Alh. Kolawole Crescent, Ikeja, Lagos, Nigeria
+ 234 903 632 4098, + 234 802 445 0550.
info@gpcgrouppltd.com, inquiries@gpcgrouppltd.com
www.gpcgrouppltd.com



INFORMATION RELATED TO THE SHELF PROSPECTUS

1. Presentation of Information

The information set forth herein has been obtained from official sources that are believed to be reliable, but the fairness, accuracy, completeness or correctness of the information or opinions contained herein has not been verified. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Shelf Prospectus nor any issue made hereunder or any future use of this Shelf Prospectus shall, under any circumstance, create any impression that there has been no change in the affairs of the Issuer since the date hereof.

All financial and other information presented or incorporated by reference in this Shelf Prospectus has been provided by the Sponsor, except for information expressly attributed to other sources. The presentation of certain information, including tables of receipts and other revenues, is intended to show recent historical information and is not intended to indicate future or continuing trends in the financial position or other affairs of the Sponsor/Issuer. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future.

A wide variety of other information concerning the Sponsor, including financial information, is found in authorized publicly available publications. Any such information that is inconsistent with the information set forth in this Shelf Prospectus should be disregarded. No such information is a part of, or incorporated into this Shelf Prospectus.

2. Financial Information

The Sponsor maintains its books of account and prepares its statutory financial statements in Naira and in accordance with IFRS as promulgated by the IASB and in keeping with the requirements of the Financial Reporting Council of Nigeria.

3. Rounding

Certain figures included in this Shelf Prospectus have been subject to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

4. Forward-looking Statements

Certain statements included herein and in any Pricing Supplement issued in connection with this Shelf Prospectus may constitute forward-looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “approximately” or “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology. These forward-looking statements include all matters that are not historical facts and include statements regarding the Issuer’s intentions, beliefs or current expectations concerning, amongst other things, the Issuer’s operating results, financial condition, liquidity, prospects, growth, strategies and the industry in which it operates

Prospective investors should be aware that forward-looking statements are not guarantees of future development of the industry in which the Sponsor operates, as this may differ materially from those made in or suggested by the forward-looking statements contained in this Shelf Prospectus. In addition, even if the Sponsor results of operations, financial condition and liquidity and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Shelf Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from the Issuer and Sponsor’s expectations are contained in the cautionary statements in this Shelf Prospectus and include, among other things, the following:

- overall political, economic, social and other business conditions in Nigeria;
- economic and political conditions in international markets, including governmental changes;
- changes in tax requirements, including tax rate changes, new tax laws and revised tax law interpretations;
- interest rate fluctuations and other capital market conditions;
- exchange rate fluctuations;
- changes in government regulations, especially those pertaining to the Sponsor's industry; competitive factors in the industries in which the Sponsor and its customers operate;
- the demand for the Sponsor's products and services, and
- the timing, impact and other uncertainties of future actions.

The sections of this Shelf Prospectus titled "Risk Factors", "Description of GPC Energy and Logistics Businesses" and "Statutory and General Information" contain a more detailed discussion of the factors that could affect the Sponsor's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Shelf Prospectus may not occur.

The Issuer and Sponsor do not undertake any obligation to update or revise any forward-looking statement, whether as a result of new Information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Issuer, Sponsor or to persons acting on the Issuer and Sponsor's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Shelf Prospectus.

Third Party Information

The Issuer and Sponsor obtained certain statistical and market information that are presented in this Shelf Prospectus in respect of the Nigerian Transport and logistics sector, the Nigerian economy and the Nigerian political landscape in general from certain government and other third-party sources as identified where it appears herein.

This third-party information is presented in the following sections of the Shelf Prospectus: Exchange Rates and Exchange Controls, Risk Factors, Business Description, Board and Management's Discussion and Analysis of Result of Operations and Financial Condition of the Company. The Issuer and the Sponsor have accurately reproduced such information and, so far as they are aware and are able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

There is not necessarily any uniformity of views among such sources as to such information provided. The Issuer and the Sponsor have not independently verified the information included in this section. Some of the information in this Shelf Prospectus have been derived substantially from publicly available information, such as annual reports, official data published by the Nigerian government or regional agencies or other third-party sources as indicated in the text. The Issuer and the Sponsor accurately reproduced such information and, so far as the Issuer and Sponsor are aware and are able to ascertain, no facts have been omitted that would render the reproduced information inaccurate or misleading. The Issuer and the Sponsor have relied on the accuracy of this information without independent verification.

Nevertheless, prospective investors are advised to consider these data with caution. Market studies are often based on information or assumptions that may not be accurate or appropriate, and their methodology is inherently predictive and speculative. Neither the Issuer, the Sponsor nor the Issuing Houses have independently verified the figures, market data or other information on which third parties have based their studies.

Certain statistical information reported herein has been reproduced from official publications of, and information supplied by a number of government agencies and ministries, and other governmental and intergovernmental organisations, including: National Bureau of Statistics, Central Bank of Nigeria, Federal Ministry of Transportation, Ministry of Transport, Agriculture and Rural Development (FMARD), Food and Agricultural Organisation (FAO), World Bank, and other pertinent sources.

REGARDING A PRICING SUPPLEMENT

Following the publication of this Shelf Prospectus, a Pricing Supplement shall be prepared by the Issuer, Sponsor and Issuing Houses for each series of Bonds issued under the Programme.

Statements contained in any such Pricing Supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Shelf Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Shelf Prospectus.

In the event of any significant new factor, material mistake or inaccuracy relating to the information included in this Shelf Prospectus which is capable of affecting the assessment of the Bonds, the Sponsor and the Issuer will prepare an addendum to this Shelf Prospectus or publish an amended Shelf Prospectus for use in connection with any subsequent issue of Bonds.

INCORPORATION OF DOCUMENTS BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents which have/may be filed with the Commission and are on this Prospectus or any Pricing Supplement issued thereto:









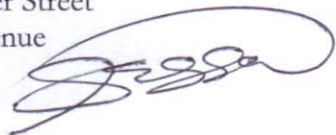

- (i) The Bond Issue Rating Report by DataPro Limited Dated August 3 2021;
- (ii) The Bond Sponsor Rating Report by DataPro Limited Dated May 19 2021
- (iii) The audited financial statements of GPC Energy and Logistics Limited for the years ended 31 December 2016 - 2020
- (iv) Management Account of GPC Energy and Logistics Limited for the period ended 30 June 2021;
- (v) Programme Trust Deed dated November 23 2021;
- (vi) Vending Agreement dated November 23 2021;
- (vii) Reporting Accountants Report on the audited financial statements;


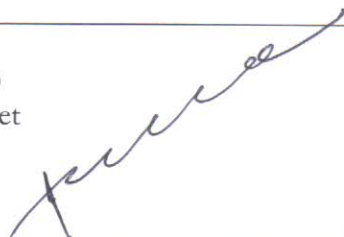
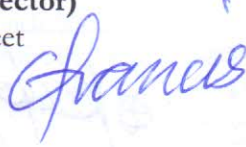

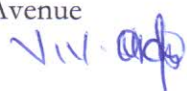

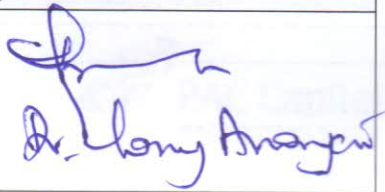
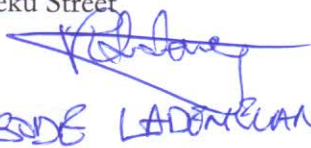
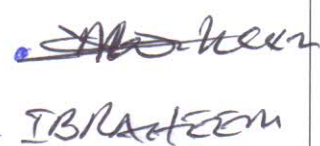
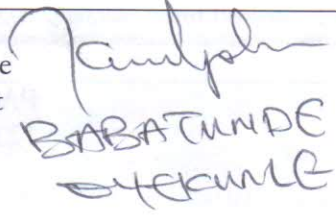
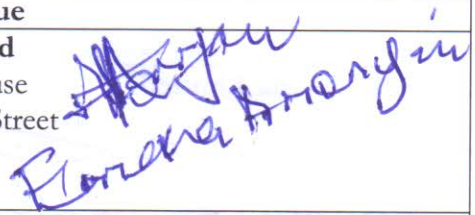
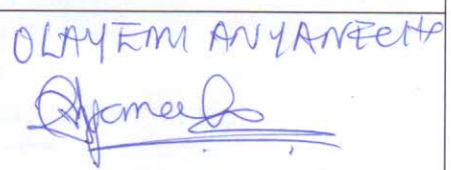
This Shelf Prospectus is accessible, and copies are available at no cost to each prospective investor at the offices of the Issuing Houses from 8:00 a.m. till 5:00 p.m. on Business Days during the Offer Period.

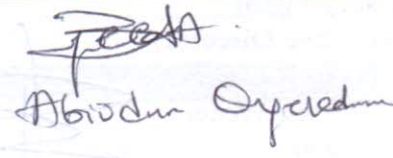
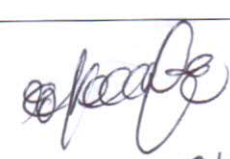
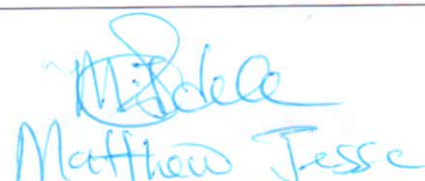
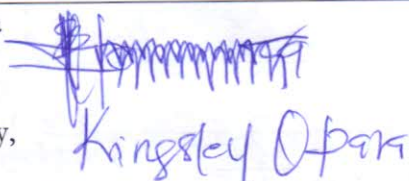
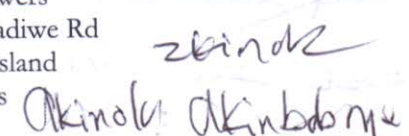
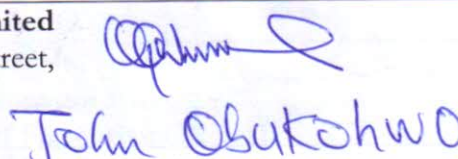
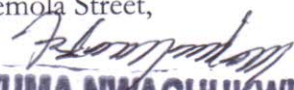
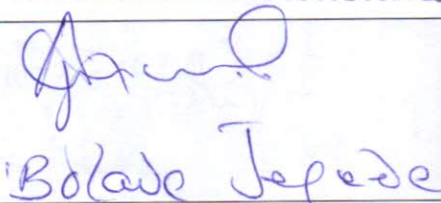
Telephone enquiries should be directed to the Issuing House on:

| Lead/Joint Issuing Houses | Contact Person(s) | Telephone/Email |
|-------------------------------------|--------------------|--|
| Planet Capital Limited | Emeka Anonyai | 08023152552/ eanonyai@planetcapitaltd.com |
| Ecobank Development Company Limited | Mohammed Mahmud | 08135471832/ mmahmud@ecobank.com |
| Light House Capital Limited | Temitope Bamidele | 08061375350/ tbamidele@lighthousecapital.ng |
| PAC Capital Limited | Babatunde Oyekunle | 09082638332 / batunde.oyekunle@paccapitaltd.com |

PARTIES TO THE OFFER

| Issuer | |
|--|--|
| <p>GPC-SPV COMPANY PLC RC:1775369 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos https://gpcgroupltd.com</p> | |
| Directors and Company Secretary of the Issuer | |
| <p>Christopher Uzoma Francis (Chairman) 4B, Regina Coker Street, Off Obanta Avenue, Ikeja, Lagos.</p>  | <p>Elvis Chukwudi Okonji (Director) 4B, Regina Coker Street, Off Obanta Avenue, Ikeja, Lagos.</p>  |
| <p>Opemikun Ibitoye (Director) 4B, Regina Coker Street, Off Obanta Avenue, Ikeja, Lagos.</p>  | <p>Dr Mike Asekome (Director) 4B, Regina Coker Street, Off Obanta Avenue, Ikeja, Lagos.</p>  |
| <p>Patrick Uwajei (Ph.D) (Director) 4B, Regina Coker Street, Off Obanta Avenue, Ikeja, Lagos.</p>  | <p>Mayowa Olaleye (Company Secretary) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos</p>  |
| SPONSOR | |
| <p>GPC Energy & Logistics Limited ("GPC") RC: 853887 4B, Regina Coker Street, Off Obanta Avenue, Ikeja, Lagos Website: https://gpcgroupltd.com</p> | |
| Directors and Company Secretary of the Sponsor | |
| <p>Dr Mike Asekome (Chairman) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos</p>  | <p>Okonji Chukwudi Elvis (MD/Chief Executive Officer) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos</p>  |
| <p>Salisu Damisa Abubakar (Deputy Managing Director) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos</p>  | <p>Opemikun Ibitoye (Executive Director) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos</p>  |

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| Olusola Tijani (Executive Director) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos  | Ime Ibatt (Executive Director) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos  |
| Christopher Uzoma Francis (Non-Executive Director) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos  | HRM Oba Jimoh Raski Ishola Famuyiwa (Independent Non-Executive Director) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos  |
| Vivian Okwudike (Independent Non-Executive Director) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos  | Mayowa Olaleye (Company Secretary) 4B, Regina Coker Street Off Obanta Avenue Ikeja, Lagos  |
| Professional Parties | |
| Lead Issuing House/Book Runner | |
| Planet Capital Limited 3 rd Floor, St. Peter's House 3, Ajele Street, Off Broad Street Lagos Island, Lagos  | |
| Joint Issuing Houses/Book Runners | |
| Ecobank Development Company Limited 19A, Adeola Odeku Street Victoria Island, Lagos.  | Lighthouse Capital Limited 2nd Floor 39, Adeola Odeku Street Victoria Island, Lagos  |
| PAC Capital Limited Plot 8A, Elsie Femi Pearse Off Adeola Odeku Street Victoria Island, Lagos.  | |
| Stockbroker to the Issue | |
| Planet Capital Limited 3 rd Floor, St. Peter's House 3, Ajele Street, Off Broad Street Lagos Island, Lagos  | |
| Solicitor to Transaction | |
| Sefton Fross 20B, Kingsley Emu Street, Lekki Scheme 1, Lekki, Lagos, Nigeria  | |

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|---|--|
| Solicitor to Issuer | |
| Detail Commercial Solicitors 8, DCS Street, DCS Place, Off Remi Olowude Way Lekki Phase 1, Lagos, Nigeria. | |
|  Abiodun Oyedun | |
| Trustees | |
| PAC Trustees Limited Plot 8A, Elsie Femi Pearce Off Adeola Odeku Street Victoria Island, Lagos. | |
|  ERIC OKORUNA | |
| Rating Agencies | |
| DataPro Limited Foresight House 163/165 Broad Street, Lagos | |
|  Matthew Jesse | |
| Auditor | |
| Grant Thornton Nigeria (Chartered Accountants) 3rd & 4th Floors, 294, Herbert Macaulay Way, Yaba, Lagos | |
|  Kingsley Opari | |
| Reporting Accountant | |
| Deloitte & Touche Civic Towers Ozumba Mbadiwe Rd Victoria Island Lagos | |
|  Akinola Akinbade | |
| Registrar | |
| PAC Registrars Limited 122, Bode Thomas Street, Surulere, Lagos. | |
|  John Obukhwo | |
| Receiving Banks | |
| Ecobank Nigeria Limited Ahmadu Bello Way, Victoria Island, Lagos. | Providus Bank Limited 724, Adetokunbo Ademola Street, Victoria Island, Lagos  CHUKWUMA NWACHUKWU |
| Union Bank Plc 36, Marina Road Lagos Island, Lagos. | |
|  Bolade Teye | |

THE PROGRAMME

A copy of this Shelf Prospectus and the documents specified herein has been delivered to the SEC for clearance and registration.

This Shelf Prospectus is being issued in compliance with the provisions of the ISA No 29 2007, the Rules and Regulations of the Commission and the listing requirements of the relevant Exchanges and contains particulars in compliance with the requirements of the SEC for the purpose of giving information to the public with regards to the Programme. In the event that any issue under the Programme is to be listed, an application will be made to either the Governing Council of The NGX for the admission of such Bonds to its Daily Official List or to the FMDQ Securities Exchange Limited for the listing of the Bonds (as determined by the Issuer) or to any SEC registered securities exchange.

The Directors of the Issuer and the Co-Obligor have taken all reasonable care to ensure that the information concerning the Issuer and the Co-Obligor contained in this Prospectus is true and accurate in all material respects on the date of this Prospectus and that as of the date hereof there are no other material facts in relation to the Issuer and the Co-Obligor the omission of which would make misleading any statement herein.

LEAD ISSUING HOUSE



JOINT ISSUING HOUSES



Ecobank Development Company Limited
RC: 440370



Lighthouse Capital Limited
RC: 73946



PAC Capital Limited
RC: 1208597

On behalf of
GPC-SPV COMPANY PLC RC1775369



is authorized to issue this Shelf Prospectus in respect of the ₦50,000,000,000 Bond Issuance Programme

This Shelf Prospectus contains:

1. on pages 26 - 59, the Terms & Conditions of the Programme;
2. on page 128, the confirmation of Going Concern Status of the Sponsor prepared by GPC Energy & Logistics Limited
3. on page 99, an extract of the Rating Report of the Sponsor by DataPro for incorporation in this shelf prospectus
4. on pages 100 – 125, the Reporting Accountants' Report on the Sponsor's historical financial information, prepared by Deloitte & Touche for incorporation in this Shelf Prospectus;
5. on page 133, opinion on Claims and Litigation prepared by Sefton Fross

THIS SHELF PROSPECTUS IS DATED 23 NOVEMBER 2021

This Shelf Prospectus will be available on the following website:

www.sec.gov.ng

SUMMARY OF THE PROGRAMME

The following summary does not purport to be complete and is taken from, and qualified in its entirety by the remainder of this Shelf Prospectus and in relations to the terms and conditions of any particular Tranche and, the applicable Pricing Supplement. Words and expressions defined in “*Form of Bonds*” and “*Terms and Conditions of the Bonds*” shall have the same meaning in this summary:

SUMMARY OF THE OFFER

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| 1 | ISSUER: | GPC-SPV Company Plc |
| 2 | DESCRIPTION OF THE PROGRAMME: | <p>The programme is a Debt Issuance Programme being undertaken by GPC-SPV Company Plc through which a Bond or a series of Bonds will be issued.</p> <p>The Programme covers convertible and non-convertible Bonds, Senior or Subordinated and/or Unsecured Bonds, Fixed Rate Bonds, Floating Rate Bonds, Reverse Floating Bonds, Zero-Coupon Bonds and any combinations thereof, with a minimum tenor of 12 months, all of which shall be denominated in Naira or in such other currency as may be agreed between the Issuing Houses and the Issuer and specified in the applicable Pricing Supplement.</p> <p>No Bonds shall be offered on the basis of this Shelf Prospectus or a Pricing Supplement after the expiration of the validity period of the Shelf Prospectus or any other validity period as may be determined by SEC from time to time.</p> <p>The Bonds shall be constituted by the Programme Trust Deed and the relevant Series Trust Deed(s). The provisions of the Programme Trust Deed shall apply separately and independently to the Bonds, provided that any terms and conditions relevant to additional Bonds, if any, under the Programme shall be governed by the relevant Series Trust Deed(s).</p> |
| 3 | PROGRAMME LIMIT: | ₦50,000,000,000.00 (Fifty Billion Naira only) |
| 4 | CURRENCY: | The Bonds shall be denominated in Naira (₦) or in any other currency as may be agreed between the Issuer, the Co-Obligor and the Issuing House(s) and specified in the Applicable Pricing Supplement, subject to compliance with all applicable legal and regulatory requirements. |
| 5 | SECURITY: | The security for any Bonds to be issued under this Programme shall be specified in the Applicable Pricing Supplement |
| 6 | GUARANTEE: | The bonds to be issued under this Programme may or may not be guaranteed. Details of the guarantee if it is to be guaranteed shall be specified in the Applicable Pricing Supplement |
| 7 | STATUS OF THE BONDS: | <p>The status of the Bonds is as specified in the Programme Trust Deed and as modified in respect of any Series by the applicable Series Trust Deed.</p> <p>The Programme allows for the issuance of various types of</p> |

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| | | <p>Instruments that can be classified as Senior or subordinated.</p> <p>Senior-ranking Bonds shall constitute direct, unsubordinated (subject to the provisions of the Programme Trust Deed) obligations of the Issuer and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Issuer in respect of principal and any interest thereon shall at all times rank at least equally with all other secured or unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors rights.</p> <p>Subordinated Bonds are direct and subordinated obligations of the Issuer and rank pari passu and without any preference among themselves and at least pari passu with the claims of all holders of Subordinated Indebtedness as provided for in the Programme Trust Deed. In the event of the winding-up of the Issuer, the claims of the Trustee and the Holders of Subordinated Bonds against the Issuer to payment of principal and interest in respect of the Subordinated Bonds will be subordinated to the Senior Indebtedness in the manner provided in the Programme Trust Deed.</p> |
| 8 | FORM OF BONDS: | The Bonds shall be issued in registered form and shall be transferable. The issue and ownership of the Bonds will be effected and evidenced by the particulars of the Bond being entered in the Register by the Registrar and the Bonds being electronically registered in the relevant depository account of the Bondholder. |
| 9 | LEAD ISSUING HOUSE/BOOK RUNNER: | Planet Capital Limited, or any other Issuing House as may be specified in the applicable Pricing Supplement |
| 10 | JOINT ISSUING HOUSES/BOOK RUNNER: | As may be specified in the applicable Pricing Supplement |
| 11 | TRUSTEES: | PAC Trustees Limited |
| 12 | LISTING: | Bonds may be unlisted or listed on recognized Stock Exchanges such as the FMDQ Securities Exchange Limited and/or other SEC approved relevant Exchanges. |
| 13 | USE OF PROCEEDS: | The Issuer seeks to raise medium to long-term debt under the Programme. The exact use of the proceeds will be specified in each Series and Tranche applicable Pricing Supplement. |
| 14 | MATURITY DATE: | As specified in the Applicable Pricing Supplement. |
| 15 | PAYMENT DATE: | As specified in the Applicable Pricing Supplement. |
| 16 | METHOD OF ISSUE: | Bonds under this Programme may be issued via a Book Build, public offering, private placement and/or any other such methods as described in the Applicable Pricing Supplement and as approved by |

| | | |
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| | | the SEC. |
| 17 | ISSUANCE IN SERIES: | The Bonds will be issued in Series and each Series may comprise one or more tranches issued on different dates. The Bonds in each Series will have identical terms (except that the Issue Dates, Maturity Dates, Issue Price, Interest Commencement Dates and related matters may be different). Details applicable to each Series will be specified in the Applicable Pricing Supplement. |
| 18 | ISSUE PRICE: | The Bonds may be issued at their principal amount or at a premium or discount to their principal amount, as specified in the Applicable Pricing Supplement. |
| 19 | COUPON: | Refers to the specified rate of interest on a Bond as specified in the Applicable Pricing Supplement. |
| 20 | DENOMINATIONS: | The Bonds will be issued in such denominations as specified in the Applicable Pricing Supplement. |
| 21 | INTEREST RATES: | Bonds may be interest-bearing or non-interest bearing. Interest (if any) may be at a fixed or floating rate and may vary during the lifetime of the relevant Series as may be specified in the Applicable Pricing Supplement. |
| 22 | FIXED RATE BONDS: | Fixed Rate Bonds will bear Coupons which will be payable in arrears on each Coupon Payment Date as may be specified in the relevant Pricing Supplement(s). |
| 23 | FLOATING RATE BONDS: | Floating Rate Bonds will bear interest at a rate on such basis as may be agreed between the Issuer and Issuing House(s) as is specified in the Applicable Pricing Supplement, and will be calculated on such basis as may be specified in the Applicable Pricing Supplement. |
| 24 | INDEX-LINKED BONDS: | The Issuer may offer Bonds which provide for payments of principal or premium or interest which are linked to a currency, securities exchange or commodities exchange index or other indices as stated in the Applicable Pricing Supplement. Specific provisions regarding the manner in which such payments are to be calculated and made will be set forth in the Applicable Pricing Supplement. |
| 25 | ZERO COUPON BONDS: | Zero Coupon Bonds may be issued at a discount to par and will not bear interest. |
| 26 | OTHER BONDS | Terms applicable to High Interest Bonds, Low Interest Bonds, Step-Up Bonds, Step-Down Bonds, Dual Currency Bonds, Covered Bonds and any other type of Bonds which the Issuer and the Issuing Houses may agree to issue under the Programme, subject to compliance with all applicable relevant laws, regulations and directives, as set out in the relevant Pricing Supplement. |
| 27 | SPONSOR'S RATING: | DataPro Limited – A |
| 28 | ISSUE RATING: | Rating for each Series under the Programme will be stated in the relevant Pricing Supplement |

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| 29 | BOND RATINGS: | Rating for each Series under the Programme will be stated in the relevant Pricing Supplement. |
| 30 | EVENTS OF DEFAULT: | The events of default under the Bonds are as specified within the Programme Trust Deed and Series Trust Deed(s). |
| 31 | EARLY REDEMPTION: | Early redemption will be permitted only to the extent specified in the relevant Pricing Supplement and then only subject to any applicable legal or regulatory limitations. |
| 32 | REDEMPTION: | Bonds may be redeemable at par or at such other redemption amount as may be specified in the relevant Pricing Supplement. |
| 33 | TENOR: | The tenor of a particular series of Bonds shall be determined by the Issuer and the Issuing Houses and specified accordingly in the Applicable Pricing Supplement for the Bonds being issued. |
| 34 | TAXATION | The Bonds are exempt from taxation in Nigeria in accordance with the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011. As such, all payments made to Bondholders shall be free and clear of Withholding, State and Federal Income and Capital Gains Taxes with no deductions whatsoever being made at source. For avoidance of doubt, this exemption has a lifespan of 10 years commencing on the effective date of 2nd January 2012. |
| 35 | BUSINESS DAY CONVENTION: | Where the day on which a payment is due to be made is not a Business Day, that payment shall be effected on the next succeeding Business Day unless that succeeding business day falls in a different month in which case, payment shall be made on the immediately preceding Business Day. |
| 36 | PRICING SUPPLEMENT | The Final terms of each Series will be set forth in an Applicable Pricing Supplement |
| 37 | OTHER CONDITIONS | Terms applicable to each Series as specified in the Applicable Pricing Supplement other than those specifically contemplated under this Shelf Prospectus which the Issuer and the Issuing Houses may agree to issue under the Programme subject to compliance with all relevant applicable laws and regulations. |
| 38 | GOVERNING LAW | The Bond Issue, the Trust Deed and all related documents (the "Transaction Documents") will be governed by the laws of the Federal Republic of Nigeria. |
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TRANSACTION OVERVIEW

The information contained in this section is a summary of certain aspects of the Programme and the principal features of the Bonds. This summary is not exhaustive nor does it purport to be a complete or professional review of the investment situation regarding the possible purchase of the Bonds, which you may currently be considering. This summary should therefore be read as an introduction to this Shelf Prospectus, as such, it should be read in conjunction with the remainder of this Shelf Prospectus and the Pricing Supplement. Investors should read the entire Shelf Prospectus carefully, especially the risks involved in investing in the Bonds which are discussed under “Risk Factors” commencing on page 93.

Description of Transaction Structure

The Issuer is an SPV set up for the purpose of offering its bonds to Qualified Institutional Investors (“QII”) and High Net worth Individuals (“HNIs”) to raise money for investing in the Sponsor’s business. The Sponsor, a logistics company is raising fund to expand its business scope and execute existing contracts.

The Co-Obligor shall have a joint and several obligation to repay the aggregate principal amount outstanding and Coupon under the Trust Deed and/or IBPA in accordance with the Applicable Pricing Supplement.

Utilisation of the Issue Proceeds

The net proceeds of the bonds issue would be advanced or passed through to the Sponsor under the terms of the Trust Deed or used by the Issuer to finance the purchase of the bonds issued by the Sponsor in accordance with the terms of any given Intercompany Bonds Purchase Agreement (the “IBPA”) between the Issuer and the Sponsor as specified in the Applicable Pricing Supplement.

Servicing of the Bonds

Payment of Coupons and scheduled repayment of principal, in accordance with the repayment schedule in the Applicable Pricing Supplement will be serviced with payments received from the Co-Obligor in accordance with the terms of the applicable Trust Deed or IBPA.

Funding of Transaction Accounts

Where specified in the Applicable Pricing Supplement, the Co-obligor may be required to maintain a Payment Account under the control of the Trustee and in accordance with the Trust Deed and the Account Bank Agreement, as well as a [minimum reserve account] (where applicable).

The Co-Obligor shall fund the payment obligations of itself and the Issuer by crediting the Payment Account using their cash flows in accordance with the Series Trust Deed/Pricing Supplement applicable to the relevant Series of Bonds. The Co-obligor shall also maintain the [minimum reserve account], where applicable, in such minimum reserve amounts determined under the Applicable Pricing Supplement for the relevant Series.

Security Trust Deed

Where specified in the Applicable Pricing Supplement, the Bonds may be backed by a Security Trust Deed entered into by the Issuer, the Sponsor and the Trustees on behalf of bondholders supporting the due discharge of all the obligations of the Issuer under the Programme and as may be detailed in the applicable Series Trust Deeds for each Series of the bond.

TERMS AND CONDITIONS OF THE PROGRAMME

2 APPOINTMENT OF TRUSTEE AND DECLARATION OF TRUST

- 2.1 **Appointment of Trustee:** The Issuer hereby appoints the Trustee to act as the representative of the Bondholders, and to hold the benefits of the covenants, rights and other obligations on the part of the Obligors herein contained for the benefit of the itself and the Bondholders (according to their respective interests) in accordance with the terms of this Programme Trust Deed.
- 2.2 **The Trustee:** The Trustee hereby accepts the appointment with effect from the date of this Programme Trust Deed, declares itself as trustee for the Bondholders and agrees to hold the benefit of the covenants and other obligations on the part of the Obligors herein contained on trust for itself and the Bondholders subject to the terms of this Programme Trust Deed.
- 2.3 By execution of this Programme Trust Deed, the Trustee has accepted and agreed to enforce the powers and perform the duties and obligations of the Trustee specifically set out in this Programme Trust Deed and generally provided for in the Trustees Investment Act.
- 2.4 **Duration of Trust:** For the avoidance of doubt, the parties to this Programme Trust Deed agree that the common law rule against perpetuities will apply to the trusts constituted under this Programme Trust Deed and that the Deed shall not endure beyond 21 years from the date of its creation. The trusts created by this Programme Trust Deed shall remain in full force and effect until the date on which, following the redemption of all Bonds issued pursuant to the Programme, the Trustee unconditionally confirm in writing to the Issuer that there is no longer any outstanding Indebtedness owing by the Issuer under the Programme; or the date on which the Trustee receive unconditional confirmation in writing from the Registrar that the Bondholders have been paid all outstanding obligations.

3 AMOUNT AND ISSUE OF THE BONDS

- 3.1 **Amount of the Bonds:** The Bonds will be issued in Series in an aggregate nominal amount from time to time outstanding up to and not exceeding the Programme Limit and for the purpose of determining such aggregate nominal amount, the provisions of the Final Terms shall apply. Any Bonds issued under the Programme shall be constituted by this Programme Trust Deed without further formality. A Series Trust Deed will be issued in respect of each Series.
- 3.2 **Prior to each Issue Date:** By not later than 3.00 p.m. on the fifth Business Day preceding each proposed Issue Date, the Issuer shall:
- (a) deliver or cause to be delivered to the Trustee a draft of the relevant Pricing Supplement or Supplementary Shelf Prospectus and, if applicable, notify the Trustee of any proposed changes to the draft Final Terms delivered to the Trustee;
 - (b) deliver or caused to be delivered to the Trustee, legal opinions (in form and substance satisfactory to the Trustee) or supporting authorizations or approvals of the issuance of that Series of Bonds, as may be required by the Trustee; and
 - (c) notify the Trustee in writing without delay of the Issue Date and the nominal amount of the Bonds of the relevant Tranche.
- The Trustee shall not be required in any case to approve such Final Terms, provided that consent may not be unreasonably withheld or delayed.

- 3.3 **Issue of Bonds:** The Bonds shall be issued by way of an offer for subscription or private placement either through a pre-pricing process, book building process and or any other such methods as shall be set out in more detail in the relevant Supplementary Shelf Prospectus or Pricing Supplement.
- 3.4 **Senior and subordinated Bonds:** Any Series of the Bonds may be Senior Bonds or Subordinated Bonds under terms to be provided in the applicable Final Terms.
- 3.5 **Utilisation of Proceeds:** The Issuer shall use the net proceeds from the issue of each Series of Bonds (after deduction of the costs and expenses incurred in connection with the issuance of such Series of Bonds) in accordance with the provisions of the applicable Final Terms.

4 **SEPARATE TRUSTS**

- 4.1 Any Series of Bonds issued under the Programme shall be supplemented by a separate trust deed applicable to each Series of Bonds. The Issuer shall execute and deliver such Series Trust Deed to the Trustee containing such provision (whether or not corresponding to any of the provisions contained in this Programme Trust Deed) as the Trustee may require. Each Series Trust Deed shall set out the form of the Series of Bonds to be so issued thereby and shall be accompanied by supporting authorizations or approvals as may be required under Applicable Law.
- 4.2 The Bonds of each Series shall form a separate Series and cover a separate class of Bonds and accordingly, all the provisions of this Programme Trust Deed shall apply mutatis mutandis separately and independently to the Bonds of each Series and in such Clauses and Schedule the expressions "**Bonds**", and "**Bondholders**" shall be construed accordingly.
- 4.3 Each Series Trust Deed shall apply separately and independently to the Bonds of each respective Series.
- 4.4 The Trustee shall hold the benefit of the payment obligation of the Obligors on trust for the Bondholders of the applicable Series of Bonds in accordance with the terms and conditions of each Series Trust Deed.
- 4.5 The name of each series will commence with the word "Series" and will be followed by a number in consecutive order of issuance of the Series (for example the first Series will be known as the "Series 1 Bonds")
- 4.6 If there is any conflict between the provisions of a Series Trust Deed relating to a particular Series and the provisions of this Programme Trust Deed, the provisions of the Series Trust Deed shall, notwithstanding any other provision to the contrary, prevail over the provisions of this Programme Trust Deed in respect of the relevant Series.

5 **COVENANT TO PAY**

- 5.1 **Covenant to pay:** The Issuer covenants with the Trustee that it shall, in accordance with the relevant Final Terms of any Series, unconditionally pay or procure to be paid to or to the order of the Trustee in immediately available freely transferable funds in Nigerian Naira (or such other currency specified in the relevant Final Terms), the Principal Amount Outstanding of the Bonds of such Series or any of them becoming due for payment on that due date and shall (subject to the Conditions and except in the case of Zero Coupon Bonds) until all such payments (after as well as before any judgment or other order of any court of competent jurisdiction) are duly made, unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid on the dates provided for in the Conditions interest on the Principal Amount Outstanding (or such other amount as may be specified in the relevant Final Terms)

of the Bonds or any of them of such Series from time to time as set out in the Conditions (subject to Clause 5.3 (Interest on Floating Rate Bonds following Event of Default)) provided however that:

- (a) every payment of principal or interest in respect of such Bonds or any of them made to any Bondholder in the manner provided in the applicable Final Terms shall satisfy, to the extent of such payment, the relevant covenant by the Issuer contained in this Clause except to the extent that there is default in the subsequent payment thereof to the relevant Bondholders in accordance with the Conditions;
- (b) if any payment of principal or interest in respect of such Bonds or any of them is made after the due date, payment shall be deemed not to have been made until either the full amount is paid to the relevant Bondholders or, if earlier, the fifth day after notice has been given to the relevant Bondholders in accordance with Condition 19 (Notices) of Schedule 1 that the whole of such principal, together with interest which has accrued and is to accrue pursuant to this proviso has been received by the Trustee except; and
- (c) in any case where payment of the whole or any part of the principal amount due in respect of any Bond is improperly withheld or refused on the Payment Date (other than in circumstances contemplated by proviso (b) above) interest shall continue to accrue on the whole or such part of such principal amount (except in the case of Zero Coupon Bonds, to which the provisions of Condition 6 shall apply), from the date of such withholding or refusal until the date either on which such principal amount is paid to the relevant Bondholders or, if earlier, the fifth day after which notice is given to the relevant Bondholders in accordance with Condition 19 (Notices) of Schedule 1, that the full amount payable in respect of the said principal amount (including the Coupon, if unpaid together with interest which has accrued and is to accrue pursuant to this proviso) is available for collection by the relevant Bondholders, such payment is in fact made.

The Trustee will hold the benefit of this covenant and the covenants in Clause 7 (Covenant to comply with the Programme Trust Deed) in trust for the Bondholders in accordance with their respective interests.

5.2 Events of Default:

- (a) Each of the events or circumstances set out in Condition 14 of the Terms and Conditions of this Programme Trust Deed is an Event of Default.
- (b) If any Events of Default occurs and is continuing, the Trustee may at its discretion and shall, upon the request in writing of the registered holders of at least three-fourth of the nominal amount of the Bonds for the time being outstanding or upon being so directed by an Extraordinary Resolution by notice in writing to the Issuer declare the Bonds to have become immediately repayable, subject to Condition 14.
- (c) At any time after any Event of Default or Potential Event of Default shall have occurred, the Trustee may by notice in writing to the Issuer and the Registrar, require the Registrar:
 - (i) to act thereafter as agent of the Trustee under the provisions of this Programme Trust Deed (with consequential amendments as necessary and save that the Trustee's liability under any provisions thereof for the indemnification, remuneration and payment of out-of-pocket expenses of the Registrar shall be limited

to a sum equal to the amounts for the time being held by the Trustee on the trusts of this Programme Trust Deed in relation to the Bonds on the terms of this Programme Trust Deed and available to the Trustee for such purpose) and thereafter to hold all Bonds and all sums, documents and records held by it in respect of Bonds on behalf of the Trustee; and/or

(ii) to deliver up all Bonds and all sums, documents and records held by it in respect of Bonds to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any document or record which the Registrar is obliged not to release by any law or regulation.

5.3 **Interest on Floating Rate Bonds following Event of Default:** If Floating Rate Bonds become immediately due and repayable under Condition 14 (Events of Default) the rate and/or amount of interest payable in respect of them will be calculated at the same intervals as if such Bonds had not become due and repayable, the first of which will commence on the expiry of the Coupon Period (as defined in the Conditions) during which the Bonds become so due and repayable in accordance with Condition 14 (Events of Default) (with consequential amendments as necessary).

5.4 **Currency of payments:** All payments in respect of, under and in connection with this Programme Trust Deed and the Bonds to the relevant Bondholders shall be made in Nigerian Naira (or such other currency specified in the relevant Final Terms) as required by the Conditions.

6 THE BONDS

6.1 **Form of Bonds:** The Bonds shall be in registered form, made eligible for admission to listing on a Recognised Stock Exchange and issued in accordance with applicable legal and stock exchange listing authority and/or quotation system requirements and unless otherwise specified in any Final Terms, the Bonds shall be issued in uncertificated (dematerialised or book entry) form, which shall be registered with a separate securities identification code with the applicable Depository and evidenced by credit into the Bondholder's Securities Account.

6.2 **Ranking of Bonds:** The ranking of the Bonds as and when issued shall be as specified in the relevant Series Trust Deed and/or Final Terms.

7 COVENANT TO COMPLY WITH THE PROGRAMME TRUST DEED

7.1 **Covenant to comply with the Programme Trust Deed:** The Obligors and the Trustee hereby covenant with each other that they shall comply with all those provisions of this Programme Trust Deed and the Conditions which are expressed to be binding on them and to perform and observe the same. The Bonds are subject to the provisions contained in this Programme Trust Deed, and the Bonds of each Series are subject to the provisions of the Series Trust Deed, all of which shall be binding upon the Issuer, the Trustee and all persons claiming through or under them respectively.

7.2 **Trustee may enforce Conditions:** The Trustee shall be entitled to enforce the obligations of the Issuer under the Bonds and the Conditions, and the obligations of the Obligors under this Programme Trust Deed, as if the same were set out and contained in this Programme Trust Deed which shall be read and construed as one document with the Bonds.

8 **IRREVOCABLE UNDERTAKING TO PAY**

The Sponsor irrevocably undertakes to pay all amounts due under the Bonds, subject to the provisions of this Programme Trust Deed.

9 **REPRESENTATIONS AND WARRANTIES OF THE OBLIGORS**

Each Obligor represents and warrants to the Trustee on the date of this Programme Trust Deed as follows:

9.1 **Status**

- (a) It is a limited liability company, duly incorporated and validly existing under the laws of its jurisdiction of incorporation.
- (b) It has the power and authority to own, lease and operate its assets and carry on its business as it is being conducted.

9.2 **Powers and authority**

- (a) It has the power to enter into and perform and has taken all necessary action to authorise the entry into and performance of, the Issue Documents to which it is a party and the transactions contemplated by such Issue Documents to the extent applicable to it.
- (b) No limit on its powers will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Issue Documents to which it is a party.

9.3 **No adverse change:** Save as disclosed in the Shelf Prospectus, since the date of its last audited financial statements delivered to the Trustee, no event which is likely to have a Material Adverse Effect has occurred.

9.4 **Non-conflict:** The entry into and performance by it of, and the transactions contemplated by, the relevant Issue Documents to which it is a party do not, and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) its constitutional documents;
- (c) any document which is binding upon it or any of its assets; or
- (d) any licence that is required for the carrying on of its business.

9.5 **Valid and binding obligations**

- (a) The obligations expressed to be assumed by it under the Issue Documents to which it is a party are legal and valid obligations, binding on it and enforceable against it in accordance with their respective terms.

9.6 **Validity and admissibility in evidence**

- (a) Other than the payment of applicable stamp duties and the stamping of the Issue Documents, all Authorisations and any other acts, conditions or things required or desirable:
 - (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Issue Documents to which it is a party; and
 - (ii) to make the Issue Documents to which it is a party admissible in evidence in its jurisdiction of incorporation, have been obtained, effected, done, fulfilled or performed and are in full force and effect.

9.7 **No filing or stamp taxes:** It is not necessary that the Issue Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Issue Documents or the

transactions contemplated by the Issue Documents except any filing, recording or enrolling or any tax or fee payable in relation to each of the Issue Documents which is referred to in any legal opinion issued and delivered to the Trustee in relation to the Issue Documents and which will be made or paid by the Obligors promptly after the date of the relevant Issue Document and in any event within any period required under Applicable Law.

9.8 Indebtedness and Solvency:

- (a) Save as disclosed in the Prospectus and the applicable Pricing Supplement, it has no other loans, material contingent liabilities or other similar indebtedness, other than the Permitted Indebtedness;
- (b) Save as disclosed in the Prospectus and the applicable Pricing Supplement, it has no other debentures, mortgages, charges, or other Security, other than the Permitted Security;
- (c) It is neither unable nor has it admitted its inability to pay its debts as they fall due nor has it suspended the making of payments on any of its debts or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its Indebtedness;
- (d) Save as otherwise disclosed in the Prospectus, no moratorium has been declared in respect of any of its Indebtedness;
- (e) The value of its assets is not less than its liabilities (both actual and contingent).

9.9 Authorisations: All consents, licences, authorisations and approvals:

- (a) required to be obtained by it to enable the consummation of the transactions constituted by the Issue Documents to which it is a party; and
- (b) necessary for the conduct of its business substantially as conducted at the date hereof have been obtained (and are in full force and effect) or will be obtained (and remain in full force and effect) prior to the Initial Issue Date, their terms and conditions have been complied with in all material respects and they have not been and, so far as such Obligor is aware, will not be revoked or otherwise terminated as a result of entry into the Issue Documents to which it is a party, and the consummation of the transactions constituted thereby, and in each case if not obtained or complied with, or if revoked or terminated, would not be reasonably expected to have a Material Adverse Effect.

9.10 Litigation: Other than as disclosed in the Prospectus, no litigation, arbitration, administrative proceedings or other proceedings are current or, to the knowledge of the Directors of the Obligors (having made all due enquiries), pending or threatened in writing, against the Obligors or against any of its Directors or its assets which, if adversely determined, would reasonably be expected to have a Material Adverse Effect.

9.11 No deduction or withholding: It will not be required to make any deduction or withholding from any payment it may make under the Bonds except where such deduction or withholding is mandatorily required under Applicable Law.

9.12 Compliance with Laws

- (a) To the best knowledge of its Directors (having made all due enquiries), no practice, procedure or policy employed by the Obligor in the conduct of its business violates any judgment, law, regulation, order or decree applicable to it and which violation, if enforced, would be reasonably likely to have a Material Adverse Effect.
- (b) All returns and resolutions and other documents required to be filed with or delivered by the Obligors to the Corporate Affairs Commission and the SEC pursuant to the

CAMA and to the ISA and SEC Rules have been or will be duly filed or delivered, where failure to do so would be reasonably likely to have a Material Adverse Effect.

9.13 **General duty of disclosure**

- (a) The Prospectus contains and will contain (as applicable) all such information as is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Obligors and of the rights attaching to the Bonds.
- (b) All statements of fact contained in the Prospectus are true and accurate in all respects and there are no material facts known to it that are not disclosed therein and the omission of which could make statements therein false or misleading and there are no other circumstances adversely affecting it or the Issuer which have not been disclosed in the Prospectus and which if disclosed would be calculated to affect materially the decision of a subscriber to the Bonds.
- (c) Except as already mentioned in the Prospectus, no circumstances have arisen whereby any person is entitled to require payment or seek redress in respect of any obligation or by reason of any of its default.
- (d) Since it commenced operations, its business has been carried out in the ordinary and usual manner.

9.14 **Approval of Shelf Prospectus**

- (a) Applications have been made for the Bonds to be registered by the SEC. The Shelf Prospectus is issued in compliance with the SEC Rules and Regulations.
- (b) No Event of Default will result from the execution, or the performance, of any transaction contemplated by any Issue Document.

9.15 **Governing law and enforcement**

- (a) The choice of law stated to be the governing law of each Issue Document will be recognised and enforced in its jurisdiction of incorporation.
- (b) Any judgment obtained in relation to an Issue Document in the jurisdiction of the stated governing law of that Issue Document will be recognised and enforced in its jurisdiction of incorporation.

9.16 **No default**

- (a) No Event of Default is continuing or might reasonably be expected to result from the issue of the Bonds or the entry into of, or the performance of any transaction contemplated by, the Issue Documents.
- (b) No other event or circumstance is outstanding which constitutes a default under any other agreement or instrument which is binding on it or any of its assets are subject which might have a Material Adverse Effect.

9.17 **No Immunity:** Neither it nor any of its assets has any right of immunity on the ground of sovereignty or otherwise, from jurisdiction, attachment (before or after judgment) or execution in respect of any action or proceeding relating in any way to the Issue Documents that may be brought in the courts of the Federal Republic of Nigeria or any relevant jurisdiction.

9.18 **Pari passu ranking:** Its payment obligations under the Issue Documents rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

9.19 **Good title to assets:** It has good, valid and marketable title to, or valid leases or licences of, or is otherwise entitled to use, all assets necessary for the conduct of the business as it is

presently being conducted, where failure to do so would be reasonably expected to have a Material Adverse Effect.

- 9.20 **Material Contracts:** It is not and to the best of its knowledge and belief (having made due and careful enquiry) and other person is not in breach of any Material Contract to which it is a party nor has anything occurred which entitled any party to any Material Contract to rescind or terminate it or decline to perform their obligations under it.
- 9.21 **Anti-corruption law:** To the best of its knowledge and belief, it has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintains as at the date of this Programme Trust Deed policies and procedures designed to promote and achieve compliance with such laws
- 9.22 **Times for making representations and warranties**
- (a) The representations and warranties set out in this Clause 9 (Representations and Warranties of the Obligors) are made by each Obligor on the date of this Programme Trust Deed and the Initial Issue Date and are deemed to be repeated by each Obligor on each Issue Date for each Series of the Bond. The representations and warranties set out in Clauses 9.1, 9.3, 9.8(c), 9.8(d), 9.8(e) 9.10, 9.12 and 9.17 are deemed to be repeated by the Obligors on each Payment Date.
 - (b) When a representation and warranty is repeated, it is applied to the facts and circumstances existing at the time of repetition, provided always that in respect of any Issue Date, the representations contained in Clauses 9.4, 9.5, 9.13, and 9.14 shall be limited and refer only to the Tranche or Tranches of Bonds forming a single series of Bonds to be issued on such Issue Date and, to the extent that the representations contained in Clauses 9.3, 9.13 and 9.14 relate to the Prospectus, such representations shall be limited to the Prospectus prepared in respect of such Tranche or Tranches of Bonds.

10 COVENANTS BY THE ISSUER

The Issuer hereby covenants with the Trustee that, so long as any Bond remains outstanding:

- 10.1 **Terms and Conditions:** it shall comply with and perform all of its obligations under this Programme Trust Deed.
- 10.2 **Books of account:** it shall at all times keep such books of account as may be necessary to comply with all Applicable Laws and so as to enable its financial statements to be prepared and allow the Trustee and any person appointed by them free access to the same at all reasonable times during normal business hours and to discuss the same with responsible officers of the Issuer, provided further that the Trustee shall only use information so obtained in connection with the performance of its duties vested in it under this Programme Trust Deed or by operation of law and shall be subject to any limitations on disclosure and duties of confidentiality imposed by law or any Authority;
- 10.3 **Event of Default:** it shall give notice in writing to the Trustee immediately upon becoming aware of any Event of Default or Potential Event of Default and without waiting for the Trustee to take any further action;
- 10.4 **Certificate of Authorised Signatories:** it shall provide to the Trustee within 14 days of any written request by the Trustee (or such longer period as the Trustee may determine), a certificate signed by two of its Authorised Signatories, certifying that having made all reasonable enquiries, to the best of the knowledge, information and belief of the Issuer up to a specified date not earlier than seven days prior to the date of such certificate (the "Certified

Date"):

- (a) it has complied with its obligations under this Programme Trust Deed (or, if such is not the case, giving details of the circumstances of such non compliance);
- (b) that as at such date there did not exist nor had there existed at any time prior thereto since the Certified Date in respect of the previous such certificate (or, in the case of the first such certificate, since the date of this Programme Trust Deed) any Event of Default or Potential Event of Default of which such Authorised Signatories are or should have been aware, or (if such is not the case) specifying the same; and the Trustee may, without enquiry, rely on such certificate without any liability for so doing.

- 10.5 **No Indebtedness:** it shall not incur or allow to remain outstanding any Indebtedness, other than the Permitted Indebtedness.
- 10.6 **No deduction or withholding:** it shall make all payments under this Programme Trust Deed without withholding or deduction of, or in respect of, any Tax unless required by law. If any such withholding or deduction is required, the Issuer shall, when making the payment to which the withholding or deduction relates, pay to the Trustee, on behalf of the Bondholders, such additional amount as will ensure that each Bondholder receives the same total amount that it would have received if no such withholding or deduction had been required;
- 10.7 **Pari Passu ranking:** it shall procure that its payment obligations under the Programme Trust Deed rank and will rank pari passu at the very least, with the claims of all its other senior and unsubordinated creditors from time to time outstanding except for obligations mandatorily preferred by law applying to companies generally;
- 10.8 **Financial statements:** it shall send to the Trustee, the Rating Agency and the Registrar copies of:
 - (a) as soon as the same becomes available, but in any event within 120 days after the end of each financial year, its audited financial statements for that financial year;
 - (b) as soon as the same becomes available, but in any event within 45 days after the end of each financial quarter, its unaudited financial statements for that financial quarter; and
 - (c) (if the same are produced) as soon as practicable after their date of publication copies of every report or other notice, statement or circular, issued to its shareholders and creditors or to holders of securities other than shareholders as soon as practicable after the issue or publication thereof, and procure that the same are made available for inspection by Bondholders at the Specified Offices of the Registrar as soon as practicable thereafter.
- 10.9 **Information:** it shall:
 - (a) within ten (10) Business Days upon becoming aware of them, make available to the Trustee details of any litigation, arbitration or administrative proceedings or proceedings before, or action by, any Authority, which are current, threatened or pending and which might, if adversely determined, have a Material Adverse Effect;
 - (b) within ten (10) Business Days of filing, make available to the Trustee copies of all documents filed with the SEC in respect of the Issue;
 - (c) within ten (10) Business Days of its receipt, make available to the Trustee copies of all material documents, other material communications and information or any event which relates to or might have a Material Adverse Effect, given or received by it from

- any person;
- (d) send to the Trustee two copies of every balance sheet, profit and loss account, report or other notice, statement or circular sent to the shareholders of the Issuer as soon as practicable after the issue or publication of such documents; and
 - (e) so far as permitted by Applicable Law, at all times give to the Trustee such information as the Trustee may reasonably request in writing in connection with the performance of its functions under this Programme Trust Deed.
- 10.10 **Anti-corruption law:**
- (a) it shall conduct its businesses in compliance with applicable anti-corruption laws; and
 - (b) it shall maintain policies and procedures designed to promote and achieve compliance with such laws.
- 10.11 **Assets:** in relation to the Sponsor, it shall ensure that its assets are maintained, repaired and/or operated in accordance with the standards of a reasonable and prudent operator carrying on similar business in transportation industry.
- 10.12 **Further Acts:** so far as permitted by Applicable Law, it shall do such further things as may be necessary in the opinion of the Trustee to give effect to this Programme Trust Deed and the applicable Series Trust Deed.
- 10.13 **Bonds held by the Issuer:** it shall deliver to the Trustee within 14 days of being so requested in writing by the Trustee a certificate of the Issuer (signed on its behalf by two Authorised Signatories) setting out the total aggregate principal amount of Bonds of each Series which at the date of such certificate are held by or for its benefit, or any of its Subsidiaries and the Trustee may rely upon such certificate without any liability for so doing;
- 10.14 **Execution of further Documents:** so far as permitted by Applicable Law, it shall at all times execute all such further documents and do all such further acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to the provisions of this Programme Trust Deed;
- 10.15 **Notices to Bondholders:** it shall send or procure to be sent to the Trustee not less than three (3) Business Days prior to the date of publication, for the Trustee's approval, one copy of each notice to be given to the Bondholders in accordance with the Conditions and, upon publication, send to the Trustee two copies of such notice;
- 10.16 **Notification of late payment:** it shall, in the event of the unconditional payment to the Trustee of any sum due in respect of the Bonds or any of them being made after the due date for payment thereof, forthwith give notice to the Bondholders that such payment has been made (unless the Trustee deems the giving of such notice to be unnecessary);
- 10.17 **Notification of redemption or payment:** it shall, not less than the number of days specified in the relevant Condition prior to the redemption or payment date in respect of any Bond, give to the Trustee notice in writing of the amount of such redemption or payment pursuant to the Conditions and duly proceed to redeem or pay such Bonds accordingly;
- 10.18 **Obligations of Registrar:** it shall observe and comply with its obligations, and use all reasonable endeavours, to procure that the Registrar observes and complies with all its obligations and procure that the Registrar maintains a Register and notify the Trustee immediately it becomes aware of any material breach or failure by the Registrar in relation to the Bonds;
- 10.19 **Change in Registrar:** in relation to the Issuer, it shall give at least 14 days prior notice to the Trustee of any change or any future appointment, resignation or removal of the Registrar and

- not make any such appointment or removal without the written approval of the Trustee;
- 10.20 **Change of taxing jurisdiction:** it shall, if before the Relevant Date for any Bond it shall become subject generally to the taxing jurisdiction of any territory or any political sub division thereof or any authority therein or thereof having power to tax other than or in addition to the Federal Republic of Nigeria ("Nigeria") immediately upon becoming aware thereof it shall notify the Trustee of such event and (unless the Trustee otherwise agrees) enter (as soon as practicable thereafter) into a trust deed supplemental hereto, giving to the Trustee an undertaking or covenant in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 12 (Taxation) with the substitution for the references therein to Nigeria or of references to that other or additional territory to whose taxing jurisdiction, or that of a political subdivision thereof or an authority therein or thereof, the Issuer shall have become subject as aforesaid, such trust deed also to modify Condition 12 (Taxation) so that such Condition shall make reference to that other or additional territory;
- 10.21 **Listing:** it shall at all times use its reasonable endeavours to maintain the admission to listing, trading and/or quotation of the Bonds of each Series by the relevant competent authority, stock exchange and/or quotation system (if any) on which they are admitted to listing, trading and/or quotation on issue as indicated in the applicable Final Terms or, if it is unable to do so having used its reasonable endeavours or if the maintenance of such admission to listing, trading and/or quotation is agreed by the Trustee to be unduly burdensome or impractical, use all reasonable endeavours to obtain and maintain admission to listing, trading and/or quotation of the Bonds on such other competent authority, stock exchange and/or quotation system as the Issuer may (with the approval of the Trustee) decide and give notice of the identity of such other competent authority, stock exchange and/or quotation system to the Bondholders;
- 10.22 **Authorised Signatories:** it shall, upon the execution hereof and thereafter forthwith upon any change of the same, deliver to the Trustee (with a copy to the Registrar) a list of its Authorised Signatories, together with certified specimen signatures of the same;
- 10.23 **Approvals, consents, etc.:** it shall maintain, obtain and promptly renew from time to time when necessary all such authorisations, approvals, consents and licences and satisfy such (if any) other requirements as may be necessary or desirable under any Applicable Law, to enable it to carry on its business and for it to perform its obligations under the Bonds and this Programme Trust Deed or for the continuing validity and enforceability of the Bonds, this Programme Trust Deed and any Series Trust Deed and it shall comply with all the terms of the same;
- 10.24 **Corporate Existence:** it shall preserve and keep in full force and effect its corporate existence and at all times comply in all material respects with all laws and regulations, non-compliance with which could (in the opinion of the Trustee) be materially prejudicial to the interest of Bondholders; and
- 10.25 **Merger:** for as long as any bonds are outstanding, it shall not (a) enter into any amalgamation, consolidation, demerger, merger, corporate reconstruction or business combination with or into another person; or (b) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties and assets in one or more related transactions, to another person, unless with the consent of Majority Bondholders:
- (a) the Issuer is the surviving person; or

- (b) the person formed by or surviving any such consolidation or merger with the Issuer (if other than the Issuer) or the person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Issuer under the Bonds and the Issue Documents; and

the Issuer delivers to the Trustee, in form and substance reasonably satisfactory to the Trustee, a Certificate of its Authorised Signatories and opinion of counsel, in each case, stating that such consolidation, merger or transfer comply with this covenant and that all conditions precedent in the Issue Documents relating to such transaction have been satisfied and that the Bonds constitute legal, valid and binding obligations of the Issuer, or the person formed by or surviving any such consolidation or merger (as applicable) enforceable in accordance with their terms.

10.26 Negative Pledge:

it shall not, so long as any Bonds remain outstanding, secure any other Indebtedness represented by bonds, notes or any other publicly issued debt securities which are, or are capable of being, traded or listed on any stock exchange or over-the-counter or similar securities market without securing the Bonds equally and rateably with such Indebtedness, other than any security which is a Permitted Security, unless otherwise stated in a Final Terms applicable to a Series.

10.27 Disposal of Assets: it shall not, without the prior approval of the Trustee (obtained following an Extraordinary Resolution of the Bondholders approving same) sell, assign, lease, transfer or otherwise dispose of in any manner (or purport to do so) all or any part of, or any interest in, its assets other than:

- (a) trading stock in the ordinary course of business;
- (b) assets exchanged for other assets comparable or superior as to type, value and quality; and
- (c) assets whose market value is worth less than [N5,000,000,000.00 (Five Billion Naira)] (or its equivalent in another currency or currencies) in any financial year.

10.28 Acquisition of Assets: it shall notify the Trustee and the Bondholders, prior to the acquisition of any company, business or assets for which the acquisition cost (when aggregated with the cost of any other acquisition during that financial year) exceeds [N5,000,000,000.00 (Five Billion Naira)] (or its equivalent in another currency or currencies).

10.29 Additional restrictions on the Issuer: in relation to the Issuer, it shall:

- (a) not enter into or undertake any transaction, arrangement or other obligation other than as contemplated under the Issue Documents;
- (b) not make any change to its constitutional documents.

10.30 Additional restrictions on the Sponsor: in relation to the Sponsor, it shall not pass a resolution or do such other act that will directly or indirectly put the Issuer into winding up or any Insolvency Event.

10.31 Restricted Payments: it shall not, directly or indirectly:

- (a) declare or pay any dividend, in cash or otherwise, or make any other distribution (whether by way of redemption, acquisition or otherwise) in respect of its share capital; or
- (b) voluntarily purchase, redeem or otherwise retire for value any debt (including any

- form of capital instrument) of the Company subordinated by its terms to the obligations of the Company under the Bonds and the Issue Documents,
- (c) make any interest, principal or other payment prior to the discharge of all obligations under the Programme, to a shareholder in respect of a facility or loan granted or to be granted to the Issuer,
- (any such action, a “Restricted Payment”), if
- (i) there is a continuing Event of Default as at proposed date for a Restricted Payment;
 - (ii) in any financial year, any Interest or Principal payment due under the Bonds have not been paid on their respective due dates; and
 - (iii) such Restricted Payment (save in relation to the paragraph (c) above) when aggregated with all other Restricted Payments previously made in respect of the relevant financial year of the Sponsor exceed 50 per cent of the Group’s consolidated profit after tax for such financial year, determined by reference to the Group’s audited consolidated IFRS financial statements for such financial year.
- (d) Clause 10.31(a) to (c) above shall not apply to any repayment to shareholders in respect of a bridging loan made to an Obligor, pending the issuance of the Series 1 Bonds.

11 GUARANTEE BY THE SPONSOR

- 11.1 The Parties agree that upon the appointment of Additional and or Substitute Co-Obligors in accordance with Clause 11.9, all the obligations of the Co-Obligors shall be joint and several of each other without preferences or distinction among them **(the “Obligations”)**.
- 11.2 The Sponsor guarantees to the Trustee:
- (a) the due and punctual payment of the principal and interest on the Bonds and any other amount payable by the Issuer under this Programme Trust Deed (in immediately available funds, without any deduction, set-off, counterclaim or withholding of any kind (including without limitation, on account of taxes; and
 - (b) the due and punctual performance and observance by the Issuer of its obligations which it may from time to time be obliged to perform under or pursuant to this Programme Trust Deed.
- 11.3 The obligations of the Sponsor shall include monetary damages arising out of any failure by the Issuer to perform its obligations under this Programme Trust Deed or any other Issue Document, to the extent that any failure to perform such obligations gives rise to monetary damages.
- 11.4 Where there is more than one Co-Obligor, and a Co-Obligor fails to make any payment with respect to any of the Obligations as and when due, or to perform any of the Obligations in accordance with the terms of this Deed, then, in each case the other Co-Obligors will make such payment with respect to, or perform, such Obligation The Obligations of the Sponsor under the provisions of this Clause 11 constitute the full obligations of the Sponsor and is enforceable against the Sponsor to the full extent of its properties and assets, irrespective of the reliability or enforceability of this Programme Trust Deed or any other Issue Document, or any other circumstance whatsoever.

- 11.5 The Obligations of the Sponsor under this Programme Trust Deed are continuing obligations and shall extend to the balance of all sums payable by the Issuer under this Programme Trust Deed and the Bonds, regardless of any intermediate payment or discharge in whole or in part.

11.6 Payments

- (a) Any payment made by the Co-Obligor shall be in satisfaction of the relevant covenant to pay by the Issuer (except to the extent where there is a default in a subsequent payment). Interest shall accrue on any payment made after the due date, up to and including the date payment is made. All payments made by any of the Co-Obligors under this Deed shall be subject to Clause 11.3.
- (b) The Co-Obligor agrees that the payment of any amounts due with respect to any indebtedness owed by the Issuer to the Co-Obligor is hereby subordinated to the prior payment of the Obligations in full.
- (c) The Co-Obligor agrees that after an Event of Default has occurred and during its continuance, it will not demand, sue for or otherwise attempt to collect any indebtedness of the Issuer, owed to the Co-Obligor until the Obligations shall have been paid in full. Where, notwithstanding the above, the Co-Obligor collects, enforces or receives any amounts in respect of such indebtedness, such amounts collected, enforced and or received by the Co-Obligor would have been collected, enforced or received as trustee for the Trustee and be paid over to the Trustee to be applied to repay the Obligations.

11.7 Indemnity

As an independent and primary obligation, the Co-Obligor unconditionally and irrevocably agrees to indemnify, and keep the Trustee indemnified, from and against all and any cost and liabilities suffered or incurred by it arising from any failure of the Issuer to pay any sum due and payable by it on the due date and in the manner prescribed in this Deed, or through any payment obligation of the Issuer becoming unenforceable, invalid or illegal on any grounds, whether known to the Trustee or not, except for liabilities, costs, charges and or expenses arising from the Trustee's misconduct, wilful default and or negligence in the performance of its obligations under this Deed.

11.8 Waiver of Defences

- (a) The Co-Obligor waives all defences that may be available to it by virtue of any valuation, stay, moratorium law or other similar law now or effective in the future, any right to require the ranking of assets of the Co-Obligor and any other entity or person primarily or secondarily liable with respect to any of the Obligations, and all suretyship defences generally.
- (b) The Co-Obligor agrees that its Obligations shall not be released or discharged, in whole or in part, or otherwise affected by, the adequacy of any rights which the Bond Trustee may have against any security or other means of obtaining repayment of any of the Obligations.
- (c) The Obligations of the Co-Obligor under this Clause 11 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation,

reconstruction or similar proceeding. The liability of the Co-Obligor shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, ownership, membership, constitution of the Co-Obligor, the Issuer or the Trustee.

- (d) The provisions of this Clause 11 are made for the benefit of the Trustee and its permitted successors and assigns, and may be enforced by them from time to time against the Co-Obligor and without requirement on the part of the Trustee or any of its agents first to exercise any of its rights against any other Co-Obligors or to exhaust any remedies available to it against any other Co-Obligor or to resort to any other source or means of obtaining payment of any of the Obligations or to elect any other remedy.
- (e) The provisions of this Clause 11 shall remain in effect until all of the payment obligations shall have been paid in full or otherwise fully satisfied.

11.9 Addition and or Substitution of Co-Obligors

The Trustee may without the consent of the Bondholders agree to the addition of one or more direct or indirect Affiliates of the Issuer to become an additional Co-Obligor under this Deed (the “Additional Co-Obligor”), and or, the substitution of any Co-Obligor as a Co-Obligor under this Deed, and any other agreement in respect of the Bonds, of any successor of any Co-Obligor (the “Substitute Co-Obligor”) subject to such conditions as the Trustee may require, provided that:

- (a) the prior approval of the SEC shall first be obtained (where applicable);
- (b) an Accession Agreement shall be executed by the Substitute Co-Obligor and or Additional Co-Obligor in a form set out in the Fourth Schedule to this Programme Trust Deed agreeing to be bound by the terms of this Deed, the Bonds and any consequential amendments which the Trustee may deem appropriate, as if the Substitute Co-Obligor and/or Additional Co-Obligor had been an initial party to this Programme Trust Deed, the Issue Documents and on the Bonds as a Co-Obligor to the Issuer;
- (c) any authorised officer of the Issuer or (as the case may be) the Substitute Co-Obligor and or Additional Co-Obligor shall certify to the Trustee that the Substitute Co-Obligor and or Additional Co-Obligor will be solvent immediately after the said substitution and or addition is to be effected;
- (d) In the case of a substitution of Co-Obligor, the Issuer shall demonstrate to the satisfaction of the Bond Trustee that by virtue of the assets, business, financial condition and any other relevant circumstance of the Substitute Co-Obligor, the substitution sought will be more advantageous to the interest of Bondholders than otherwise;
- (e) the Trustee shall be satisfied that the Substitute Co-Obligor and or Additional Co-Obligor has obtained all consents reasonably necessary for its assumption of liability as a Co-Obligor under this Programme Trust Deed and such approval are at the time of substitution and or addition in full force and effect;
- (f) the Rating Agency must have notified the Trustee in writing that such substitution

and or addition shall not result in the withdrawal or reduction of its rating(s) with respect to any Series; and

- (g) the Issuer and the Substitute Co-Obligor and or Additional Co-Obligor (or any previous Substitute Co-Obligor and or Additional Co-Obligor under this clause) shall execute any relevant Issue Documents, and instruments as the Trustee may require in order that such substitution and or addition is fully effective and comply with such other requirements in the interest of the Bondholders as the Trustee may direct.

11.10 On the execution of the Accession Agreement referred to in Clause 11.9(b), the Substitute Co-Obligor and/or Additional Co-Obligor shall be deemed to be named in this Deed as a Co-Obligor in addition to the existing Co-Obligors, and this Programme Trust Deed shall be deemed to be amended to give effect to the substitution and or addition. References to the Co-Obligors in this Programme Trust Deed shall be deemed to be references to the Substitute Co-Obligor and or Additional Co-Obligor where applicable.

12 CREDIT ENHANCEMENT

12.1 There may be, in respect of the Bonds issued in each Series, credit enhancement measures (to be specified in the applicable Final Terms instruments), collateral, insurance policies and third-party guarantees.

13 REPRESENTATIONS AND WARRANTIES OF THE TRUSTEE

The Trustee hereby represents and warrants to the Obligors as follows:

13.1 Status:

- (a) it is a company within the meaning of the CAMA;
- (b) it is duly registered and authorised by the SEC to provide corporate trust services in Nigeria;
- (c) it has full power and authority to enter into the Issue Documents to which it is a party and to exercise its rights and perform its obligations thereunder and has obtained all authorisations and consents necessary for it to enter, exercise rights and perform its obligations under the Issue Documents to which it is a party and such authorisations and consent are in full force and effect.

13.2 Compliance with obligations

- (a) it has the resources, capacity and expertise to act on behalf of the Bondholders with regard to every issuance of Bonds (as applicable) under the Issue Documents to which it is a party and it shall comply with the provisions of the ISA, SEC Rules and Regulations, the Trustees Investment Act and the Issue Documents to which it is a party in the performance of its obligations;
- (b) it shall provide any information that the SEC or the Issuer may require in connection with its obligation to act on behalf of the Bondholders;
- (c) it shall (acting diligently) comply with its obligations under this Programme Trust Deed and the terms and conditions specified in this Programme Trust Deed;
- (d) it shall not act negligently in the conduct of its obligations hereunder;

13.3 No conflicts

- (a) it shall not allow any conflicts to occur between its obligations in connection with and under the Programme and its commercial interests;
- (b) it shall segregate the assets of the trust under this Programme Trust Deed from its

- assets and the assets of any other trusts that it is administering;
 - (c) it does not have any subsisting fiduciary relationship with any Obligor or its Related Parties; and
 - (d) it shall, at all times, adhere to the terms and conditions specified in the Issue Documents to which it is a party.
- 13.4 The representations made by the Trustee in this Clause **Error! Reference source not found.** are made on the date of this Programme Trust Deed and are deemed to be repeated by the Trustee on each Payment Date by reference to the facts and circumstances then existing on the Closing Date.

14 AMENDMENTS

- 14.1 **Waiver:** The Trustee may, without any consent or sanction of the Bondholders and without prejudice to their rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its opinion the interests of the Bondholders shall not be materially prejudiced thereby, authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any proposed breach or breach of any of the covenants or provisions contained in this Programme Trust Deed or the Bonds or determine that any Event of Default or Potential Event of Default shall not be treated as such for the purposes of this Programme Trust Deed; any such authorisation, waiver or determination shall be binding on the Bondholders and, if, but only if, the Trustee shall so require, the Issuer shall cause such authorisation, waiver or determination to be notified to the SEC and the Bondholders within ten (10) Business Days thereafter in accordance with the Conditions; provided that the Trustee shall not exercise any powers conferred upon it by this Clause in contravention of any express direction by an Extraordinary Resolution or of a request in writing made by the holders of not less than twenty five per cent (25%) in aggregate Principal Amount Outstanding of the Bonds.
- 14.2 **Modifications:** The Trustee may from time to time and at any time without any consent or sanction of the Bondholders concur with an Obligor in making:
- (a) any modification to an Issue Documents to which it is a party or the Bonds which in the opinion of the relevant Trustee it may be proper to make provided the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders; or
 - (b) any modification to an Issue Documents to which it is a party, if in the opinion of the Trustee such modification is of a formal, minor or technical nature or made to correct a manifest error; or
 - (c) any modification to an Issue Documents to which it is a party which is required or necessary to bring that Issue Document in compliance with Applicable Law.
- Provided that:
- (i) the Issuer has notified the Rating Agency and the Rating Agency has confirmed that such modification will not affect the then current ratings of the Bonds; and
 - (ii) prior approval of the SEC has been given.
- Any such modification shall be binding on the Bondholders and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Bondholders as soon as practicable thereafter in accordance with the Conditions.

Notwithstanding the provision of this Clause 14, no material amendment shall be made to any of the Issue Documents without the prior written consent of the Guarantor (where applicable under the Relevant Final Terms)

15 ENFORCEMENT

- 15.1 **Legal proceedings:** At any time after the occurrence of an Event of Default and the relevant grace period (where applicable) the Trustee may, at its absolute discretion and without further notice, institute such proceedings against any Obligor(s) as it may think fit to enforce repayment of the Bonds together with accrued interest and to enforce the provisions of this Programme Trust Deed.
- 15.2 **Bondholder Direction:** The Trustee shall not be bound to take any such proceedings pursuant to clause 15.1 unless it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least three quarter (75%) in Principal Amount Outstanding of the Bonds and it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all fees, costs, charges and expenses which may be incurred by it in connection therewith. Only the Trustee may enforce the provisions of the Bonds or this Programme Trust Deed and no Bondholder shall be entitled to proceed directly against the Obligors unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing. Notwithstanding the foregoing, a Bondholder who feels dissatisfied may personally initiate legal action to enforce its rights under this Programme Trust Deed irrespective of the legal duty of the Trustee to take such legal action. The Trustee shall not be deemed responsible for the consequences having acted upon any such instruction as set out in this Clause 15.2.
- 15.3 **Evidence of default:** If the Trustee (or any Bondholder where entitled under this Programme Trust Deed so to do) makes any claim, institutes any legal proceeding or lodges any proof in a winding up or insolvency of the Obligors under this Programme Trust Deed or under the Bonds, proof therein that as regards any specified Bond the Obligors have defaulted in paying any principal and/or interest due in respect of such Bond shall (unless the contrary be proved) be sufficient evidence that the Obligors have defaulted in the same manner as regards all other Bonds in respect of which a corresponding payment is then due; and for the purposes of this Clause 15.3 a payment shall be a "corresponding" payment notwithstanding that it is due in respect of a Bond of a different denomination from that in respect of the above specified Bond.

16 APPLICATION OF MONEYS

- 16.1 **Application of moneys:** Subject to the Final Terms of any Series, all moneys received by the Trustee in respect of the Bonds or amounts payable under such Series or the Guarantee (where applicable) will, despite any appropriation of all or part of them by the Obligors (including any moneys which represent principal or interest in respect of Bonds which have become void under the Conditions) be held by the Trustee on trust to apply them (subject to Clause 17.2 (Investment of moneys) in the following order:
- (a) Payment of all Statutory Obligations;
 - (b) in or towards payment or satisfaction of the fees of the Trustee and such reasonable costs, charges, expenses and liabilities incurred by the Trustee (including remuneration

- of the Trustee);
 - (c) in or towards payment *pari passu* and rateably of any amounts due but unpaid in respect of the Bonds of that Series;
 - (d) in or towards payment *pari passu* and rateably of any amounts due but unpaid in respect of the Bonds of other Series under the Programme; and
 - (e) to pay the balance (if any) to the Issuer or such other person entitled to them.
- 16.2 **Apportionment of expenses:** The Trustee shall apportion the fees, costs, charges, expenses and liabilities incurred by it in the execution of the trust of this Programme Trust Deed (including remuneration of the Trustee) between the several Series of Bonds in such manner and in such amounts as shall, in its absolute discretion, consider appropriate.

17 INVESTMENT BY THE TRUSTEE

- (a) Subject to the provisions of each Series Trust Deed, any monies standing to the credit of the Transaction Account may, at the discretion of the Trustee, be invested by the Trustee in its name or under its legal control in any Authorised Investments and in such manner as a diligent, careful and ordinarily skillful trustee would reasonably act in the circumstances. Save in respect of fraud, negligence or misconduct, the Trustee shall not be responsible for any loss occasioned by reason of any such investments or such deposit whether by depreciation in value, fluctuation in exchange rates or otherwise.
 - (b) All interest and other income deriving from such investments above shall be held by the Trustee on account for the Bondholders and shall also be applied in payment or satisfaction of all amounts then due and payable under this Programme Trust Deed and the applicable Series Trust Deed. Any excess proceeds shall be transferred to the Issuer upon the satisfaction and discharge of all prior obligations.
Subject to the selection criteria, if any bank selected is a subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on similar deposits by such bank's other customers which it deals with on an arm's length basis
- 17.1 **Variation and accumulation:** The Trustee may, at its discretion, vary any investments and may accumulate such investments and any resulting income until the accumulations, together with any other sums held by the Trustee for payments in respect of the Bonds under clause 1, amount to at least 10% of the nominal amount of the Bonds then outstanding. Such accumulations and other sums shall then be applied as set out in clause 1.
- 17.2 **Payment to Bondholders:**
- (a) The Trustee shall make any payment to be made by the Obligors in respect of the Bonds of any Series in the manner provided in the Conditions and the Series Trust Deed and for so long as the Bonds are evidenced by records confirmed by the Registrar. Any payment so made shall be a good discharge to the extent of such payment of the Obligors or the Trustee (as the case may be).
 - (b) The Trustee shall not make any payment of interest or principal in respect of any Series in an amount which is greater than the amount of interest or principal payable in accordance with the Conditions in respect of such Series and determined or calculated by the Trustee.

- (c) Upon any payment under paragraph (a) above of principal or interest, the Trustee shall (i) in the case of part payment, require the Registrar to make a notation in the Register of the amount and date of payment or (ii) in the case of payment in full, cause the relevant Bond to be cancelled and shall certify or procure the certification of such cancellation.

18 TERMS OF APPOINTMENT OF THE TRUSTEE

By way of supplement to the Relevant Laws, it is expressly declared as follows:

18.1 Reliance on Information

- (a) Advice: The Trustee may in relation to each Issue Document to which it is a party act on the opinion or advice of or a certificate or any information obtained from any lawyer, banker, valuer, surveyor, broker, auctioneer, accountant or other expert (whether obtained by or addressed to the Trustee, the Issuer, the Sponsor or any other person) and shall not be responsible for any loss occasioned by so acting or, if applicable, by choosing not to so act. Any such opinion, advice, certificate or information may be sent or obtained by letter, telegram, telex, cablegram or facsimile transmission and the Trustee shall not be liable for acting on any opinion, advice, certificate or information purporting to be so conveyed although the same shall contain some error (other than a manifest error) or shall not be authentic. The Trustee may rely, without liability to Bondholders, on any certificate or report prepared by any of the above experts, including specifically the Auditors, or any auditor, pursuant to the Conditions or this Programme Trust Deed, whether or not the expert or auditor's liability in respect thereof is limited by a monetary cap or otherwise.

PROVIDED THAT this clause 18.1(a) shall only apply to limit the liability of the Trustee to the Bondholders to the extent that the advice relied upon was issued by the relevant lawyer, banker, valuer, surveyor, broker, auctioneer, accountant, auditor or other purpose with the intention that it should be used and relied upon by the Trustee in the manner and for the purpose for which it was so used and relied upon.

- (b) Certificate of Authorised Signatories:
- (i) The Trustee may call for and shall be at liberty to accept a certificate signed by two Authorised Signatories or other person duly authorised on their behalf as to any factor matter prima facie within the knowledge of the Issuer as sufficient evidence thereof and a like certificate to the effect that any particular dealing, transaction or step or thing is, in the opinion of the person so certifying, expedient as sufficient evidence that it is expedient and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by its failing so to do.
- (ii) In the case of any such document specifically required to be furnished to the Trustee in accordance with this Programme Trust Deed, the Trustee shall be under a duty to examine the same to determine whether it conforms to the requirements specified by this Programme Trust Deed in relation thereto.
- (c) Resolution of Bondholders: The Trustee shall not be responsible for acting upon any resolution purporting to be a Written Resolution or to have been passed at any meeting of the Bondholders in respect whereof minutes have been made and signed even though it may subsequently be found that there was some defect in the

- constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Bondholders.
- (d) **Reliance on certification of clearing system:** The Trustee may call for and shall be at liberty to accept and place full reliance on, as sufficient evidence thereof, and shall not be liable to the Issuer, or any Bondholder by reason only of either having accepted as valid or not having rejected an original certificate or letter of confirmation purporting to be signed on behalf of the relevant Depository or any other relevant clearing system to the effect that at any particular time or throughout any particular period any particular person is, was or will be shown in its records as having a particular nominal amount of Bonds of a particular Series credited to his Securities Account.
 - (e) **Bondholders as a class:** Whenever in this Programme Trust Deed the Trustee is required in connection with any exercise of its powers, trusts, authorities or discretions to have regard to the interests of the Bondholders, shall have regard to the interests of the Bondholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences of such exercise for any individual Bondholder resulting from his or its being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory.
 - (f) **Trustee not responsible for investigations:** The Trustee shall not be responsible for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in an Issue Document, the Bonds or any other agreement or document relating to the transactions herein or therein contemplated or for the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence thereof.
 - (g) **No obligation to monitor:** The Trustee shall be under no obligation to monitor or supervise the functions of any other person under the Bonds or any other agreement or document relating to the transactions herein or therein contemplated and shall be entitled, in the absence of actual knowledge of a breach of obligation, to assume that each such person is properly performing and complying with its obligations; provided that nothing contained in this clause shall exempt the Trustee from or indemnify them against any liability for breach of trust where the Trustee fail to show the degree of care and diligence required of them, having regard to the provisions hereof conferring on them any powers, authorities or discretions.
 - (h) **Bonds held by the Issuer:** In the absence of knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate of the Issuer under Clause 10.13 (Bonds held by Issuer), that no Bonds are for the time being held by or for the benefit of the Issuer.
 - (i) **Entry on the Register:** The Trustee shall not be liable to the Issuer or any Bondholder by reason of having accepted as valid or not having rejected any entry on the Register later found to be forged or not authentic and can assume for all purposes in relation hereto that any entry on the Register is correct save for manifest error.
 - (j) **Events of Default:** Where the Issuer has not complied with the provisions of Clause 19.1(e) the Trustee shall not be bound to give notice to any person of the execution of this Programme Trust Deed or to take any steps to ascertain whether any Event of Default or Potential Event of Default has happened and shall not be obliged to take

any action to certify material prejudice under Condition 14 (Events of Default) unless it is indemnified and/or secured to its satisfaction by the Bondholders against all liabilities, proceedings, claims and demands to which it may thereby become liable and all fees, costs, charges and expenses which may be incurred by it in connection therewith and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default or Potential Event of Default has happened and that the Issuer is observing and performing all the obligations on their part contained in the Bonds and under this Programme Trust Deed and no event has happened as a consequence of which any of the Bonds may become repayable.

- (k) Legal Opinions: The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to any Bonds or for checking or commenting upon the content of any such legal opinion.
- (l) Programme Limit: The Trustee shall not be concerned, and need not enquire, as to whether or not any Bonds are issued in breach of the Programme Limit.
- (m) Trustee not Responsible: The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Programme Trust Deed or any other document relating thereto and shall not be liable for any failure to obtain any rating of Bonds (where required), any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Programme Trust Deed or any other document relating thereto. In addition the Trustee shall not be responsible for the effect of the exercise of any of its powers, duties and discretions hereunder; provided that nothing contained in this clause shall exempt the Trustee from or indemnify them against any liability for breach of trust where the Trustee fails to show the degree of care and diligence required of them, having regard to the provisions hereof conferring on them any powers, authorities or discretions.
- (n) Freedom to Refrain: Notwithstanding anything else herein contained, the Trustee may refrain from doing anything which would or might in its opinion be contrary to any law of any jurisdiction or any directive or regulation of any agency or any state of which would or might otherwise render them liable to any person and may do anything which is, in its opinion, necessary to comply with any such law, directive or regulation.
- (o) Right to Deduct or Withhold: Notwithstanding anything contained in this Programme Trust Deed, to the extent required by any Applicable Law, if the Trustee is or will be required to make any deduction or withholding from any distribution or payment made by them hereunder or if the Trustee is or will be otherwise charged to, or is or may become liable to, tax as a consequence of performing its duties hereunder whether as principal, agent or otherwise, and whether by reason of any assessment, prospective assessment or other imposition of liability to taxation of whatsoever nature and whensoever made upon the Trustee, and whether in connection with or arising from any sums received or distributed by them or to which may be entitled under this Programme Trust Deed (other than in connection with its remuneration as provided for herein) or any investments or deposits from time to time representing the same, including any income or gains arising therefrom or any action of the Trustee

in connection with the trusts of this Programme Trust Deed (other than the remuneration herein specified) or otherwise, then the Trustee shall be entitled to make such deduction or withholding or, as the case may be, to retain out of sums received by them an amount sufficient to discharge any liability to tax which relates to sums so received or distributed or to discharge any such other liability of the Trustee to tax from the funds held by the Trustee upon the trusts of this Programme Trust Deed.

- (p) Information and Other Reports: Delivery of reports, information and documents to the Trustee under Clause 10.8 (Financial statement) is for informational purposes only and shall not impose any obligation on the Trustee to take any action in respect of them and the Trustee's receipt of the foregoing shall not constitute actual or constructive notice of any information contained therein or determinable from information contained therein, including the Issuer's, compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely on certificates signed by two Authorised Signatories of the Issuer).

18.2 Trustee's powers and duties:

- (a) General Matters: The Trustee shall have the following duties and responsibilities;
- (i) to act in accordance with the provisions of this Programme Trust Deed, the relevant Series Trust Deed, the ISA, SEC Rules and Regulations, the Trustees Investment Act and any Applicable Law and safeguard the rights of the Bondholders for the Issuer's obligations under the Programme;
 - (ii) to summon, as and when necessary, meetings of all Bondholders of a Series where necessary matters and business will be presented to and determined by Bondholders;
 - (iii) not to enter into contracts or other arrangements that would amount to a conflict of interest in the performance of its obligations under this Programme Trust Deed, or any other customary obligations of a trustee;
 - (iv) to exercise all due care, skill, diligence and vigilance in carrying out its functions and duties as the Trustee and in safeguarding the rights and interests of the Bondholders;
 - (v) to at all times for the duration of the Programme, act honestly, prudently, in good faith and in the best interest of the Bondholders as the beneficiaries of the trust, in the performance of its functions, duties and discretions as the Trustee;
 - (vi) not to charge, pledge, or otherwise deal with the sums received in the Transaction Accounts except in accordance with this Programme Trust Deed, the ISA, Trustees Investment Act and SEC Rules and Regulations;
- (b) Trustee's determination: The Trustee may determine whether or not an Event of Default or Potential Event of Default under the provisions of this Programme Trust Deed or contained in the Bonds is capable of remedy and/or materially prejudicial to the interests of the Bondholders and if the Trustee shall certify that any such default is, in its opinion, not capable of remedy and/or materially prejudicial to the interests of the Bondholders such certificate shall be conclusive and binding upon the Obligors and the Bondholders.
- (c) Determination of questions: The Trustee, the Bondholders and the Obligors shall have full power to determine all questions and doubts arising in relation to any of the

provisions of this Programme Trust Deed (as applicable) and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Bondholders;

- (d) Trustee's discretion: The Trustee shall (save as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in them by this Programme Trust Deed or by operation of law have absolute discretion as to the exercise or non-exercise thereof and, provided that the Trustee have acted honestly and reasonably, the Trustee shall not be responsible for any loss, fees, costs, damages, expenses or inconveniences that may result from the exercise or non-exercise thereof but, whenever the Trustee is under the provisions of this Programme Trust Deed bound to act at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified against all actions, proceedings, claims and demands to which it may render itself liable and all fees, costs, charges, damages, expenses and liabilities which it may incur by so doing.
- (e) Trustee's consent: Any consent given by the Trustee for the purposes of this Programme Trust Deed may be given on such terms and subject to such conditions (if any) as the Trustee may require.
- (f) Conversion of currency: Where it is necessary or desirable for any purpose in connection with this Programme Trust Deed to convert any sum from one currency to another it shall (unless otherwise provided by this Programme Trust Deed, the Final Terms or required by law) be converted at such rate(s) of exchange, in accordance with such method and as at such date for the determination of such rate(s) of exchange as may be specified by the Trustee (in consultation with the Issuer), but having regard to current rates of exchange, if available, and any rate of exchange, method and date so specified shall be binding on the Issuer and the Bondholders.
- (g) Application of proceeds: The Trustee shall not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Bonds.
- (h) Error of judgment: The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters.
- (i) Delegation: The Trustee may, in the execution and exercise of all or any of the trusts, powers, authorities and discretions vested in them by this Programme Trust Deed, act by responsible officers or a responsible officer for the time being of the Trustee and the Trustee may also whenever it thinks fit, whether by power of attorney or otherwise, delegate to any person or persons (whether being a joint trustee of this Programme Trust Deed or not) all or any of the trusts, powers, authorities and discretions vested in them by this Programme Trust Deed and any such delegation may be made upon such terms and conditions and subject to such regulations as the Trustee may think fit in the interests of such delegate; and where the Trustee have delegated its trust powers and functions to agent(s), the Trustee shall be liable for the acts and omission of such agent(s) to the same extent it would have been if the acts and omissions were its own.
- (j) Custodians and nominees: The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trust as the Trustee may determine, including for the purpose of depositing with a custodian this

Programme Trust Deed or any document relating to the trust created hereunder and the Trustee shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of any misconduct, omission or default on the part of any person appointed by them hereunder or be bound to supervise the proceedings or acts of any such person provided that the Trustee exercised due care and diligence in the selection of such custodian and nominees. The Trustee is not obliged to appoint a custodian if the Trustee invest in securities payable to bearer.

- (k) **Confidential information:** The Trustee shall not (unless required by law or ordered so to do by a court of competent jurisdiction) be required to disclose to any Bondholder confidential information or other information made available to the Trustee by the Issuer in connection with this Programme Trust Deed and no Bondholder shall be entitled to take any action to obtain from the Trustee any such information.
- (l) **Actions of Trustee:** The permissive rights of the Trustee to take actions permitted by this Programme Trust Deed shall not be construed as an obligation or duty to do so.
- (m) **Amendments:** The Trustee shall ensure that no material amendment to the Issue Documents shall be made without the prior written consent of the Guarantor (where applicable);
- (n) **Trustee as fiduciary of Bondholders:** The Trustee shall comply with its fiduciary duties owed to the Bondholders in accordance with this Programme Trust Deed and the Relevant Laws, including:
 - (i) to manage the trust property in a responsible and productive manner;
 - (ii) to act for the benefit of the Bondholders in the management of the trust property and not to let its duties and that owed to the Bondholders conflict;
 - (iv) to ensure that the trust property is vested according to the terms of the trust herein established;
 - (v) to act honestly, prudently and in good faith in the performance of its duties and to exercise all due care, skill, diligence and vigilance in carrying out its functions and duties as a trustee and in safeguarding the rights and interests of the Bondholders;
 - (vi) to clearly identify the trust property which are held on trust for the Bondholders;
 - (vi) not to commingle its funds with those of the trust;
 - (vii) to segregate its assets from the trust property and any other trust administered by the Trustee;
 - (viii) not to delegate its duties, except as permitted by this Programme Trust Deed;
 - (ix) to act impartially and solely in the best interest of all Bondholders; and
 - (x) to manage the trust property in a prudent and business-like manner.

18.3 Financial matters:

- (a) **Professional charges:** The Trustee shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by it or its directors or officers on matters arising in connection with the trusts of this Programme Trust Deed and also its charges in addition to disbursements for all other work and business done and all time spent by them or its directors or officers on matters arising in connection with this Programme Trust Deed.
- (b) **Expenditure by the Trustee:** Nothing contained in this Programme Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in

the performance of its duties or the exercise of any right, power, authority or discretion hereunder if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

- (c) **Trustee may enter into financial transactions with the Issuer:** The Trustee shall not, and no director or officer of the Trustee shall, by reason of the fiduciary position of the Trustee be in any way precluded from making any contracts or entering into any transactions in the ordinary course of business with an Obligor or any of their subsidiaries (and, in the case of any subscription for, purchase, holding or sale of Bonds, subject to compliance with any applicable selling restrictions), or any person or body corporate directly or indirectly associated with an Obligor or any of their subsidiaries, or from accepting the trusteeship of any other debenture stock, debentures or securities of an Obligor or any of their subsidiaries or any person or body corporate directly or indirectly associated with an Obligor or any of their subsidiaries, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders, any Obligor or their subsidiaries, or any person or body corporate directly or indirectly associated with an Obligor or any of their subsidiaries, for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

- 18.4 **Trustee's Liability:** Subject to the provisions of the Relevant Laws, and Section 188 of the CAMA and notwithstanding anything to the contrary in this Programme Trust Deed, the Series Trust Deeds or the Bonds, the Trustee shall not be liable to any person for any matter or thing done or omitted in any way in connection with or in relation to this Programme Trust Deed, the Series Trust Deeds or the Bonds save in relation to its own negligence, wilful default or fraud, provided that in no circumstances will the Trustee be liable to an Obligor, or any other person for any punitive or consequential damage or loss (including loss of business, goodwill, opportunity or profit of any kind). The Trustee will also be liable for the breach of its duties where it fails to carry out its responsibilities under this Programme Trust Deed or to report a breach of the terms of this Programme Trust Deed to the SEC.

19 COSTS AND EXPENSES

19.1 Remuneration

- (a) **Normal remuneration:** The Sponsor shall, be responsible for the payment to the Trustee of remuneration for its services as trustee as from the date of this Programme Trust Deed. The remuneration shall comprise of a one off Trustee Sign on Fee to be paid after the completion date of the Issue and an Annual Trustee Fee to be paid annually from the first anniversary of the Issue till the trust hereof shall be finally wound up such remuneration to be at such rate as may be agreed between the Issuer and the Trustee in the Fee Letter. The Annual Trustee Fee shall accrue from day to day and be payable up to and including the date when, all the Bonds having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Trustee, provided that if upon due presentation (if required pursuant to the Conditions) of any Bond or any cheque, payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will commence again to accrue.
- (b) **Extra remuneration:** In the event of the occurrence of an Event of Default or a Potential Event of Default or the Trustee considering it expedient or necessary or

being requested by the Issuer to undertake duties which the Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under this Programme Trust Deed, the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them.

- (c) **Value added tax:** The Issuer shall in addition pay to the Trustee an amount equal to the amount of any value added tax or similar tax chargeable in respect of its remuneration under this Programme Trust Deed provided that it is understood that the Issuer shall deduct applicable withholding tax from all remuneration referred to in this Clause 19.
- (d) **Expenses:** The Issuer shall also pay or discharge all fees, costs, charges and expenses incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Programme Trust Deed, including but not limited to legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Programme Trust Deed; Provided that the Trustee shall seek and obtain the prior written consent of the Issuer to incur any such liabilities in excess of an aggregate sum of [(N500,000.00)] Five Hundred Thousand Naira in any one calendar year; unless such expense is incurred for the purposes of enforcing the provisions of this Programme Trust Deed against the Issuer upon the occurrence of an Event of Default in which case such consent shall not be required.
- (e) **Indemnity:** The Issuer shall indemnify the Trustee (i) in respect of all losses, liabilities, taxes, fees, costs and expenses incurred by it or by any Appointee or other person appointed by it to whom any trust, power, authority or discretion may be delegated by it in the execution or purported execution of the trusts, powers, authorities or discretions vested in it by this Programme Trust Deed and (ii) against all liabilities, actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to this Programme Trust Deed except as a result of the Trustee's negligence and wilful default and provided further that the indemnity contained in this paragraph (e) shall remain in full force and effect notwithstanding any discharge of this Programme Trust Deed.
- (f) **Payment of amounts due:** All amounts payable pursuant to paragraph (d) (Expenses) and paragraph (e) (Indemnity) of this Clause shall be payable by the Issuer within ten (10) Business Days of demand by the Trustee.
- (g) **Payments:** All payments to be made by the Issuer to the Trustee under this Programme Trust Deed shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within any relevant jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

- 19.2 **Stamp duties:** The Issuer will pay all stamp duties, registration taxes, capital duties and other similar duties or taxes (if any) payable on (i) the constitution and issue of the Bonds, (ii) the credit of the Bonds to the Bondholder's Securities Account, (iii) any action taken by the Trustee (or any Bondholder where permitted or required under this Programme Trust Deed

so to do) to enforce the provisions of the Bonds or the Issue Documents; and (iv) the execution of the Issue Documents.

19.3 Exchange rate indemnity

- (a) **Currency of Account and Payment:** Unless otherwise provided in the applicable Final Terms, the Nigerian Naira (the “Contractual Currency”) is the sole currency of account and payment for all sums payable by the Issuer under or in connection with this Programme Trust Deed and the Bonds, including damages.
- (b) **Extent of Discharge:** An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of an Obligor) by the Trustee or any Bondholder in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so); and
- (c) **Indemnity:** If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Programme Trust Deed or the Bonds, the Obligors shall, be deemed to have indemnified such recipient against the difference between those amounts. In any event, the Obligors shall be deemed to have indemnified the recipient against the cost of making any such purchase.

- 19.4 **Indemnities separate:** The indemnities in this Programme Trust Deed constitute separate and independent obligations from the other obligations in this Programme Trust Deed, and will give rise to separate and independent causes of action, will apply irrespective of any indulgence granted by the Trustee and/or any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Programme Trust Deed or the Bonds or any other judgment or order. Any such loss as referred to in Clause 19.3(c) (Indemnity) shall be deemed to constitute a loss suffered by the Trustee, the Bondholders and no proof or evidence of any actual loss shall be required by the Issuer or its liquidator or liquidators.

20 ESTABLISHMENT AND FUNDING OF TRANSACTION ACCOUNTS

- 20.1 **Establishment of Payment Account:** Unless otherwise stated in any Series Trust Deed, the Issuer shall, in respect of any relevant Tranche or Series of Bonds open the Payment Account prior to the Issue Date in the name and under the control of the Trustee. The Sponsor shall make payments of all monies due on the Bonds to the Payment Account in accordance with the terms of the relevant Series Trust Deed.
- 20.2 **Establishment of Sinking Fund Account:** Subject to the Final Terms, the Issuer shall where applicable in respect of any relevant Tranche or Series of Bonds open the Sinking Fund Account prior to the Issue Date in the name and under the control of the Trustee. The Sponsor shall deposit funds in the Sinking Fund Account from time to time in accordance with the provisions of the relevant Series Trust Deed, for the purpose of protecting the Bondholders against unexpected volatility, or interruption, in the cash flow available to service the payment obligations of the Issuer under this Programme Trust Deed and the relevant Series Trust Deed.

20.3 **Establishment of Other Accounts:** The Issuer shall open such other account(s) as may be prescribed in any Final Terms towards the repayment of amounts outstanding under Bonds of any Series.

20.4 **Payments into Transaction Accounts:**

- (a) At every time, where the Sponsor pays the relevant sums due under the Bonds into the Transaction Accounts in the manner prescribed by the provisions of the relevant Series Trust Deed, it shall be discharged from its obligations in respect of the said payments. For the avoidance of doubt, this clause 20.4(a) shall not apply if the Sponsor fails to make the relevant payment within the period prescribed in the relevant Series Trust Deed.
- (b) The Trustee shall, not less than fifteen (15) days before the applicable Payment Date, issue a written notice to the Sponsor and Issuer notifying them of the next Payment Date and the obligation to fund the Transaction Accounts in accordance with the relevant Series Trust Deed.
- (c) All monies due to the Issuer under the Master Intercompany Bonds Purchase Agreement where applicable, shall be paid by the Sponsor directly into the Sinking Fund Account.
- (d) The Trustee shall ensure that the Account Bank utilizes funds in the Transaction Accounts for purposes of effecting payments on the Bonds to Bondholders as and when due.

21 APPOINTMENT AND RETIREMENT

21.1 **Appointment of Trustee:** The power of appointing new trustees under this Programme Trust Deed shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Bondholders for the time being and the Guarantor in writing (where applicable). A trustee under this Programme Trust Deed shall at all times be a trust corporation and duly registered as a trustee by the SEC and may be the sole trustee. Any appointment of a new trustee hereof shall as soon as practicable thereafter be notified by the Issuer to the Registrar and the Bondholders. The Bondholders shall together have the power, exercisable by Extraordinary Resolution, to remove any trustee or trustees for the time being hereof. The removal of any trustee shall not become effective unless there remains a trustee hereof in office after such removal. No such appointment of a trustee shall be valid without the prior consent of the Guarantor (where applicable) and SEC.

21.2 **Co-trustees:**

- (a) The Trustee may (with prior written consent of the Issuer and the Guarantor (where applicable) appoint any trustee to act jointly with the Trustee if such appointment is in the interests of the Bondholders and:
 - (i) to conform with a legal requirement in a jurisdiction in which a particular act is to be performed to give effect to this Programme Trust Deed or the Bonds; or
 - (ii) to obtain or enforce a judgment or enforce any provision of this Programme Trust Deed in any jurisdiction.

- (b) The Issuer hereby appoints the Trustee as its attorney to make such appointment and in its name and on its behalf to execute any such instrument of appointment. Any person appointed by the Trustee under the power granted under this Clause 21.2 shall (subject always to the provisions of this Programme Trust Deed as applicable) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by this Programme Trust Deed as applicable) and such duties and obligations as shall be conferred on it or imposed by the instrument of appointment.
- (c) The Trustee shall have power in like manner to:
 - (i) remove any such person by giving written notice to the Issuer and the co-trustee;
 - (ii) confer on any co-trustee such duties as it thinks fit; and
 - (iii) to pay such reasonable remuneration as the Trustee may pay to any such person, together with any attributable fees, costs, charges and expenses incurred by it in performing its function as such separate trustee or co-trustee, shall for the purposes of this Programme Trust Deed be treated as fees, costs, charges and expenses incurred by the Trustee.

21.3 **Retirement of Trustee:** Any Trustee for the time being of this Programme Trust Deed may retire at any time upon giving not less than three calendar months' notice in writing to the Issuer and the SEC without assigning any reason therefor and without being responsible for any costs occasioned by such retirement save for costs associated with, and/or incidental to, delivering physical copies of any trust document(s) to a new trustee. The retirement of any Trustee shall not become effective unless:

- (a) there remains a trustee hereof in office after such retirement; and
- (b) where a successor is required to be appointed, the Guarantor has approved the successor (where applicable) and the successor trustee having accepted such appointment, delivers to the Issuer the duly executed Accession Agreement in or substantially in the form in Schedule 4 to this Programme Trust Deed. The Issuer hereby covenants that in the event a sole trustee gives notice under this Clause it shall use all reasonable endeavours to procure a new trustee, to be appointed and if the Issuer does not procure a new trustee within three calendar months of such notice being given, the Trustee may subject to the Guarantor's written approval appoint a new trustee. The appointment of any trustee pursuant to this clause 21.3 shall be with the prior notification to, and clearance by, the Guarantor and the SEC.

21.4 In the event of the retirement of a Trustee in accordance with this Clause 21, the Trustee shall immediately account for and deliver up all trust property, to its appointed successor. In addition, the Trustee undertakes to refund the unearned portion of the annual fees for the year that it retires

21.5 **Competence of a majority of Trustee:** Whenever there shall be more than two trustees hereof the majority of such trustees shall be competent to execute and exercise all the trusts, powers, authorities and discretions vested by this Programme Trust Deed in the trustees generally.

21.6 **Powers additional:** The powers conferred by this Programme Trust Deed upon the Trustee shall be in addition to any powers which may from time to time be vested in them by general law or as the holder of the Bonds.

21.7 **Merger:** Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the

Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Clause, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

22 APPOINTMENT OF REGISTRAR AND BONDS REGISTER

- 22.1 So long as any portion of the Bonds shall remain outstanding, the Issuer shall have the power to appoint a Registrar to maintain an accurate Register for the Bonds of each Series (each a Register) and shall also retain the power to remove such a Registrar so appointed. Such Registrar shall be a body corporate duly registered with SEC. Though the Registrar shall be appointed by the Issuer, the Registrar shall be responsible to the Trustee.
- 22.2 The Registrar shall at all times keep at its designated office for the time being or at such other place in Nigeria as the Trustee may approve, an accurate Register showing the amount of the Bonds for the time being issued and fully paid and the date of registration and all subsequent transfers or changes of ownership thereof and the name and address and description of the Bondholder and any person deriving title under it, such information to be obtained by the Registrar at least one (1) Business Day prior to each Record Date while the Bonds are outstanding.
- 22.3 The Trustee and the Bondholders or any of them and any person authorised in writing by any of them shall be at liberty at all reasonable times during office hours to inspect the said Register and to take copies of and extracts from the same or any part thereof. The said Register may be closed at such times and for such periods as the Registrar may from time to time determine provided that it shall not be closed for more than thirty (30) consecutive days in any year.
- 22.4 The Registrar shall maintain and update the Register until such time that all outstanding Bonds have been fully redeemed and the Issuer's liability under the Issue Documents has been discharged. The Registrar shall provide details of the Register to the Trustee during the period in which the Bonds are outstanding.
- 22.5 Without prejudice to the aforementioned provisions of this Programme Trust Deed, the Registrar shall, in the maintenance of the Register, obtain details (including bank account details and payment instructions) of the Bondholders and shall provide such details to the Trustee during the period which the Bonds are outstanding.
- 22.5 Only Bondholders whose names appear in the Bond Register at the Record Date for any payment shall be entitled to receive any payments of principal, and coupon or premium due on the Bonds.

23 NOTICES

- 23.1 **Addresses for notices:** All notices and other communications hereunder shall be made in writing and in English (by letter, telex or fax) and shall be sent as follows:

(a) **If to GPC-SPV Company Plc, to:**
4B Regina Coker Street, Off Obanta Avenue
Ikeja Lagos
Tel: 08027542769
For the Attention of: Elvis Okonji
Email: elvis.okonji@gpcgroupltd.com

(b) **If to GPC Energy & Logistics Ltd, to:**

4B Regina Coker Street, Off Obanta Avenue
Ikeja Lagos
Tel: 08027542769
For the Attention of: Elvis Okonji
Email: elvis.okonji@gpcgrouppltd.com

(c) **If to PAC TRUSTEES LIMITED to:**

Plot 8A, Elsie Femi-Pearce Street, Off Adeola Odeku, Victoria Island, Lagos.
Tel: 08037179556
For the Attention of: YinkaAdegbola
Email: Yinka.adegbola@pactrustees.com

23.2 **Effectiveness:** Every notice or other communication sent in accordance with Clause 23.1 shall be effective as follows:

- (a) Personal delivery: if delivered by hand or by courier, on signature of a delivery receipt or at the time the notice is left at the address;
- (b) Email: if sent by e-mail, one hour after the notice was sent with proof of delivery thereof or upon acknowledgment of receipt, whichever is earlier;
provided that any such notice or other communication which would otherwise take effect after 5.00 p.m. on any particular day shall not take effect until 10.00 a.m. on the immediately succeeding Business Day in the place of the addressee.

24 **COMPLIANCE WITH THE ISA**

- 24.1 The Trustee in exercise of the powers and discretions vested in it pursuant to these presents shall comply with the provisions of the ISA, and shall file with the SEC all necessary statutory reports in relation to the repayment of principal and interest under the trust herein constituted and in any trust deed supplemental to this Programme Trust Deed.
- 24.2 The Trustee shall inform the SEC whenever it becomes necessary to enforce the terms of this Programme Trust Deed and any breach of the terms and conditions of the Programme Trust Deed or a Series Trust Deed not later than ten (10) Business Days after the breach.

25 **GOVERNING LAW AND JURISDICTION**

- 25.1 **Governing Law:** This Programme Trust Deed, the Bonds and all obligations arising out of or in connection with them shall be governed by and construed in accordance with Nigerian law.
- 25.2 **Dispute Resolution:** In the event of any dispute arising out of or under this Programme Trust Deed, the parties shall within five (5) Business Days from the date the dispute arose, notify the SEC of the existence of the dispute. The parties may within ten (10) Business Days from the date the SEC was notified, resolve the dispute by mutual negotiation.
- 25.3 **Arbitration:** Any dispute which cannot be mutually resolved by the Parties in accordance with Clause 25.2 shall be referred to Arbitration in accordance with the provisions of the Arbitration and Conciliation Act, Cap A18, LFN, 2004. The arbitral tribunal shall consist of three arbitrators. The Obligors and the Trustee shall each appoint one arbitrator. The two

arbitrators so appointed shall appoint the third arbitrator. PROVIDED THAT if the first two arbitrators are unable to agree on a third arbitrator within two (2) weeks of the appointment of the second arbitrator, the matter shall be referred to the Chairman Chartered Institute of Arbitrators UK (Nigeria Branch) on the application of any Party who shall nominate the third arbitrator. The arbitrators shall also have a maximum period of ten (10) Business Days to resolve the dispute after the exchange of pleadings by the parties. In the event that the parties or the arbitrators are unable to settle the dispute, the matter shall be referred to the Investments and Securities Tribunal in accordance with the provisions of the ISA. The seat of arbitration shall be Lagos, and the language of arbitration shall be English.

- 25.4 **Consent to enforcement etc.:** The Obligors consent generally, in respect of any proceedings, or arbitral proceedings pursuant to Clause 25.3 (Arbitration) to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any final order or judgment which may be made or given in such Proceedings.
- 25.5 **Waiver of immunity:** To the extent that an Obligor may in any jurisdiction claim for itself or its assets or revenues immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process and to the extent that such immunity (whether or not claimed) may be attributed in any such jurisdiction to it or its assets or revenues, such Obligor agrees not to claim and irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

26 ASSIGNMENTS AND TRANSFERS

- 26.1 **No Restrictions:** Other than as provided in this Programme Trust Deed or any Series Trust Deed, there are no restrictions on the transferability of the Bonds.
- 26.2 **Transfers by the Trustee:** Upon duly obtaining the approval of the SEC and obtaining the consent of the Issuer and Bondholders, the Trustee may assign or transfer any of its rights, interests or obligations under or in respect of this Programme Trust Deed to any successor as trustee subject to the provisions of this Programme Trust Deed.
- 26.3 **Transfers by the Obligors:** The Obligors may not assign or transfer any of their rights, interests or obligations under or in respect of this Programme Trust Deed to any person, without obtaining the approval of the SEC and without the express consent of the Trustee acting on the instructions of the Bondholders.

27 WAIVER OF DEFENCES

The obligations of the Obligors under this Programme Trust Deed shall not be affected by any act, omission, matter or thing which, but for this provision, might operate to release or otherwise exonerate the Issuer from its obligations under this Programme Trust Deed, in whole or in part, including, whether or not known to the Obligors or the Trustee:

- (a) any time, indulgence or waiver granted to or composition with any Obligor or any other person;
- (b) the taking, variation, compromise, renewal or release of, or refusal or neglect to perfect, take up or enforce any rights, remedies or securities against any Obligor or any other person or any non-presentment or non-observance of any formality or other requirement in respect of any instruments; or
- (c) any legal limitation, disability, incapacity or other circumstances relating to the Issuer

or any other person.

28 **SEVERANCE**

In case any provision in or obligation under this Programme Trust Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

29 **COUNTERPARTS**

29.1 This Programme Trust Deed may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

29.2 Transmission of the executed signature page of a counterpart of this Programme Trust Deed by email (in PDF or JPEG) shall take effect as delivery of an executed counterpart of this Programme Trust Deed. If either method of delivery is adopted, without prejudice to the validity of this Programme Trust Deed, each party shall provide the others with the original of such counterpart as soon as reasonably possible thereafter.

29.3 No counterpart shall be effective until each party has executed at least one counterpart.

30 **STATUS OF PROGRAMME TRUST DEED**

30.1 The terms and conditions of this Programme Trust Deed shall be subject to the provisions of the Relevant Laws.

TAX CONSIDERATIONS

Please note that this information about the tax-exempt status of bonds and income accruing there from is meant to serve only as a guide and should not be considered as or deemed to be tax advice which can be acted upon by an investor. Investors are advised to seek specific tax advice regarding investment in the Bonds from their professional tax advisers.

Under current legislation in Nigeria, the tax consequences of an investment in the Bonds to be issued under the Programme are quite broad and extensive. These include exemption from Companies Income Tax, Value Added Tax and Personal Income Tax, by virtue of the Companies Income Tax (Exemption of Bonds and Short-Term Government Securities) Order 2011, the Value Added Tax (Exemption of Proceeds of the Disposal of Government and Corporate Securities) Order 2011 and the Personal Income Tax (Amendment) Act 2011. The CIT and VAT became effective in 2012 and are valid for a period of ten (10) years while the PIT is indefinite.

For the life of the Bonds exceeds December 2021, treatment of withholding tax for periods beyond 2021 will be in accordance with the applicable tax laws in place at the time and would be stated in the applicable Pricing Supplement.

OVERVIEW OF MACROECONOMIC ENVIRONMENT

The Information in this section has been extracted from publicly available data obtained from organizations such as the Central Bank of Nigeria “CBN”, the Nigerian Debt Management Office (“DMO”), the National Bureau of Statistics (“NBS”), the Nigerian Federal Ministry of Finance (“FMF”), the Organization of Petroleum Exporting Countries (“OPEC”), the World Bank, the International Monetary Fund (IMF), and other sources believed to be reliable. The Issuer, the Issuing Houses and their respective advisers have relied on the accuracy of this information without independent verification and make no representation as to its accuracy.

Introduction

Since late 2019 in Wuhan, China and April 2020 in Nigeria, the most important factor directly or indirectly affecting the performance of national economies is the impact of the corona virus (“COVID-19”) pandemic. Things are looking better with the two vaccines for the virus released by the end of the year 2020. It is expected that with this, the global economy would be on the path to recovery from the middle 2021 as coronavirus vaccines are rolled out thereby increasing economic activities and confidence begins to return as global economies pick up. Global economic growth is projected at 5.2% in 2021 following the contraction in 2020. (World Bank).

The health crisis led to a global economic and regional contraction; it has been a crisis like no other. To tackle COVID-19, the world economy was momentarily brought to a halt as a result of the lockdown of national economies, including Nigeria. There was massive layoff by companies resulting to high unemployment. Business leaders, employees and the general populace were devastated without clue as to what the next 24 hours holds. The IMF predicted that the global growth rate, would contract by a whopping 4.4% in 2020. This has been keeping economies afloat, while policy makers try to buttress efforts and slow the trajectory of the negative effects of the pandemic.

In March 2020, crude oil price war started after the dramatic collapse of an alliance between the OPEC cartel and Russia, a pact that had underpinned world oil markets for years. In the days that followed, the price of oil plunged by over 50%, sending shockwaves through a global economy reeling from the fallout of the coronavirus pandemic.

THE NIGERIAN ECONOMY

Occupying about 923,763 square kilometers of West-Africa with a population of about 205 million as at June 2020, Nigeria is Africa’s second largest economy and most populous country, growing annually at an average rate of 2.7%. According to the Nigerian Gross Domestic Product (“GDP”) Report (Q1 2021), published in by NBS, Nigeria’s Gross Domestic Product grew by 0.51% (year-on-year) in real terms in the first quarter of 2021. This is slower than the 1.87% growth recorded in the corresponding quarter of 2020 but higher than 0.11% recorded in the previous quarter (Q4 2020). With proven natural gas reserves of approximately 5.28 trillion cubic meters, Nigeria has the largest proven gas reserves in Africa and is ranked as having the 9th largest natural gas reserves globally.

Nigeria regained democratic rule from the military in 1999 and has since conducted several elections and recorded significant milestones in its democracy notably in 2007 when the country successfully power was transferred between two civilian governments and subsequently in 2015 from the ruling political party to the then main opposition party. The current administration, led by President Muhammadu Buhari, identified fighting corruption, increasing security, tackling youth unemployment, economic diversification, infrastructural development and boosting the living standards of Nigerians, as its government priorities. Unfortunately, not much has been achieved in this regard and the nation continues to wallop in poverty and insecurity.

As at June 2016, Nigeria was reported to be the largest economy and population in Africa. Crude Oil proceeds accounted for the majority of fiscal revenue, government earnings and exports in the country. Due to the overdependence on oil and gas, the Nigerian economy is largely vulnerable to the effects of oil price fluctuations in the global market. The weakening of the product price in many countries and emerging markets; buoyant oil production by the major national players as well as booming shale oil production as an alternative to crude oil have adversely affected the price of oil. Most notably, oil prices dropped from about US\$110 per barrel in 2014 to around US\$47 in September 2016 and slightly recovered to about US\$49.94 per barrel as at 31 August 2017 and currently at about US\$57.94 per barrel as at 1 February 2021, after a price fall in 2020.

The oil sector contributes over 90% of nations total exports, while its contribution to GDP is marginally at about 10%. Despite its abundant crude oil reserves, the country's oil and gas production is often face by a huge loss of revenue due to vandalism, dearth of pipeline and transportation architecture, and inadequate gas processing and storage facilities. In recent years, GDP growth has been augmented by progress in the non-oil and gas sector. As such, non-oil GDP grew by 7.2 percent in 2014 and 3.75 percent in 2015.

Nigeria has the largest economy on the continent, when measured by GDP. Following the rebasing exercise carried out in 2014, where the base year was moved from 1990 to 2010, Nigeria surpassed South Africa to become the largest economy on the continent and the 26th largest in the world with a 2014 GDP of US\$568.5 billion. Furthermore, the country has enjoyed sustained economic growth from 2005 - 2015 averaging a growth rate of 6.5%. The main driver of growth has been the non-oil sector, contributing c.91.27% to GDP in 2020 Q3, whilst the oil sector contributed c.8.73% over the same period. Despite the low contribution to GDP, the oil and gas sector remains critical to the development of the country and according to IMF it represents c.95% of exports earnings and c.70% of government revenue.

Nigeria offers the largest market in West Africa, comprising of c.50% of the West African population making it an attractive destination location or something similar for foreign investment. However, the business environment is often hampered by country's worsening infrastructural deficit, relentless insecurity issues and high level of bureaucracy. In 2016, Nigeria ranked 169 out of 189 countries on the Ease of Doing Business Index, according to the World Bank.

The table below outlines the contribution of key sectors to the real GDP and growth rate of the economy.

TABLE 1: KEY ECONOMIC INDICATORS

| ECONOMIC VARIABLES | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---------------------------------------|-------|--------|--------|--------|--------|-------------|
| GDP at market exchange rate (US\$ bn) | 486.8 | 404.65 | 375.75 | 397.19 | 448.12 | 432.3 |
| Real GDP growth (%) | 2.7% | -1.6% | 0.8% | 1.9% | 2.2% | -1.8% |
| GDP per capita (USD) | 2,550 | 2,443 | 2,400 | 2,383 | 2,374 | 2273 |
| Inflation Rate | 9.0% | 16.0% | 13.8% | 11.4% | 12.0% | 15.7% |
| Exchange Rate (vs USD) | 197 | 215 | 300 | 307 | 360 | 389 |
| current account/GDP(%) | -3.2% | -2.8% | -2.5% | -1.2% | -1.2% | -0.1% |
| Monetary Policy Rate (%) | 11% | 14% | 14% | 14% | 13.5% | 11.5% |
| Total external debt (US\$ bn) | 10.7 | 11 | 15.4 | 21.3 | 27 | 33.0 |
| Total external debt (% of GDP) | 2.2% | 2.5% | 5.1% | 5.9% | 5.8% | 2.0% |

Source: Economist Intelligence Unit, world Bank, NBS

OVERVIEW OF THE MACRO-ECONOMIC ENVIRONMENT

GROSS DOMESTIC PRODUCT

Having recovered from an economic recession in 2016, Nigeria recorded modest economic growth in 2017, 2018, and 2019, but slipped into a recession in 2020 as a result of the economic crises brought about by the corona virus pandemic which plunged crude prices and generally slowed economies. Data from the National Bureau of Statistics (NBS) showed that real Gross Domestic Product (GDP) contracted by -3.62 percent in Q3 2020, after a 6.1% and 2.28% in the previous quarter and corresponding period of 2019, respectively, thereby pushing the economy into recession.

Nigeria's Gross Domestic Product (GDP) grew by 0.51%(year-on-year) in real terms in the first quarter of 2021, marking two consecutive quarters of growth following the negative growth rates recorded in the second and third quarters of 2020. The Q1 2021 growth rate was slower than the 1.87% growth rate recorded in Q1 2020 but higher than 0.11% recorded in Q4 2020, indicative of a slow but continuous recovery. Nevertheless, quarter on quarter, real GDP grew at -13.93% in Q1 2021 compared to Q4 2020, reflecting a generally slower pace of economic activities at the start of the year. In the quarter under review, aggregate GDP stood at N40,014,482.74 million in nominal terms.

This performance is higher when compared to the first quarter of 2020 which recorded aggregate GDP of N35,647,406.08 million, indicating a year-on-year nominal growth rate of 12.25%. The nominal GDP growth rate in Q1 2021 was higher relative to 12.01% growth recorded in the first quarter of 2020 as well as the 10.07% growth recorded in the preceding quarter. For better clarity, the Nigerian economy has been classified broadly into the oil and non-oil sectors.

TABLE 2: NIGERIAN REAL GDP GROWTH RATE (2015-2021)



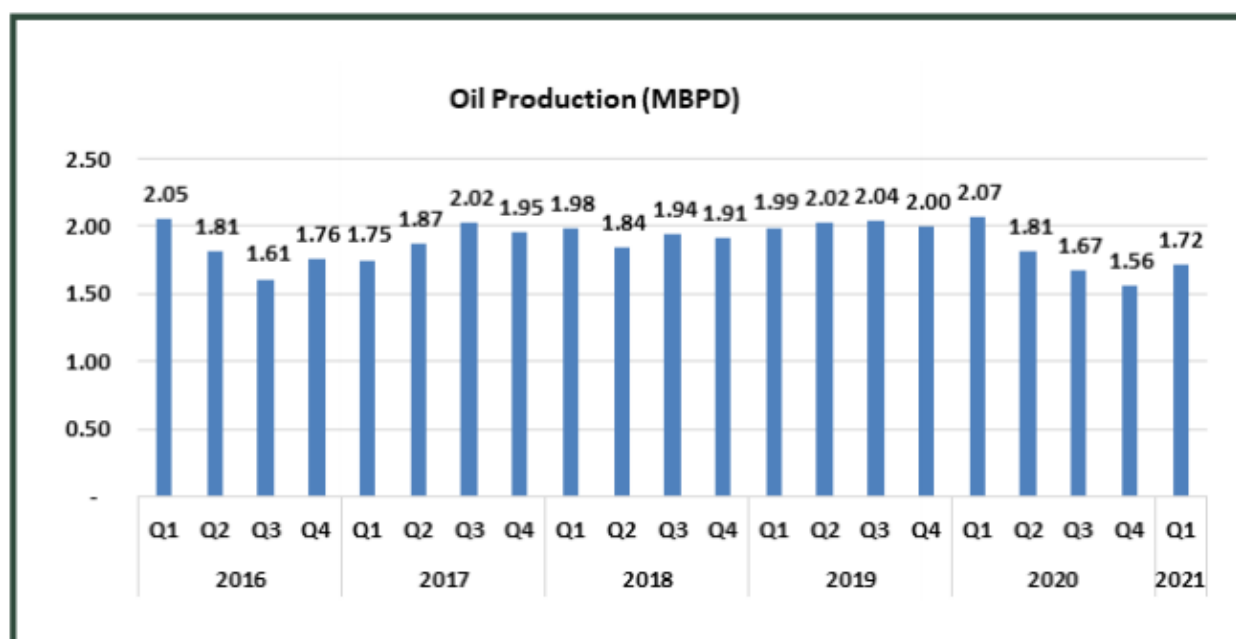
Source: NBS

As a share of the economy, the oil sector contracted by 2.21% in real terms in the first quarter of the year, indicating a decrease of 7.27% points relative to the 5.06% growth rate recorded in the corresponding period of 2020. The contraction can be attributed to the reduction in Nigeria's oil production during the period.

In the first quarter of 2021, average daily oil production stood at 1.72 million barrels per day (mbpd), or 0.35mbpd lower than the average daily production of 2.07mbpd recorded in the same quarter of 2020 but higher than the production volume of 1.56mbpd recorded in the fourth quarter of 2020.

Meanwhile, the contribution of the oil sector increased quarter-on-quarter from 8.16% recorded in the previous quarter to 9.25% in Q1 2021. It is however lower than 9.50% recorded in the corresponding period of 2020.

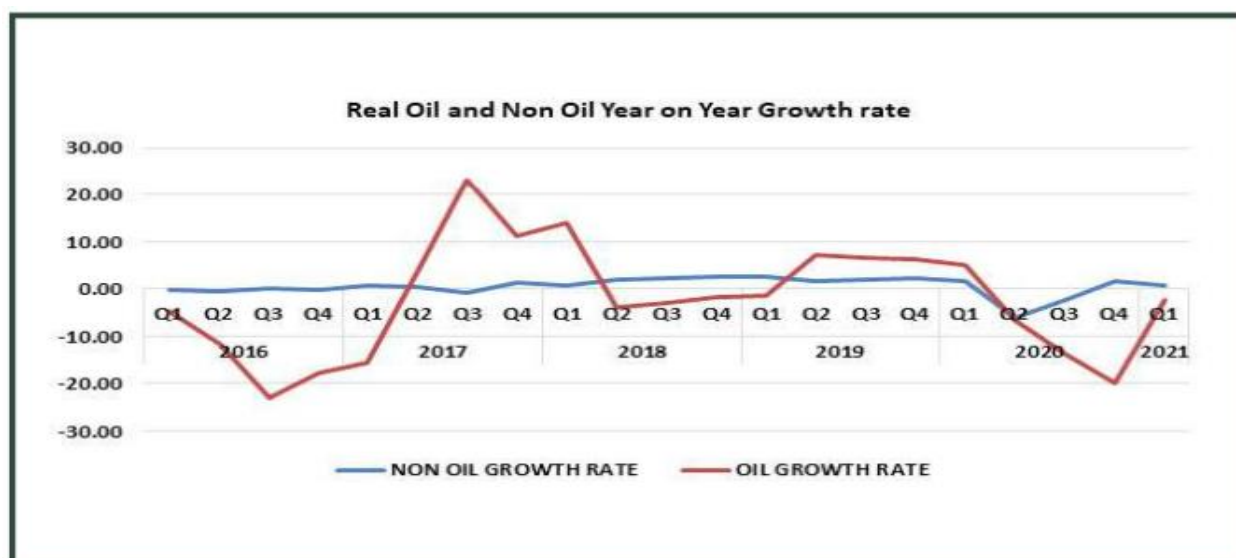
TABLE 3: NIGERIA'S CRUDE OIL OUTPUT



Source: NBS

The non-oil sector grew by 0.79% in real terms in Q1 2021, which was -0.75% points lower compared to the rate recorded in the same quarter of 2020 and -0.89% points lower than rates recorded in the fourth quarter of 2020. Growth in the non-oil sector was driven mainly by the Information and Communication (Telecommunication) sector while other drivers include Agriculture (Crop Production); Manufacturing (Food, Beverage & Tobacco); Real Estate; Construction and Human Health & Social Services. In real terms, the non-oil sector accounted for 90.75% of aggregate GDP in the first quarter of 2021, higher than its share in the first quarter of 2020 which was 90.50% but lower than 94.13% recorded in the fourth quarter of 2020.

TABLE 4: CRUDE OIL AND NON-OIL GROWTH



Source: NBS

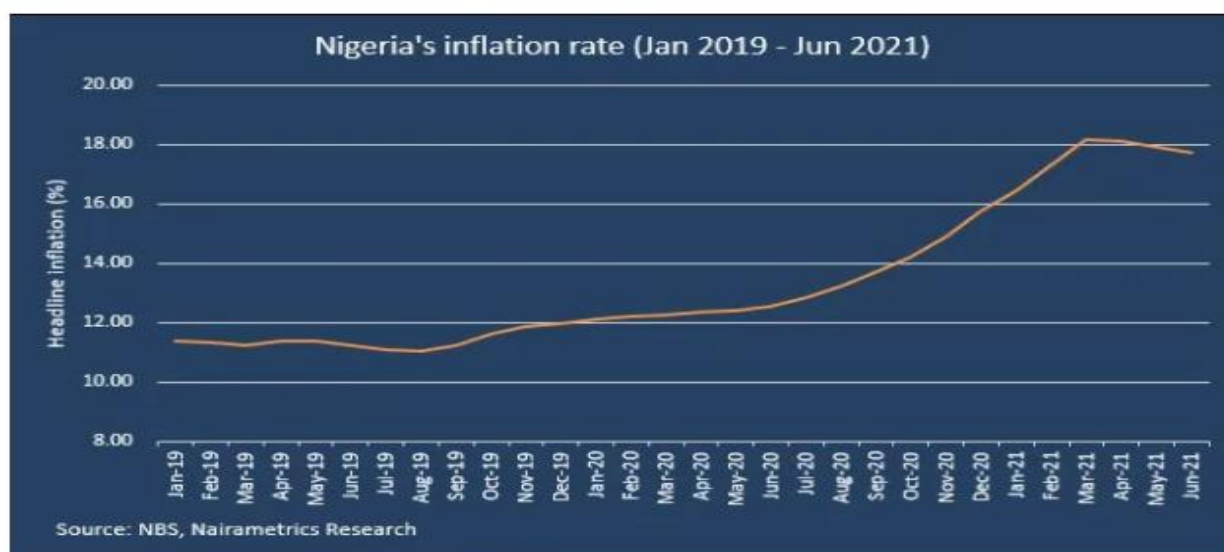
INFLATION RATE

Consumer Price Index (CPI) released by the National Bureau of Statistics (NBS), showed that Nigeria's inflation rate dropped further in the month of June 2021 to 17.75% from 17.93% recorded in the previous month (May 2021). This represents the third consecutive decline in headline inflation.

According to the report, the food inflation stood at 21.83% in June 2021 compared to 22.28% in May 2021 while core inflation which excludes the prices of volatile agricultural produce dropped from 13.15% recorded in May 2021 to 13.09% in the review period.

The decline in the rate of increase in the consumer price index indicates that the inflation rate in Nigeria might have peaked and is on its way downward. However, it is still worth noting that an inflation rate of 17.75% is still way higher than the 11.02% recorded before the closure of land borders in 2019.

TABLE 5: INFLATIONARY TREND



Source: NBS

MONETARY POLICY.

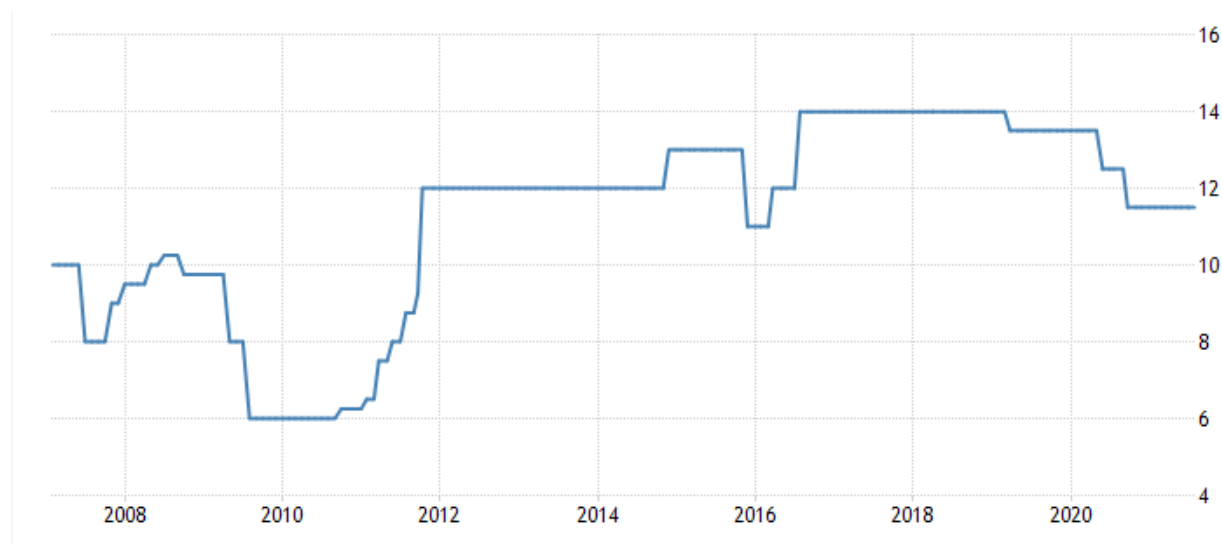
In consideration of the challenges still facing the domestic economy and uncertainty in the global environment, the monetary policy committee, has over the recent couple of meetings in Q2 of 2020, to Q1 of 2021, agreed to retain all policy parameters for the banking sector unchanged:

- Monetary Policy Rate (MPR) retained at 11.5%, with asymmetric corridor of +200/-500 basis points,
- The asymmetric corridor of +100/-700 basis point around the MPR,
- Cash Reserve ratio (CRR) at 27.5%, and
- Liquidity ratio, was at 30%.

The decision reflected the need to curtail the upward trend in inflation rate, low yield market, negative GDP growth and fragility in the foreign exchange market., even as the Nigerian economy slid into recession in the third quarter of 2020, following a second consecutive quarter of contraction in its GDP while placing priority to stimulate a contracting economy despite rising inflation, which has remained above the Bank's target range for over five years. MPR averaged 11.22% between 2007 and 2020, reaching an all-time high of 14% in July of 2016 and a record low of 6% percent in July of 2009.

In May, the MPC had retained the monetary policy rate at 11.5 per cent, with the asymmetric corridor of +100/-700 basis points around the MPR. The committee also voted to retain the Cash Reserve Ratio (CRR) at 27.5 per cent as well as the Liquidity Ratio at 30 per cent. The committee argued that the move was expected to allow further economic growth, despite four-year high inflation, after the country exited recession last year.

TABLE 6: NIGERIA'S MONETARY POLICY TREND



Source: Central Bank of Nigeria (CBN)

FISCAL POLICY

The 2021 budget has a deficit of about N5.20tn approximately 3.64 % of GDP. This is above the 3 % threshold set by the Fiscal Responsibility Act due to the economic challenges attributable to COVID -19. • The deficit is expected to be financed by new borrowings, privatization proceeds and drawdown on loans secured for specific projects. • Non-debt recurrent expenditure includes N3.76tn relating to personnel costs, which constitutes the largest expense item. The President announced steps to improve expenditure efficiency including full implementation of the Integrated Personnel Payroll Information System ('IPPIS') platform for salary payments, and ensuring that Government Owned Enterprises obtain approvals before carrying out recruitment exercises. The capital expenditure budget of N3.85tn represents an increase of about 43% compared to 2020, and about 29% of total 2021 expenditure. The President indicated that there will be focus on completing ongoing projects across different sectors

EXCHANGE RATE

Nigeria's Central Bank devalued the naira by 7.6% against the dollar as authorities in Africa's biggest oil producer migrate toward a single exchange-rate system for the local currency.

The Abuja-based Central Bank of Nigeria replaced the fixed rate of 379 naira to a dollar used for official transactions with the more flexible NAFEX, also known as the investors and exporters exchange rate that has averaged 410.25 naira per dollar this year, according to data on its website on Tuesday.

Nigeria adopted the multiple exchange-rate regime to avoid an outright devaluation of the naira by keeping a stronger pegged rate for official transactions and weaker exchange for non-government related transactions. This currency management system was criticized by the International Monetary Fund, and the World Bank held back a \$1.5 billion loan in a bid to push for more foreign-exchange reforms.

The NAFEX, which acts as a spot rate, was introduced in 2017 to improve dollar liquidity and encourage inflows from foreign investors that were exiting the country following the 2016 economic crisis. The West African nation suffered even more acute hard-currency scarcity last year after the Covid-19 pandemic led to a plunge in oil prices, forcing it to devalue the local unit twice.

While crude contributes less than 10% to the country's gross domestic product, it accounts for nearly all foreign-exchange earnings and half of government revenue.

BRENT CRUDE OIL

Crude oil prices were trading with marginal gains due to tight supplies, lower US stocks and a surge in COVID vaccination across the globe. The oil prices were also supported by strong equity earnings and delays in US-Iran talks.

Global demand for key oil-based fuels has rebounded sharply this year despite growing concerns over outbreaks of the so-called Delta COVID-19 variant. During the first seven months of the year, demand for key fuels is estimated to have risen by 5.5 million b/d or 9%, according to S&P Global Platts Analytics. While demand for jet fuel remains below pre-COVID levels due to ongoing travel curbs, heavy fuel oil is already above comparable 2019 levels supported by a resilient shipping sector and robust power sector demand in many key economies, it added.

Crude oil prices traded positively on Sunday, 11th July 2021, as Brent Crude closed at \$75.55 per barrel, representing a 1.93% gain for the day.

In the same vein, WTI Crude recorded a 2.22% gain to close at \$74.56 per barrel. However, Bonny Light and OPEC Baskets both dipped by 0.6% and 2.19% to close at \$74.16 and \$71.97 respectively.

Natural Gas closed at \$3.674, which represents a 0.38% bearish trade on Sunday.

The positive performance was attributed to strong U.S fuel consumption as data from the EIA revealed that U.S gasoline remand rose by 870,000 bpd in the previous week, the highest level since 2019.

Meanwhile, according to the EIA monthly outlook report, Brent Crude Spot prices are set to average around \$68.78 per barrel this year.

TABLE 7: BRENT CRUDE OIL PRICE TREND



Source: Trading economics & business insider

THE NIGERIAN LOGISTICS INDUSTRY

OVERVIEW OF LOGISTICS

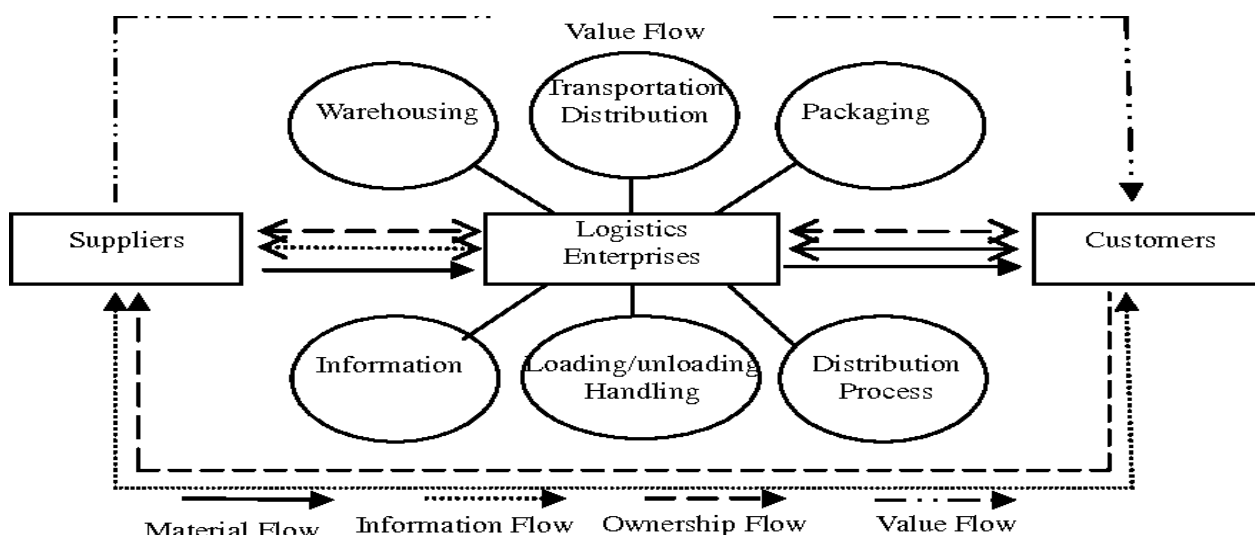
Logistics is widely known as the process of coordinating and moving resources, such as equipment, food, liquids, inventory, materials, and people, from one location to the storage of the desired destination. It is the management of the flow of goods from the point of origin to the point of consumption, to meet the requirement of customers. Logistics management focuses on the efficiency and effective management of daily activities concerning the handling of a company's finished goods and services. This type of management forms a part of the supply chain management; and plans, implements, & controls the efficient, effective forward, reverse flow, and storage of goods.

The market is segmented based on mode of transport, end use, and region. Based on mode of transport, the market is divided into railways, airways, roadways, and waterways. Based on end use, it is categorized into healthcare, manufacturing, aerospace, telecommunication, government & public utilities, banking & financial services, retail, media & entertainment, technology, trade & transportation, and others. Region-wise, it is studied across North America, Europe, Asia-Pacific, and LAMEA.

Logistics mainly comprises various services such as Third-Party Logistics (3PL), Fourth-Party Logistics (4PL), inbound logistics, outbound logistics, reverse logistics, green logistics, construction logistics, digital logistics, military logistics, and others logistics services.

Globally, key players Globally include A.P. Moller–Maersk, C.H. Robinson Worldwide, Inc., DB Schenker, Deutsche Post AG (DHL Group), DSV, FedEx, Geodis, Kuehne Nagel, Nippon Express, and United Parcel Service, Inc.

The Logistics Value Chain



In Nigeria, the logistics and supply chain industry is one of the fastest growing sectors of the economy. Though it is still in its nascent stage, the sector is quickly expanding and positively impacting the national GDP as well as the quality of life in many ways.

The major players across segments are: GPC, BHN, TSL, MDS, ABC Transport, Bollere Transport and Logistics, Kobo360, Oregon Freight Handling Ltd, Value handlers International Limited, Chibyke Global, Confidence Cargo Limited, Zenith Carex International,1Airex Logistics Warehousing, APMDC, Avinice Logistics Services Ltd, Basstop Integrated Services Limited, Better

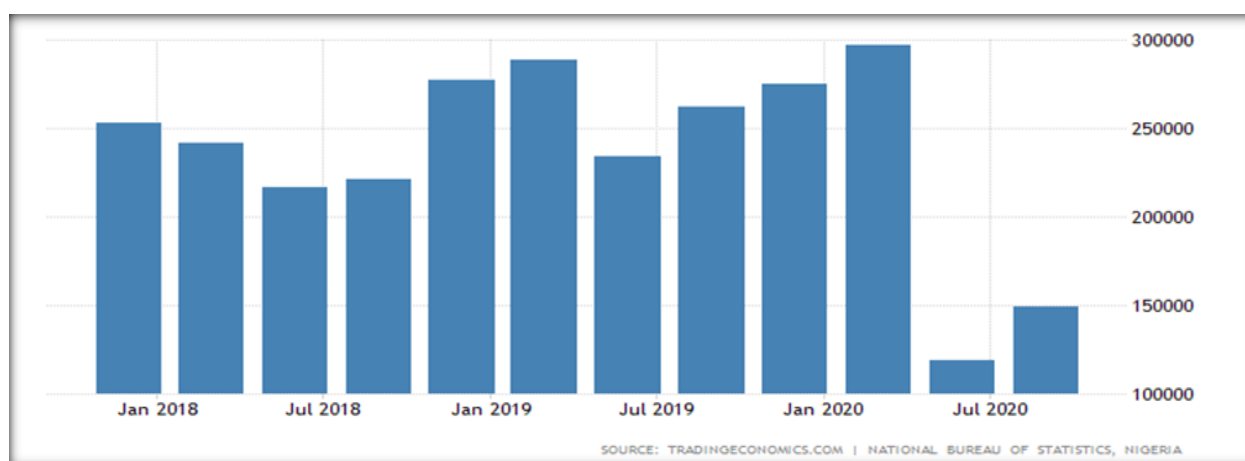
Link Services Nigeria Limited, Global Apex Logistics Ltd, Jomry Nigeria Ltd, Optidar Nigeria Limited, DHL, FEDEX Nigeria, UPS, Redstar Logistics, GIG Logistics, Courier Plus Services Limited, PACKMYLOAD.com, AGS Movers Lagos, Wilson Jay Movers and Packers, Logistix.ng, QSHIP Nigeria, Cross Country Courier Service, Creseada International Limited, MSC (Mediterranean Shipping Company).

Our emphasis under this review is the transport logistics (Transportation) segment of the logistics value chain in Nigeria where GPC Energy and Logistics plays.

TRANSPORT LOGISTICS IN NIGERIA

Transportation is a system for carrying passengers, and goods from one place to another both internally and internationally, often through power-driven machines. It is therefore an essential part of human activity, and in many ways form the basis of all socio-economic interactions as no two locations interact effectively without a viable means of movement.

An efficient transport system is an essential component in the production and distribution of goods.



The sector accounts for about N300billion of Nigeria's GDP. Although sectoral output shrank to N115billion in Q'2 of 2020, it partially recovered to N150billion by Q'3 of 2020. The shrinkage was causally linked to the breakout of the Covid-19 pandemic and other socio-political events such as the #ENDSARS# protests and insecurity which engulfed various parts of the country within the year. The en-masse conveyance of passengers was however the worst hit during this period.

The industries serviced by road haulage and their contributions to GDP are Manufacturing - N1.700Trillion; Construction - N0.700Trillion; Agriculture - N5.500Trillion; Mining - N1.800Trillion.

SECTORAL SEGMENTATION

The sector can be classified into road transportation (trucking, mass transit), air transportation, rail transportation, water transportation.

ROAD TRANSPORT/HAULAGE

With the collapse of the rail system in Nigeria, road haulage assumed a wider dimension and became the most utilized means of intercity movement of people, goods, and services.

In the northern part of the country, the products readily conveyed are agricultural produce and solid minerals while those from the southern part are petroleum products and other finished products through the commercial and economic nerve centers of Lagos, Abuja, Kano, Kaduna, Port-Harcourt, Aba.

Some of the issues bedeviling the road transportation in Nigeria include Funding - capital intensive business, Poor transport infrastructure – road, parking, Dearth of personnel - dishonest and reckless drivers, Poor management and business strategy, Harsh business environment – activities of local government revenue collectors and other agencies including multiple licensing and permit.

Poor vehicle maintenance, lack of control of manufacturers on logistics service, poor infrastructure, and higher logistics costs also hinders the market growth.

MARKET SEGMENTATION

The haulage market is broadly segmented into:

1. Haulage of people - Mass Transportation
2. Haulage of goods – Trucking, Pipelines

Under the haulage of goods, goods conveyed are further segmented into:

- a. Wet Goods: Petroleum Products, Liquefied petroleum gas (LPG)
- b. Dry Goods: Building materials, containers, solid minerals, agricultural products, and other finished products.

Our emphasis is on the movement of goods segment (heavy-duty truck haulage) where GPC plays.

The market can also be segmented by function (Freight Transport, Freight Forwarding, Warehousing, Courier, Express, and Parcel, Value-added Services, Cold Chain Logistics, Last Mile Logistics, Return Logistics, and Other Emerging Areas) and by End-User (Construction, Oil & Gas and Quarrying, Banking and Financial Services, Aerospace, Telecommunication, Agriculture, Fishing, and Forestry, Technology, Government and Public Utilities, Retail, Media and Entertainment, Manufacturing & Automotive, Distributive Trade, Others (Pharmaceutical and Healthcare).

Regardless of the end user, the goods conveyed are either dry or wet goods.

TRUCKING MARKET OVERVIEW

Transport Logistics in Nigeria is fragmented, and unregulated with a high number of small and medium scale players. Consequently, the market can be tiered into:

- ☐ Tier 1: The dominant players/brands such as GPC, BHN, TSL, and MDS whose business model relies on brand new imported trucks providing 3PL services to multinationals and local corporates under contract.
- ☐ Tier 2: The small and medium scale players who rely on new and used trucks imported to provide logistics services to the less structured market.

MARKET ENTRY

The three ways of entering the heavy-duty truck haulage market are - as an Independent Operator, as a Contractor or as a Sub-contractor

- Independent operators operate their trucks and seek contracts from multinationals and other interested parties on their own and get paid for deliveries made. They are solely responsible for the maintenance and repair of their fleet as well as personnel.
- Contractors or Sub- Contractor on the other hand place their fleet with the multinationals and other companies who in turn manage the maintenance and repairs on their behalf at an agreed monthly amount.

TRUCK CLASSIFICATION

Trucks are classified based on their shape, size, and use.

1. Tanker: Used in the transportation of petroleum products.
2. Trailer: Used to convey agricultural and other finished products.
3. Tipper: Used to convey granite, solid mineral, and sand.

DEMAND ANALYSIS

The global logistic market was valued at \$7,641.20 billion in 2017, and is projected to reach \$12,975.64 billion by 2027, registering a CAGR of 6.5% from 2020 to 2027.

As Africa's economy and population continue to explode and the size of the middle-class increases, every other continent wants to sell goods to Africa. African economies have shown sustainable growth (5 per cent average) over the past decade.

More than 100 billion tons of goods are transported across Africa annually. Trucking and haulage are the vital links that connect imported, manufactured, and cultivated goods to final consumers. Thus, without heavy-duty trucks and tankers, commerce may be impossible in Africa.

Given the continent's poor, and undeveloped, rail and inland waterway transport networks, almost all heavy goods are transported internally by road. Expectedly, the trucking and haulage business has attracted a lot of participants. In Nigeria and South Africa alone, more than 7,000 businesses are registered as truckers and haulage service providers.

Nigeria is the world's gateway to West Africa, and Lagos is the most vibrant international trade hub in the region. Most of the international sea transportation docks in the seaports in Lagos, namely Lagos Port Complex and Tin Can Port.

The Nigerian freight and logistics market is expected to grow at a CAGR of around 4% in the coming years (Nigeria Freight and Logistics Market - Growth, Trends, and Forecast (2020 - 2025) (mordorintelligence.com)).

The growth in the Nigerian logistics market will be spurred by infrastructural developments in railways and airways, improvement in foreign ties with other countries, developing manufacturing and export sector and the rising e-commerce sector.

Trucking may be a very costly, risky, and inefficient option to transport heavy goods (given the bad state of many African roads), but it appears to be the only practical and viable option now. The opportunities in trucking and haulage are as huge as there are several opportunities in this market.

Dangote's multi-million-dollar investment in Sinotruk Nigeria to assemble trucks locally, other multi-million-dollar investments, and China's plan to invest in assembly units in Nigeria are all pointers to the inherent opportunities and demand for trucking services in Nigeria. Despite these investments, local demand for new trucks cannot be met leading to imports from China and Europe to bridge the deficit.

Although Nigeria had a sizeable market for trucks estimated by export.gov at 265,000 trucks in 2019, there are very few well-established truck companies. The rest operate as individuals lacking capacity to operate at optimal level and leaving the few structured logistics companies to control the market.

GPC estimates a daily trucking gap of 2,586 in Nigeria and an estimated growth rate of about 4% annually relative to population and manufacturing sector forecast of 3% and 4% respectively.

ANALYSIS OF THE ENTERPRISE TRANSPORT LOGISTICS SEGMENT – PORTER'S FIVE FORCES

While the heavy-duty truck haulage industry is characterized by many service providers offering a homogenous product (perfect competition), the niche segment of the market (tier 1) is characterized by few service providers (oligopoly). Our emphasis for this analysis is on the niche market (Tier 1 or Independent Operators) within the heavy-duty truck haulage industry where GPC operates.

Competitive Rivalry – (Low): There are fewer sellers (tier 2) offering a homogenous product. Tier 1 players such as GPC Energy and Logistics Limited, TSL, MDS, BHN, Oritsetimehin, etcetera, have differentiated themselves through intelligent brand positioning, standardization and process controls, capacity, and quality service which has endeared them to the major multinationals and local corporators requiring haulage services for the distribution of their goods. These companies rarely compete amongst themselves due to the essential nature and huge demand/market for the services they render market availability. They account for about 45% of the Heavy-Duty Haulage Service industry performance.

Threats of New Entrants – (Low): Although there are no major regulatory bottlenecks to enter this industry, the significant capital outlay required to start and sustain the business poses a major entry barrier. The cost of a brand-new truck (tractor plus trailer) ranges from N18Million to N70Million depending on the brand and capacity while the cost of a used truck ranges from N6Million to N20Million.

Supplier Power – (Low to Medium): Unlike car spare parts, truck parts have fewer suppliers. However, given that they are specialized items, no single supplier possesses the power to influence the prices of parts and accessories in the market. Input prices such as tyres, engine parts and accessories, lubricants, and diesel are majorly dependent on exchange rates and volume. Parts are predominantly imported from China or Europe and sold to tier 1 players under 15 to 90days credit due to the structure of industry payments.

Buyer Power – (Low to medium): Buyers of this service are major multinationals and large local corporates who have the ability and capacity to determine the price. However, the essential nature of transport logistics in the distribution of their products and services minimizes overbearing pricing considerations. Additionally, the recognition of outsourcing transport logistics by manufacturers as value enhancement through competence leveraging, further influences their pricing decision positively in favor of service providers. Switching cost for these buyers/multinationals is also

extremely high due to the capital-intensive nature of the service and entry barrier it poses. This situation creates some measure of stability and risk minimization in the business.

Threats of Substitutes - (Low): The known substitute for heavy-duty long-haul transport services is rail transport. Although the rail system in Nigeria has received significant investments and modernization in a bid to revamp it, connectivity is still limited and the cost of the service thus far is relatively higher than the road transport cost. The average cost for Lagos to Ibadan via rail is estimated at N3,000 in comparison to a ceiling of N3,000 (luxury service) via road. Additionally, road transport reduces time to market for manufacturers and eliminates multi-modal distribution costs.

The rehabilitation and modernization of the railways are however expected to decongest the ports and facilitate speedy clearance and movement of cargo to dry ports which will, in turn, be hauled by trucks.

Based on Porter's Five Forces, the Heavy-Duty Truck Haulage industry in Nigeria is structurally attractive given high entry barriers, low power exerted by buyers, and low threat of substitutes.

COMPETITOR ANALYSIS

While the transportation industry is an extremely competitive space and operators compete on various factors, competition in the niche segment (enterprise transport logistics) is less intense due to market dynamics and preference of multinationals for established brands with assurances of quality service, safety, and distribution efficiency. Thus, switching cost in this enterprise transport logistics segment is high.

Prominent players in the industry include DHL, BHN, Nosak Haulage Limited, MDS Logistics, Transport Services Limited, Leventis, GPC Energy and Logistics Limited and GIG Logistics. While barriers to entry is high – on the back of the capital-intensive nature of the industry - players offer little or no product differentiation thus, players compete based on price, fleet composition and size, flexibility, turnaround time and technological innovation.

Some major players in this segment have however been able to differentiate themselves based on efficiency, providing customized logistics and transportation solutions to ensure coordinated and tracked movement of clients' merchandise.

Analysis of 3 Key players:

| Criteria | GPC | BHN | TSL |
|-------------------|---|---|--|
| Trucks | <ul style="list-style-type: none"> 560 | <ul style="list-style-type: none"> 2000 | <ul style="list-style-type: none"> 1300 |
| Truck Type | <ul style="list-style-type: none"> Mercedes Benz MAN Sinotruck Howo Mitsubishi Isuzu | <ul style="list-style-type: none"> Sinotruck Howo | <ul style="list-style-type: none"> Mercedes Benz MAN Sinotruck Howo Scania |
| Amplitude | <ul style="list-style-type: none"> Nigeria | <ul style="list-style-type: none"> Nigeria | <ul style="list-style-type: none"> Nigeria Ghana |
| Clients | <ul style="list-style-type: none"> Nestle Nigeria Plc Nigerian Breweries PZ Cussons Plc Tak Agro Lafarge Africa Plc Guinness | <ul style="list-style-type: none"> Nestle Nigeria Plc Lafarge Africa Plc Procter & Gamble CHI Industries Coca Cola Reckitt Benckiser Bua Cadbury Olam Indomie Dangote Sugar Nobel Carpets | <ul style="list-style-type: none"> Nestle Nigeria Plc Nigerian Breweries PZ Cussons Lafarge Africa Plc Guinness Sahara Energy Total Unicem Pladis |
| Cost | <ul style="list-style-type: none"> CKD or FBU imports Inventory Management Maintenance – Insourcing Least cost suppliers ECA Financing | <ul style="list-style-type: none"> Fully built imports. Inventory Management Maintenance – Insourcing Least cost suppliers ECA Financing | <ul style="list-style-type: none"> Fully built imports. Inventory Management Maintenance - Outsourced Least cost suppliers Naira financing |
| Operations | <ul style="list-style-type: none"> Dedicated fleet managers Well-trained drivers | <ul style="list-style-type: none"> Dedicated fleet managers Well-trained drivers | <ul style="list-style-type: none"> Dedicated fleet managers Well-trained drivers |
| Innovation | <p>Products</p> <ul style="list-style-type: none"> Dry goods <p>Business Model</p> <ul style="list-style-type: none"> Researching electric powered vehicles, backward integration, and retail transportation. | <p>Products</p> <ul style="list-style-type: none"> Dry goods Wet goods <p>Business Model</p> <ul style="list-style-type: none"> Expanded into maintenance services. | <p>Products</p> <ul style="list-style-type: none"> Dry goods Wet goods <p>Business Model</p> <ul style="list-style-type: none"> Transiting to CNG as fuel source. Expanded into the movement of people. Diversified into oil and gas Logistics. |

OPPORTUNITIES AND THREATS

OPPORTUNITIES

1. **Growing Population and favorable demographics:** Population of 183million people projected to reach 230million by 2030. 0-14years represents 42.5% which is growing at about (3.3%CAGR). This presents an enormous demand/market for goods and services.
2. **Expanding and Developing Manufacturing and Export Sector.** To de-risk their supply chains and cut cost, most manufacturers have resulted to domestic sourcing of raw materials, investing in processing plants and outsourcing their transportation/logistics issues to third party delivery companies. A shift in consumer behavior to e-commerce could help transform the industry. The FMCG sector could develop (for the higher-income customer segment) a direct-to-consumer channel through e-commerce with a reliable outsourced integrated delivery service and fintech providers.
3. **Agricultural Revolution:** Agriculture contributes about N5.5trillion to the nation's GDP. However, a large percentage of agricultural produce is wasted due to poor storage and distribution facilities. This presents an opportunity for companies to provide specialized trailers to haul perishable agricultural products.
4. **AfCTA:** Cross border logistics arising from the liberalized market for goods and services; movement of capital and persons and investments. This will also lay the foundation for the establishment of a Continental Customs Union, promote industrial development through diversification and regional value chain development, agricultural development, and food security.
5. **Vertical Integration** – Companies in this segment can integrate into their input value chains such as parts, fuel, tyres, and even truck assembly/manufacturing to gain further cost advantages.
6. **E-Commerce:** - Deeper market penetration via electronic channels. E-commerce, which is estimated at US\$12 billion with 87 Nigerian platforms and employs 2.9 million people in the country, could be unlocked if the industry can gain consumer trust to transact and pay online. Further, emergence of last mile deliveries, logistics automation, and cost cutting & lead time reduction due to adoption of multi-modal system are some of the factors that are anticipated to foster the market growth.

THREATS

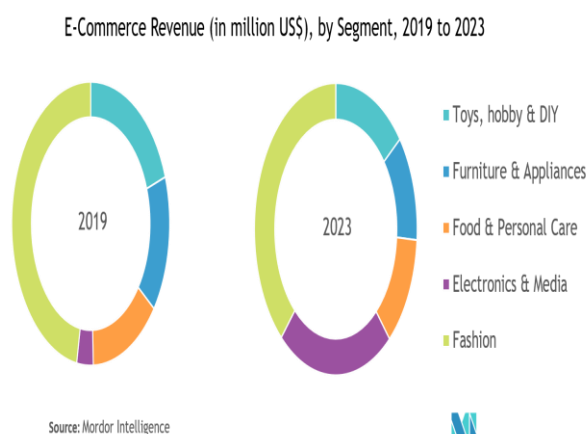
1. **Re-emerging rail transport** – Significant investments have been made in rails through partnerships with the Chinese government to improve Nigeria's transport infrastructure and cargo capacity. However, the rail infrastructure in Nigeria has extremely poor connectivity with only about 4,400km of narrow-gauge railway lines in place. This is highly inadequate to handle the demands of large freight movement.
2. **Organization** – The industry is fragmented with no clear-cut regulation. Touting and other vices threaten survival in the industry.
3. **High Finance/Borrowing Costs** – 22% -33% cost of funds to the industry is a major threat to the survival of businesses in the industry as it erodes profits and diminishes the ability of players to grow organically.
4. **Funding Challenges** – Lack of sustainable and structured long-term funds.
5. **Poor Infrastructure** – The poor state of road transport infrastructure is a major driver of maintenance costs for industry.
6. **Touting and Large Informal Sector**
7. **Insecurity and Climate Change**
8. **Fiscal and macroeconomic instability** leading to rising business costs.

KEY MARKET TRENDS

Growing E-commerce sector to boost the Nigerian Logistics Market

In the last decade, online grocery shopping has changed the way Nigerians shop. Items such as books, food, toiletries, clothes, electronics, furniture etc. are now online. In 2019, the revenue of the Nigerian E-Commerce market amounted to US\$ 4,885.7 million. The revenue is expected to grow at a CAGR of 20.5% in the period of 2019-2023, resulting in a market volume of around US\$ 10,290.6 million by 2023. In 2019, the market's largest segment was Fashion with a market volume of US\$ 1,761.9 million and User penetration was 52.2% and is expected to reach 75.2% by 2023. With the ease of payments through mobile money and debit cards, increasing internet penetration is expected to help this sector to grow further in Nigeria and give a boost to the logistics and freight market.

With the booming e-commerce in Nigeria, the delivery providers in the country like DHL, FedEx, EMS, UPS etc. have seen steady growth in their revenues and as the population is increasing with average revenue per user amounting to US\$ 46.53 in 2019, the future of logistics market in the region looks promising.



Development of Manufacturing and Export Sector in Nigeria

The Nigerian government has prohibited the imports of 43 products due to the recession in 2016-17 and has been focusing on building manufacturing and industrial units thereby increasing logistics demand. The project MINE is an initiative by the Nigerian president to develop special economic zones and promote the goods that are made in the country. The first round of funding will concentrate on developing Funtua Cotton Cluster, Enyimba Economic City and Lekki-Epe Model Industrial Park in Katsina, Abia and Lagos State, respectively. This will increase the domestic demand for trucks.

African Continental Free Trade Agreement - AfCFTA

International trade agreements are the key drivers in improving trade with foreign countries. The bilateral and multilateral free trade agreements signed with various countries, along with involvement in initiatives, such as ECOWAS (Economic Community of West African States) and AGOA, are expected to improve trade substantially in the coming years. African Continental Free Trade Area (AfCFTA), signed in 2019, aimed at reducing regional trade barriers and encouraging Pan-African commercial activity is a buster to the growth in cross-border trade and the logistics market.

The AfCFTA provides Nigeria free access to the entire African market, thereby improving trade between the neighboring countries and impacting the logistics sector in the future. Nigeria has the potential to establish itself as a gateway to Africa due to its large population that provides a huge market in the region.

Due to the development of trade routes across the African continent, opportunities for specialized logistics services such as cold chain logistics, built-to-suit warehouses, grain silos and on-demand transportation services will emerge. For example, to prevent agricultural products from going stale during harvesting and transport, logistics companies will have to operate a large storage and transportation system for agricultural and other perishable products.

The logistics (transport and warehousing) market in Nigeria is also expected to be on a growth path mainly due to an increase in international trade volumes, market entry of international players, growing e-commerce, and expansion of manufacturing industries in Nigeria to make the country self-reliant.

Infrastructure Development

The developing transport infrastructure also supports the growth of the logistics market. African governments are in discussion to develop the roads, railway, and marine transport connectivity of the countries. Nigeria and South Africa - the biggest economies on the continent of Africa are discussing collaborative effort to build road networks on the continent.

In Nigeria, a new deep-sea port in Lekki and the Trans-African Highway are under construction which are expected to open Nigeria to international trade. Also, airport connectivity is excellent, with major foreign airways connecting Murtala Muhammed International Airport in Lagos as the busiest airport for human and cargo transportation.

Disruptive Technology

MVXCHANGE

Mvxchange is a tech-driven maritime platform that matches vessel charter requests with available Offshore Support Vessels (OSVs), helping users conveniently charter vessels while reducing staff-time, cutting costs, and improving performance. In 2019, the startup closed a pre-seed funding round worth USD 100,000, led by Oui Capital with participation from Neon Ventures, Zircon Marine, and other angel investors, to scale its technology and acquire more enterprise customers.

AEROSPACE

Nigerian aerospace technology and mobility startup Arone is to launch two of its “Micro-AVports” as it aims to become Africa’s biggest aerial logistics network. Arone has been building and testing its platform facilitating the on-demand delivery of parcels intra-state and inter-state using drones and secured funding back in November 2019. Arone will provide on-demand access to its drone delivery service to individual and corporate users as well as existing logistics companies.

KOBO360

In 2019, Kobo360, the digital technology platform disrupting African third-party logistics, completed a USD 20 million Series A equity round, led by Goldman Sachs. It saw participation from Asia Africa Investment and Consulting Pte. and existing investors, including TLcom Capital, Y Combinator, the International Finance Corporation (IFC). An additional USD 10 million in local currency working capital financing has been secured from Nigerian commercial banks.

The company is also focusing on developing a partnership with drivers, ensuring that they are trained to use mobile-enabled technology, so they can convey goods seamlessly and earn more money.

Kobo360 developed an app that revolutionizes cargo delivery by making sure that everyone in the supply chain is connected, to ensure the safety and accountability of cargo in transit. The company is also developing a suite of driver-focused products to support over 10,000 drivers on the Kobo360 platform.

It has also launched KoPAY, offering access to up to USD 5,000 monthly working capital, KoboSAFE, access to an insurance product, and KoboCARE, access to discounted petrol, comprehensive HMO packages, and an incentive-based education program for drivers’ families.

DESCRIPTION OF GPC-SPV COMPANY PLC

GPC-SPV Company Plc was incorporated on the 24th day of March 2021 with registration number 1775369. Its registered office is at 4B, Regina Coker Street, Off Obanta Avenue, Ikeja, Lagos.

The primary purpose of establishing the Company is to issue bonds to Qualified Institutional Investors and HNI's for the purpose of raising the needed fund to invest in GPC Energy and Logistics Limited. The net proceeds of the bond issue would be passed through to GPC Energy & Logistics Limited to fund its existing contracts with some major multinational companies in Nigeria.

The shares of GPC-SPV Company Plc are distributed as shown in the table below:

| S/N | SHAREHOLDER | NO. OF SHARES | PERCENTAGE (%) |
|-----|--------------------------------|---------------|----------------|
| 1 | GPC Energy & Logistics Limited | 9,999,000 | 99.99 |
| 2 | Elvis Okonji | 1,000 | 0.01 |

Profile of the Directors of GPC-SPV PLC are shown below:

Christopher Uzoma Francis – Chairman

Uzoma is a serial entrepreneur with business interests in transportation and financial services for 22years. Between 1986 and 1998, he worked with Consolidated Resources Limited as an accounts and financial consultant. He also worked as an accountant with Nigerian Wire Net Limited, Allison Fisheries Limited, and Crown Flour Mills Plc as well as Construction and Design Limited as procurement officer.

Uzoma holds a Bachelor of Science Degree in Accounting from the Federal University of Technology, Yola, Adamawa State, Nigeria. He also holds a Diploma (Distinction) in Travel and Tourism from the Drogheda Institute of Further Education (DIFE), Dublin, Ireland, and a Diploma (Distinction) in Hospitality and Travel from City and Guilds, London.

He is a Qualified Financial Adviser (QFA) from the Institute of Bankers of Ireland.

Elvis Chukwudi Okonji - Director

Elvis is an astute entrepreneur with a wealth of experience across business sectors.

He is the pioneer managing director/chief executive officer of GPC Energy and Logistics Limited and under his boisterous and visionary leadership, the company has attained unprecedented success. Prior to this, Elvis had a banking career of 12years which traversed Midas Bank Plc, Gulf Bank, First Atlantic Bank, and Bank PHB. At Bank PHB, he rose to senior management position in recognition of his outstanding performances.

He is an alumnus of the Cranfield Institute of Management, United Kingdom as well as the Lagos Business School, Pan-Atlantic University, Nigeria. He earned an MBA from the University of Uyo, Nigeria and a BSc Banking and Finance from the University of Calabar, Nigeria.

His passion for logistics drives his global travels, studies and research into strategies and techniques for continuous improvement. He has attended several courses globally.

Opemikun Ibitoye - Director

Opemikun is a communication and information technology expert with proven practical expertise in automobile maintenance and support.

Under his dynamic guidance, the efficiency and effectiveness of the Technical Divisions comprising maintenance, procurement, information technology, tracking and other technical functions provide a critical competitive advantage for the business.

He also has oversight for projects geared towards continuous improvement, change, and change management.

Opemikun is a pioneer staff of GPC Energy and Logistics Limited and doubles as the corporate historian. Before joining GPC Energy and Logistics Limited, he worked with First Bank of Nigeria Plc, and Bank PHB Plc in different capacities. He has attended various courses overseas on supply chain management, logistics workshop management and technology.

He holds a bachelor's degree in engineering from the University of Ilorin, Kwara State, Nigeria.

DR. Mike Asekome - Director

Dr. Asekome is an Associate Professor with 15 years teaching experience in the Finance and Banking Department at the Benson Idahosa University, Benin City, Edo State, Nigeria. His taught courses include Corporate Finance, Bank Management, Marketing of Financial Services, Investment Analysis and Capital markets Operations at undergraduate and post graduate level.

He is a consultant on various assignments sponsored by the World Bank, FAO, IFAD, IITA, Edo State FADAMA and Edo State SEEFOR providing training, capacity building and mentorship to SMEs on development projects. He is also a renowned trainer in financial management, capacity building for development projects financing and specialist in business advisory services for banks and other corporate organizations.

His career started at First Bank Nigeria where he rose to the Regional Head of Agricultural Projects Finance and thereafter Midas Bank Plc, Lagos. He holds a Doctorate degree (PhD) in Business Administration (specializing in Financial Management) and master's degree in Business Administration (MBA) (specializing in Finance) from the University of Benin, Edo State, Nigeria. He also holds a master's degree (M.Sc.) in Economics (specializing in Banking and Finance) and a B.Sc. in Agricultural Economics (Upper Division) from the University of Ibadan, Oyo State, Nigeria.

He is a member of the Board of Boldev Nigeria Ltd and Managing Consultant of Boldev Consulting Group, Nigeria. He has attended several professional management courses locally and internationally, including the Train- the Trainers Certification Course of the Ateneo De Manila University, the Philippines in collaboration with the Central Bank of Nigeria, Lagos, where he was certified as a Professional Microfinance Trainer.

Patrick Uwajei (Ph.D) - Director

Patrick holds a Doctor of Philosophy (PhD) in Architecture from the Eastern Mediterranean University, Turkey. He is a Consultant Architect at PPE Construction and Engineering Services Limited, Nigeria and an editorial board member of the International Journal of Contemporize Urban Affairs (IJCUA), Turkey.

He is a design enthusiast with research and teaching experience in the Faculty of Architecture at the Eastern Mediterranean University, Turkey between 2015 and 2019. Patrick also worked as a resident

architect/site coordinator consultant at Arquitetura Engenharia Commercial Ltd (Copa Cabana Homes) and the Abuja Markets Management's Limited between 2008 and 2014.

His research extends to the health benefits of nature-based interventions and their applications as an environmental design construct for enhancing general wellbeing in the built environment. Patrick won the Excellent Paper Award for the category of Best Presentation/Best Content at the Academics World - 128th International Conference on Recent Advances in Medical and Health Sciences. 16th - 17th May 2019. NEW YORK, USA. He has 6 Publications to his name.

He brings a wealth of experience in project management, research, budgeting, and execution to the board of GPC-SPV PLC Limited.

Indebtedness

The Issuer does not have any indebtedness as at the date of this Shelf Prospectus other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

Material Contract

The Issuer has no subsisting material contract as at the date of this Shelf Prospectus, save for the agreements executed with the professional parties to the transaction and the Trust Deeds.

Material Adverse Changes

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

Financial Information

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

Claims and Litigation

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

DESCRIPTION OF GPC ENERGY AND LOGISTICS LIMITED

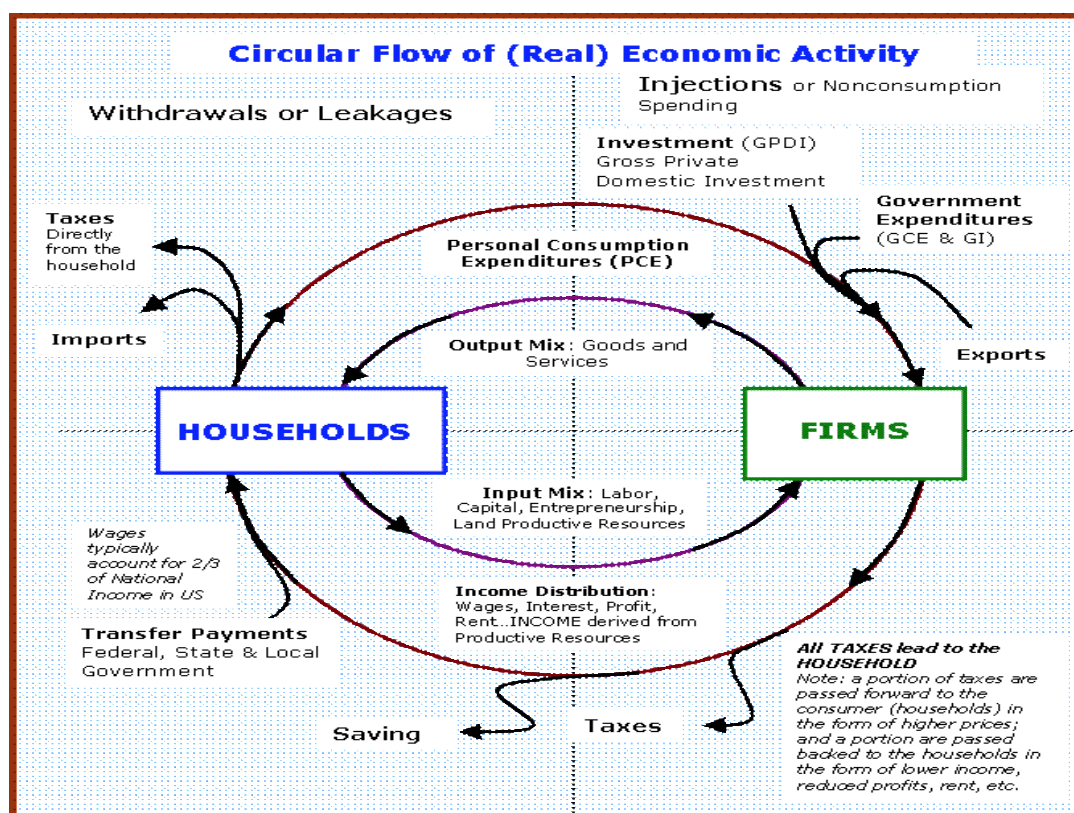
ABOUT GPC ENERGY AND LOGISTICS LIMITED

The Sponsor, GPC Energy and Logistics Limited was incorporated in Nigeria on November 9, 2009 to provide logistics services in the road transport sub-sector of Nigeria economy. The Company is in road transport haulage business. Since inception however, the Company has specialized in road transportation and haulage of dry goods and have been providing premium service to a vast majority of multinational companies in the FMCG sector.

GPC Energy and Logistics Limited is the reference company for comprehensive logistics solutions and sustainability, anchored on customer centricity and innovation. It is a leading logistics business in Nigeria with a broad customer base. The Company has grown organically over the years and continued to expand its market share. GPC has a very experienced and skillful management team. They have come together with broad experience from different industries including banking and have different training that is helping in the management of the Company towards achieving growth.

STRATEGIC INTENT

To facilitate the circular flow of economic activity, globally, through “on time and in the right condition” delivery of goods and services.



GPC would hinge on the evolving technology to drive the circular flow of economic activity. “The growth of the transportation services industry will be characterized by the increase in digitization and the advent of smart technologies. This is because digitizing transportation services will help transportation service providers in improving their efficiency, create better experiences for its customers, and ultimately increase the profitability of the well-integrated transport infrastructure.”

DIRECTORS AND MANAGEMENT PROFILE

Dr. Mike Asekome - Chairman

is an Associate Professor with 15 years teaching experience in Finance and Banking Department at the Benson Idahosa University, Benin City, Edo State Nigeria. He taught courses include Corporate Finance, Bank Management, Marketing of Financial Services, Investment Analysis and Capital markets Operations at undergraduate and post graduate level. He is a consultant on various assignments sponsored by the World Bank, FAO, IFAD, IITA, Edo State FADAMA and Edo State SEEFOR providing training, capacity building and mentorship to SMEs on development projects.

He is also a renowned trainer in financial management, capacity building or development projects financing and specialist in business advisory services for banks and other corporate organizations. His career started at First Bank Nigeria where he rose to the Regional Head of Agricultural Projects Finance and thereafter Midas Bank Plc, Lagos. He holds a Doctorate degree (PhD) in Business Administration (specializing in Financial Management) and Master's degree in Business Administration (MBA) (specializing in Finance) from the University of Benin, Edo State, Nigeria. He also holds a Master's Degree (M.Sc.) in Economics (specializing in Banking and Finance) and a B.Sc. in Agricultural Economics (Upper Division) from the University of Ibadan, Oyo State, Nigeria.

He is a member of the Board of Boldev Nigeria Ltd and Managing Consultant of Boldev Consulting Group, Nigeria. He has attended several professional management courses locally and internationally, including the Train- the Trainers Certification Course of the Ateneo De Manila University, the Philippines in collaboration with the Central Bank of Nigeria, Lagos, where he was certified as a Professional Microfinance Trainer.

Elvis Chukwudi Okonji - Managing Director/Chief Executive

Elvis is an astute entrepreneur with a wealth of experience across business sectors.

He is the pioneer managing director/chief executive officer of GPC Energy and Logistics Limited and under his boisterous and visionary leadership, the company has attained unprecedented success.

Prior to this, Elvis had a banking career of 12years which traversed Midas Bank Plc, Gulf Bank, First Atlantic Bank, and Bank PHB. At Bank PHB, he rose to senior management position in recognition of his outstanding performances.

He is an alumnus of the Cranfield Institute of Management, United Kingdom as well as the Lagos Business School, Pan-Atlantic University, Nigeria. He earned an MBA from the University of Uyo, Nigeria and a BSc Banking and Finance from the University of Calabar, Nigeria.

His passion for logistics drives his global travels, studies and research into strategies and techniques for continuous improvement. He has attended several courses globally.

Damisa Abubakar Saliu - Deputy Managing Director

Damisa has over 20 years of experience in transport and logistics management, treasury management, administration and human resources spanning banking, print media, oil, and gas. He worked with Concord Press Nigeria Limited, Midas Bank Plc, Allied Energy Resources Nigeria Limited, and Nepal Oil and Gas. He was also a consultant/productive support to Rano Oil and Gas Limited.

Damisa is a Certified International Trade Logistics Specialist (CITLS) by the International Institute of Export and Import of Dunlap Stone University, Arizona, USA. He is also a member of the Chartered Institute of Personnel Management of Nigeria (CIPM), the Chartered Institute of Logistics and Transport of Nigeria, and the Institute of Shipping Technology. He is also a fellow of the Chartered Institute of Administration of Nigeria (FCIAN) and a certified professional manager/member of the Nigerian Institute of Management (NIM; chartered).

He earned a master's degree in public administration and a postgraduate diploma (PGD) in management from the Lagos State University, Ojo, Nigeria. He also holds a postgraduate diploma (PGD) in transport and logistics management from the Nautical Institute of Technology of the Rivers State University of Science and Technology, Port Harcourt. He graduated from the Kwara State Polytechnic, Ilorin, Nigeria.

Opemikun Ibitoye - Executive Director, Technical Services & Special Projects

Opemikun is a communication and information technology expert with proven practical expertise in automobile maintenance and support. Under his dynamic guidance, the efficiency and effectiveness of the Technical Divisions comprising maintenance, procurement, information technology, tracking and other technical functions provide a critical competitive advantage for the business. He also has oversight for projects geared towards continuous improvement, change, and change management.

Opemikun is a pioneer staff of GPC Energy and Logistics Limited and doubles as the corporate historian. Before joining GPC Energy and Logistics Limited, he worked with First Bank of Nigeria Plc, and Bank PHB Plc in different capacities. He has attended various courses overseas on supply chain management, logistics workshop management and technology. He holds a bachelor's degree in engineering from the University of Ilorin, Kwara State, Nigeria.

Olusola Tijani - Executive Director, Operations, Strategy & Business Development

Olusola's seventeen (17) years of experience spans consulting and financial services. He brings his wealth of experience in business and financial analysis, credit and marketing, risk management, strategy, and business development to position GPC Energy and Logistics Limited as an industry leader. Before joining GPC Energy and Logistics Limited, he worked with Economic Intelligence Group Limited, NAL Bank Plc (now Sterling Bank), First Inland Bank Plc (now FCMB) and Fidelity Bank in different capacities.

He has attended numerous courses on banking, transportation and logistics management. An economist by training, he earned a master's degree in economics from the University of Ibadan. Sola graduated with second class honours in economics (upper division) from the University of Ado-Ekiti, Nigeria.

Ime Ibatt - Executive Director, Finance & Administration

Ime is a seasoned banker, tax practitioner, auditor, financial analyst, administrator and accountant with over 20 years of experience. He is an associate member of the Institute of Chartered Accountants of Nigeria (ICAN). Before joining GPC Energy & Logistics Limited, he worked with James MBON & Co (chartered accountants) as the senior audit manager. He has also worked as a consultant & partner at Hill Mansion Consult Nigeria Ltd (a firm of tax and management consultants) as head of financial services and consultancy.

He also worked with Cooperative Development Bank (FCMB), Universal Trust Bank (Now Union Bank), Akwa Savings and Loans Ltd (Mortgage Bankers) among others. During this stint, he rose to the position of manager and head, risk management and control. He holds an MBA and postgraduate diploma (PGD) from the University of Calabar, Nigeria in Management as well as Higher National Diploma (HND) in Accounting and The Polytechnic, Calabar, respectively. He has attended several courses within Nigeria.

CHRISTOPHER UZOMA FRANCIS – Non-Executive Director

Uzoma has business interests in transportation and financial services for 22 years. Between 1986 and 1998, he worked with Consolidated Resources Limited as an accounts and financial consultant. He also worked as an accountant with Nigerian Wire Net Limited, Allison Fisheries Limited, and Crown Flour Mills Plc as well as Construction and Design Limited as Procurement Officer.

Uzoma holds a Bachelor of Science Degree in Accounting from the Federal University of Technology, Yola, Adamawa State, Nigeria. He also holds a Diploma (Distinction) in Travel and Tourism from the Drogheda Institute of Further Education (DIFE), Dublin, Ireland and a Diploma (Distinction) in Hospitality and Travel from City and Guilds, London. He is a Qualified Financial Adviser (QFA) from the Institute of Bankers of Ireland.

HRM Oba Jimoh Raski Ishola – Independent Non-Executive Director

Hrm. Oba Jimoh Rasaki Ishola Famuyiwa was installed as the Onipapa of Papalanto in 2008. He is a permanent member of the Egba Traditional Council as well as the Owu traditional Council. Between 1982 and 2007, he worked with PZ Industries Ltd Lagos and West African Portland Cement (now Lafarge Africa Cement) as an electrical supervisor in electrical department. He has business interests in hotel and Hospitality, entertainment and event management, and real estate.

He holds a Certificate in Electrical Engineering from the ABB UNIVERSITY SWITZERLAND and has attended many courses on human relations locally and internationally. He is a product of the PZ Technical Training School Diploma (City & Guilds Course C) and the Larfarge Training School, Lichtenburg, South Africa.

Vivian Okwudike - Independent Non-Executive Director

Vivian is a serial entrepreneur with interest in the logistics, hospitality, real estate, and agricultural value chain. She has served on the board of several organizations and brings her wealth of experience in organizational management to the board of GPC. She holds an MBA in Entrepreneurship from the Obafemi Awolowo University, Ife, Nigeria and a Bachelor of Science Degree in Accounting from Madonna University, Okija, Nigeria.

Gboyega Olusakin - General Manager, Nestle, NB, & Guinness Operations

Gboyega has served as transport logistics consultant to some manufacturing companies in Nigeria and represented Nigerian transporters at the e-commerce project of ECOWAS whose mandate it was, to remove logistics bottlenecks along the West African corridor. Gboyega has over 20 years of experience majorly in transport logistics. He became a pioneer member of a third-party provider of transport logistics in Nigeria during an era which heralded logistics outsourcing to third parties as a means of competence leveraging in supply chain management.

He is a graduate of philosophy from the Ondo State University, Ado – Ekiti and an alumnus of the prestigious Lagos Business School, Pan-Atlantic University, Nigeria. He has attended several courses in logistics management locally and internationally. Gboyega is a member of professional bodies such as the Council of Logistics Management, Logistics Society of Nigeria (leader of freight group), Chartered Institute of Logistics and Transport (UK), and Road Haulage Association of Nigeria.

Tony Mokogwu – Head, Risk & HSE

Tony is adept in business forecasting, risk management and delivery of high yield debt strategies. He is a versatile and astute banking and finance professional, with a demonstrable record of success gained in several Nigerian commercial banks over a period of 18 years. Before joining GPC, he worked with Fidelity Bank Plc for 10 years from 2001 and resigned in 2011 as the Regional Head of Construction and Project Finance, Northern Nigeria. From February 2012 to November 2013, Tony was Head of Corporate Banking (Abuja and Northern Region) at Keystone Bank Limited.

His career has involved various roles in commercial banking from start-up to turn around branches and business units, business development, executive sales and marketing, credit and financial analysis. He holds a bachelor's degree in Sociology and MBA in management from University of Nigeria, Nsukka. Tony also holds an M.Sc. International Finance and Banking from the University of Bedfordshire, UK.

Wasiu Saibu - Head of Accounts

Wasiu is a Chartered Accountant (ACA) with over 25 years work experience. He is a seasoned professional, who has worked with than 6 organizations including the West African Examinations Council and several audit and accounting firms. Since 2015, Wasiu has championed the transformation of the accounting department through a redefined framework and implementation of the latest International Financial Reporting Standards (IFRS).

He is a multi-skilled professional whose capabilities span bookkeeping, audit, analysis and internal control. He holds a Higher National Diploma (HND) from the Lagos State Polytechnic, Lagos, Nigeria, and an MBA from the Ladoke Akintola University, Ogbomosho, Oyo State, Nigeria.

Emmanuel Obue - Group Head of Human Resources

Emmanuel is a seasoned human resource practitioner with over 19 years of work experience. He practiced in several companies including the Michelin Development Company Ltd and the Port Harcourt Refining Company before joining GPC in 2013 as the chief people officer. He is an expert at policy development, staff compensation and performance management. He brings a wealth of experience to the effective management of the diverse and dynamic people at GPC Energy and Logistics Limited.

Emmanuel holds a bachelor's degree in economics from the Edo State University, Ekpoma, Nigeria. He also holds a PGD and MBA in human resources from the Ladoke Akintola University of Technology (Ogbomosho). He is an associate member of the Chartered Institute of Personnel Management of Nigeria (CIPM).

Benjamin Eluem - Group Head of Procurement

Benjamin is responsible for sourcing and material management functions. Benjamin's career of over 19 years spans banking and financial services, training and human capital development. Prior to joining GPC, he was the group head, branch operations at Keystone Bank Ltd, Nigeria. He is experienced in mergers and acquisitions, business modelling, restructuring, debt recovery and recapitalization.

Benjamin developed the conceptual framework and led the team of young Nigerians who developed the financial technology platform called "Moneymall": a robust loan sourcing and customer acquisition platform for Nigerian financial institutions and individual lending officers. Benjamin holds

a degree in accounting from Delta State University, Abraka, Nigeria and a master's degree in business administration from Ahmadu Bello University, Zaria, Nigeria. He has also attended several courses, workshops, trainings and conferences in sales, enterprise risk management, general management, leadership and banking.

Uche Ezinwa - Group Head of Internal Control, Compliance and Audit

Uche has worked in different capacities as a focused control and audit professional with more than 15 years' experience. Before joining GPC, she worked in Emis Telecommunications Plc as an accountant, and Keystone Bank Limited (formerly Platinum Bank). She started her career with the Internal Control and Audit Unit of Keystone Bank where garnered thorough knowledge of internal control, compliance and audit processes and practices.

Uche holds a degree in accounting from Olabisi Onabanjo University (OOU). She is an associate member of the Institute of Chartered Accountants of Nigeria (ACA). Uche has attended several courses locally and internationally on internal control/audit, risk management, compliance, and banking operations.

John Abhulimen - Head of Administration

John is seasoned in Human Resource and Administration. He has 22 years of experience traversing banking, insurance, law enforcement, transportation, and logistics. He started his career at FSB International Bank in the Strategic Management Department that crafted the strategic vision of the organization. Thereafter, he joined Bank PHB (now Keystone Bank) as a pioneer staff of the Human Resources Department with responsibility for setting up a world class department.

At Bank PHB, John also played vital roles in the Procurement and Stores Departments before he was deployed to Insurance PHB (now KBL Insurance) on a rescue mission, in recognition of his sterling performances. He has series of training that spans human resources, administration, insurance, and communication. He capped his academic journey with a master's degree in managerial psychology from the University of Ibadan.

Mayowa Olaleye (LLB, BL) - Company Secretary

Mayowa gained expertise in corporate practice, capital market/bond issues, money market operations, and civil matters while working at Futureview Financial Services Limited as a legal officer. She also worked as an associate at A.S Oyewale-Freeman & Co., and the Ministry of Justice, Kebbi State, Nigeria, where she garnered experience in public and private litigation.

She has worked as a legal intern in the criminal department at Falana & Falana Chambers and as a junior counsel at P.O Oshoture & Co. Mayowa graduated from the Obafemi Awolowo University, Ile-Ife, Osun State, Nigeria, where she obtained her LL. B (Bachelor of Laws) degree.

Oluyomi Diya - Head of Performance Mgmt., Salaries & Training

Yomi has over two decades of work experience spanning finance, consulting, and marketing/sales. Before joining GPC Energy and Logistics Limited, Oluyomi Diya was the MD/CEO of Douglas and Payne Consulting Limited where he consulted and trained several private and public institutions such as the Lagos State Government on forensics. His professional experience includes 17 years spent at FCMB, and Keystone bank Limited (formerly Bank PHB Plc) where he rose to a management position.

Oluyomi Diya earned an MBA in finance from the Lagos State University, Nigeria, and a BSc in finance from the University of Lagos, Nigeria. He is a fellow of the Institute of Chartered Economists of Nigeria (ICEN) as well as the Institute of Finance and Control of Nigeria (IFCN).

Aniekan Ibok - Head of Quality, Health, Safety and Environment

Aniekan is a sterling quality, health, safety, and environment (QHSE) professional with over 10 years' experience across the marine and logistics, energy, construction, and engineering sectors. Nimble-fingered in quality, health and safety (QHSE) management system, Logistics Road Safety Management, behaviour based safety, permit-to-work (PTW) system, journey management principles (JMP), audit and inspections, emergency response system, action plan management, fire safety management system (FSMS), personal protective equipment (PPE) standards, hazard identification and risk assessment (HIRA), HSE training and induction.

He has experience working for local corporates, and multi-nationals like Stellar Group and Anizzeal Engineering. Aniekan holds a postgraduate diploma (PGD) in maritime transport technology from the Maritime Academy of Nigeria, Oron, Akwa Ibom State, Nigeria, and a higher national diploma (HND) in mechanical engineering from the Federal Polytechnic Bida, Niger State, Nigeria. He is certified in NEBOSH International Occupational Health and Safety, ISO 9001:2015 Lead Auditor (Quality Management System), Health, safety and environment management system, seafarers' watch-keeping safety and first aid administration.

GPC BUSINESS GROWTH MILESTONES

GPC Energy and Logistics Limited since the commencement of its operation, specialized in road transportation and haulage of dry goods. It has become a household name in the haulage industry in Nigeria servicing multinationals and has gained strong reputation of amongst them as a result of its innovative service delivery.

- In August 2010, GPC Energy and Logistics Limited secured its first major contract with Lafarge Wapco Plc and operationalized the contractual obligations on November 15, 2010, with 5 used, locally sourced Mark trucks from Lanre Shittu Motors and 5 imported trucks from China. The imported Chinese trucks marked our entrance into the Chinese market and first purchase from Sinotruk.
- Between November 2010 and November 2011, GPC acquired 12 additional trucks which increased its fleet with Lafarge to 22.
- Subsequently, in November 2011, GPC approached Fidelity Bank Plc for a lease facility to acquire 15 additional trucks which were also deployed to Lafarge WAPCO Cement Plc as WAPCO continues to increase GPC share of business due to its exceptional service quality and reliability. The lease facility of N181,044,000 was the company's first foray into bank borrowing.
- In 2012, the Company negotiated a new and improved contract with Lafarge. This led to the disbursement of additional facilities totaling N742,636,000 by Fidelity Bank Plc to purchase 50 brand new trucks for deployment to Lafarge at Ewekoro, Ogun State, Nigeria. The financed trucks were deployed in tranches. While the tractors were sourced from a local dealer representing Sinotruk. The trailers were manufactured by Iron Products Industries Limited.

- Following this strong penetration and improving business relations with Lafarge, the Company acquired a parcel of land measuring 1.5 acres adjacent to the Lafarge WAPCO factory which serves as its operation base, to facilitate service delivery.
- In 2013, Lafarge awarded GPC another contract to supply 30 additional trucks in direct response to its display of capacity and competence. Financing and deployment mirrored the contract of 2012.
- In 2014, GPC was selected out of over 80 existing transporters by Lafarge to partner in an efficiency/value driven scheme tagged 'Trucking Strategy' which is aimed to enhance its operations via the deployment of 300 trucks in recognition of the company's service reliability and value creation through efficient fleet management.
- The synergy created an inroad into Germany and the European truck market with Daimler AG for GPC. GPC Energy and Logistics limited subsequently acquired and deployed 150 units of Mercedes Benz Actros trucks at the total cost of 9,374,500 Euros for use in servicing Lafarge in October 2014.
- This landmark deal in 2014 was financed by Standard Chartered Bank, on a Letter of Credit issued by Fidelity Bank Plc and guaranteed by the Export Credit Agency of the German Government, Euler Hermes. Repayment of the facility commenced in the same year via equal bi-annual installments for 4 years and by 2018 the facility was duly liquidated.
- In the same transaction, 165 units of trailers were purchased from our supplier, SINOTRUK in China. This was financed by an Unconfirmed Letter of Credit (ULC) with a face value of \$3,403,005 issued by Fidelity Bank Plc and discounted by Sinotruk with SINOSURE (another first and landmark deal for the company). The Unconfirmed Letter of Credit expired after 365days and dovetailed into a local currency (LCY) denominated lease facility with GPC local banker.
- Consequently, GPC Energy and Logistics Limited attained 'Key Account' status with Daimler AG (Germany) and Sinotruk (China) earning itself a dedicated international salesperson to manage the business/relationship.
- In 2015, GPC expanded its operation and signed on a second client, PZ Cussons. The partnership was initially focused on 'secondary' distribution (movement of goods from their warehouses to their clients all over the country) through a phased deployment of up to 80 trucks based on PZ absorptive capacity.
- To service the contractual obligation to PZ Cussons, GPC Energy and Logistics Limited reinvested its preceding year's profits and entered into direct agreements with Weststar Associates Limited (the local representatives of Daimler AG) and SCOA Plc (the local representatives of MAN AG) to purchase 12 units and 10 units of trucks directly on short term leases.
- The company also invested in the development of its operations base in Ewekoro, Ogun State by acquiring more land to achieve a total space of more than 4 acres, building its site office and driver training facilities. This has strategically positioned GPC as the logistics business of choice amongst its clients.

- Later in 2015, the company also entered into an agreement with Nestle to provide 30 distribution trucks for Nestle depot redistribution while PZ Cussons also ramped up its deployment. To meet this demand, GPC commenced a borrowing relationship with Union Bank. The trucks were purchased from SCOA locally while an additional 14 trucks were later acquired for deployment to both clients.
- In the year 2016, the Company executed an agreement with Nestle for larger long-haul trucks and took further finance from Union Bank to acquire 15 additional new trucks for this purpose and repurposed some of its older fleet from Lafarge for the operation as well. Upon the evident satisfactory service delivered, Nestle executed a contract for the Company to added Intra-factory shuttle to the bouquet of services it was delivering to them later that year.
- The local currency devaluation and other socio-economic events of 2016 tested GPC corporate resolve like in most other businesses in Nigeria, but exemplary and proactive leadership supported by strong cashflows and discipline guaranteed the seamless repayment of our obligations and corporate survival.
- In the year 2018, Nestle and PZ gave GPC further contracts for long haul trucks to enhance the “primary” distribution of their products and GPC approached Union Bank to finance the purchase of 80 trucks from Sinotruk in China via an Unconfirmed LC insured by SINOSURE with a face value of \$3,261,600. GPC utilized its burgeoning cashflows to make full repayment of this facility within the 2-year tenor which lapsed in 2020. This was irrespective of the excruciating business environment caused by the corona virus pandemic.
- In 2019, we took part in an RFQ process with Nigerian Breweries Plc. We were one of 4 transporters each selected to supply 150 units of trucks worth 10,258,996.50 Euros to the company on a 10-year contract. The other successful companies were TSL, MDS, and Leventis A.G The 150 trucks were imported, assembled, and deployed later in 2020.
- The tractors for the transaction were purchased directly from MAN Germany in Completely Knocked Down form (CKD) under a supplier credit arrangement guaranteed by Euler Hermes AG, and ODDO BHF bank as the negotiating bank. Union Bank issued an Unconfirmed LC as the instrument for the transaction. The trailers for the transaction were also purchased from Sinotruk in China via an Unconfirmed LC insured by SINOSURE for 2years.
- In 2020 and in reaffirmation of its confidence in GPC, Sinotruk offered us direct supplier credit in form of a Bills for Collection line of \$2,000,000 which was utilized to import 60 units of Rigid Trucks and 12 units of Howo Tractors and Trailers. The 60 rigid trucks and 12 Howo trucks were deployed to Guinness Nigeria Plc while GPC also negotiated an agreement to procure and deploy 100 additional units of dedicated trucks for the company. The company also closed a revolving annual Fixed Hire Agreement (FHA) with Guinness and deployed 140 of its existing fleet, from its expired contracts with Lafarge.
- Later in 2020, the Company also entered into an agreement with International Breweries to deploy 120 Units of trucks to its operations. This is a new business which we expect to deploy in Q1, 2021 and is part of the reason for this capital raise.
- Presently, we have submitted RFQs to Nigerian Bottling Company and Flourmills of Nigeria Plc while prospecting other notable multinationals and local corporates.

- The Company's growth has been organic with a combination of well-structured debt, retained earnings, responsive, innovative and dedicated management with vast industry experience and passion for their business. The decision to access the public debt market at this time is as a result of increasing demand for the services of the Company, owing to its consistent reliable and quality service delivery.

GPC LOAN HISTORY ANALYSIS AND CURRENT LOAN ANALYSIS

GPC Energy & Logistic Limited commenced business in November 2010 and by November 2011, it firmly established its relationship with one of the Nigerian banks as its bankers, Fidelity Bank Plc and was able to access credit facility of N226.3 million with the Bank for the acquisition of 15 units of Sinotruck Howo Tractors & Trailer. The Company made equity contribution of 20% in this transaction and paid down the facility in November 2014. The Company through this transaction strengthened its relationship with the Bank, leading to its ability to access more credit lines that supported its business growth and over time, its banking relationship spread to some other banks that have noted the performance of GPC business capacity and credit worthiness. GPC through this first transaction, established a strong tie with Sinotruck and proved itself over time as to eventually become a prime business partner with Sinosure, the credit arm of Sinotruck and has continued to enjoy a credit line with Sinosure.

As the relationship with Fidelity Bank gets stronger, GPC accessed a total of **₦ 928,295,000.00** in four different facilities all of which were used for the acquisition of 100 units of trucks for its logistics business. These facilities were fully liquidated in October 2016.

In 2014, credit facilities from Fidelity Bank totaling **N673,884,626.75** was utilized for the purchase of another 165 trucks, 1 Hilux truck and 1 Hiace bus. Again, the facility was paid in full in August 2019. An additional N46.2 million was borrowed from Fidelity Bank for purchase of 3 Hilux trucks and clearing of Tow truck. GPC has maintained a sound credit history, liquidating these facilities on record time.

However, in 2015, before the entry into credit relationship with Union Bank in 2016, GPC accessed \$3.5 million, that is **₦678,899,497.51** in a single credit transaction through an LC for the importation of 165 units of trailer from China. This was provided by Fidelity Bank Plc as the Bank continues to support GPC based on their understanding and appreciation of the business and has taken GPC as a dependable and reliable business partner. The \$3.5 million facility from Fidelity Bank was fully liquidated in 2019.

The Company continued in its business expansion and customers acquisition with major multinationals as well as establishing a strong footprint in its banking relationship with Fidelity Bank Plc. The Company enjoyed more access to funding from the Bank. With its already established credit history, GPC was able to procure additional 30 Sinotruck Howo Trucks and 30 Trailers at a cost of N563,655,000.00 which was also financed by Fidelity Bank.

Subsequently, in 2016, GPC was able to access another **₦924,670,555.56** for the procurement of 85 units of Sinotrucks and MAN trucks for its business. The funding also supported the building of the body of the trucks. The facilities was a two year facility that was liquidated in 2018 due to GPC strong cashflow.

In 2018, GPC approached Union Bank Plc to raise circa N737,713,888.89 for the acquisition of additional asset. Of this amount, **₦ 248,250,000.00** was used for the acquisition of land in Ikoyi,

Lagos while the balance was used to procure 80 units of Howo Tractors and trailers. The last of this amount was paid in November 2019. Also, GPC accessed a facility of \$3.2 million from Sinasure in 2018 and this was liquidated in 2020 in spite of the corona virus pandemic that posed unimaginable business challenge in 2020.

GPC Energy & Logistics Limited has a rich and excellent borrowing history. these were all borrowed and utilized for procurement of logistic trucks and construction of box body for trucks. These are purely business expansion investing and an indication of the Company's growth over the period and further indication of a strong borrowing capacity as well as ability and willingness to repay. The Company also accessed offshore facilities from foreign financial institutions including the Sinasure, Export Credit Agency of the German Government and Oddo BHF Bank providing guarantees and unconfirmed letter of credit. Its ability to access funding, especially unconfirmed letter of Credit from foreign financial institution is an indication of its good credit rating.

Committed to the growth of the Company and given that the business drive of the management was rapidly generating opportunities, the GPC continued to plough back hundred percent of its profit into the business, growing it through organic growth strategy. Within the period, from a negative shareholders fund of N143 million in 2013 the Company closed the 2019 financial year with a shareholder's fund of N4.459 billion. That is over 46% of the of the loan amount retained as profit to further grow its footprint in the logistic market in Nigeria. GPC currently has outstanding loan in excess of NGN6.00 billion in its book as at December 31st 2020 which was borrowed from UBN with expiration extending to 2024. However, it is intended that this would be refinanced with the cheaper fund that is planned to be raised from the capital market.

CORPORATE GOVERNANCE

GPC Energy and Logistics Limited is in compliance with all applicable corporate governance codes and standards.

PETITIONS, CONVICTIONS, ORDERS/JUDGEMENTS

There are no petitions, convictions or orders/judgments against any personnel of GPC Energy and Logistics Limited.

DIRECTORS' REMUNERATION

Details of the remuneration of each director are contained in the table below.

| NAME | ANNUAL FEE (₦) | SITTING ALLOWANCE (₦) |
|----------------------------|----------------|-----------------------|
| Dr. Mike Asekome | 1,200,000.00 | 400,000.00 |
| Elvis Chukwudi Okonji | 134,167,612.00 | Nil |
| Damisa Saliu Abubakar | 24,000,000.00 | Nil |
| Opemikun Ibitoye | 21,600,000.00 | Nil |
| Olusoji Tijani | 12,000,000.00 | Nil |
| Ime Ibatt | 8,000,000.00 | Nil |
| Jimoh Famuyiwa | 1,200,000.00 | 400,000.00 |
| Uzomah Francis Christopher | 1,200,000.00 | 400,000.00 |
| Vivan Okwudike | 1,200,000.00 | 400,000.00 |

RISK FACTORS

This section only considers a general perspective of risk involved in bonds investment. It may not consider all the risks in this issuance, or the individual investor's peculiar circumstance. Investors are expected to carefully understand the risks explain below and any relevant information available in this Prospectus, that may be helpful to understand the risks inherent in making investment in this bond issue.

The Issuer believes that the following factors may affect its ability to fulfill its obligations. All of these factors are contingencies which may or may not occur and neither the Issuer, the Co-Obligor nor the Issuing Houses is in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. Investors should consider all of the information in this Prospectus, including the following risk factors, before deciding to invest in the Bond. If the risks described below materialize, the Company's business, results of operations, financial condition and/or prospects could be materially adversely affected. Furthermore, the risks described below are not exhaustive. Additional risks not currently known may also have a material adverse effect on the business, financial condition and results of operations of the Company.

A) COUNTRY RISK

i. Political Risk

Nigeria has experienced periods of political instability since its independence in 1960. After a prolonged of military rule spanning over 16 years, a democratic government was reinstated in 1999. Since then, significant progress has been made to entrench democracy, strengthen the political environment and put the economy in the right direction. Also, keen effort has been in place to tackle corruption. The transition of power have been relative smooth, save for the usual political tension of the election years. Nigeria has however transited between four civilian administrations; from President Obasanjo who took over power from the military in 1999 to late President Umar Musa Yar'Adua, and then to President Goodluck Ebele Jonathan. A major political break-through in Nigeria political history is the transition of power between the PDP government of President Goodluck to the main opposition party of the APC headed by the current government of President Muhammadu Buhari. That is four successive democratic government in Nigeria's. as we approach the 2023 general election which is expected to be end for the incumbent government, having served the constitutional two terms of office, the usual political tension would becloud the nation. That presents a risk to the business of GPC Energy and Logistics Plc given that its principal place of operation is Nigeria. The heightened security risk ranging from kidnapping, Boko Haram insurgency, frequent herders-farmers conflicts, and grave environmental risk all of which has deepened the political risk in Nigeria threatens the very capacity of GPC to repay its obligation.

ii. Economic Risk

The Nigerian economy was gravely impacted by the economic recession that created a significant downturn in the fortunes of the country and caused liquidity squeeze. The Nigerian economy is largely dependent on oil production and was directly affected by fluctuations in the global prices of crude oil. Fuelled by the economic crises that was caused by the coronavirus pandemic, Nigeria plunged into recession in the third quarter of 2020. The government has continued to pursue its effort at diversifying the economy into solid mineral and agriculture. The mono product nature of the Nigerian economy and the consequential effect of the corona virus on crude oil prices in the global market were largely responsible for the economy swinging into recession in 2020. Typically, a drop-in

price or quantity of crude oil will mean a reduction in foreign exchange earnings of the country. This will invariably affect the ability of the Government to implement its planned economic activities and finance its budget especially for capital expenditure that has been a major hinderance to infrastructure development, including roads. All of these have their impact on the nation's foreign reserve and currency.

iii. Emerging Markets Risk

Emerging markets such as Nigeria are subject to greater risks than the developed markets, and financial turmoil in any emerging market could cause the price of the Securities to decrease and vice versa. Generally, investment in emerging markets is often more suitable for sophisticated investors who fully appreciate the risks involved and are familiar with the investment environment of the emerging markets. Investors should also note that emerging markets such as Nigeria are subject to rapid changes and that the information set forth in this Prospectus may become obsolete relatively quicker to dimension the investment risk appropriately.

Moreover, financial turmoil in any emerging market country tends to adversely affect prices of equities as investors are quick to move their money to more stable, developed markets in flight to safety. Financial problems or an increase in the perceived risks associated with investing in emerging economies could dampen foreign investment in Nigeria and adversely affect the economy. At such times, companies operating in emerging market economies face severe liquidity constraints as foreign funding sources are withdrawn. This could adversely affect the issuers business and thus the security being issued.

iv. Risks of Growth and Expansion

The Company's strategy includes future expansion and development plans, based on forecasts, patterns and estimates. There is no guarantee that such forecasts, patterns and estimates are correct. Accordingly, should such forecasts, patterns or estimates prove to be untrue then it may adversely affect the Company's business, financial position, operating results and future prospects.

Additionally, the future of the Company will depend in part on its ability to manage its growth in a profitable manner. A prudent and well experienced management capable of expanding the business operations for achieving the necessary growth, while retaining and supporting its existing customers, attracting new ones, recruiting, training, retaining personnel and managing their affairs in an effective manner and maintaining financial controls. If the Company fails to achieve such growth, it may adversely impact the Company's business and financial position.

v. Governance and processes continue to weigh on doing business in Nigeria

The problem of poor governance continues to affect the ease of doing business in Nigeria thus increasing business risk and affecting business performance. Huge institutional voids in the nature of bureaucracy, extorting, bribery and corruption, are serious concern and barriers to doing business in Nigeria and hinder economic growth and social development as well as impacting on the performance of the businesses. Although Nigeria moved 15 places to 131 out of 190 countries from 146. In the global rating on ease of Doing Business index in 2020. This remains a poor rating and has its adverse effect on the performance of businesses in Nigeria impacting negatively on tax revenue, investor confidence and mobility of goods. This would have its tool on the bond being issued. Recent uproar between the government of Nigeria and Twitter, and by extension other social media channels all speak to the issues of governance, institutional void and challenging business environment in Nigeria. They all pose a problem to businesses in Nigeria, especially in today businesses where digital market has become a major channel for sales drive.

v. Insecurity

The security situation in Nigeria is another cause for concern. The regular insurgency in the northern states by Boko Haram, the activities of militants vandalizing pipelines in the Niger-Delta, and the unrest in the South-East of Nigeria are great worry for the Country. Worse still, the Country is now faced with the bigger security problem of herders-farmers clash and kidnapping traversing the nation as well as kidnapping. All of these security issues adversely affect business activities in Nigeria and increases the risk of doing business. This has affected the confidence of foreign investors coming into Nigeria. Given that GPC Energy & Logistics Limited has a significant volume of its operations in the northern part of Nigeria, this deteriorating security situation may affect its revenue generating capacity.

vii. Infrastructure Deficit

Nigeria has huge infrastructure deficit in the areas of road, rail, power, airports, water, telecoms, and seaports when compared to its peers in the emerging markets. This terrible low level of infrastructure possesses developmental challenges to the economy. The key infrastructure need of Nigeria is power as it has the capacity to trigger other developmental activities and projects. Unfortunately, a lot of issues ranging from governance, pricing, funding, regulatory, etc. Given the capital-intensive nature there is a need for private sector to play a key role in providing critical infrastructure to ensure that the problem of power is solved.

B) RISKS RELATING TO BOND & ISSUER

STRUCTURAL RISKS

a. The Issuer

The Issuer is a company fully in operation to provide logistics service. Its assets are principally trucks. Bondholders would receive payments of coupon and principal in respect of the Bonds directly from the operational cashflows of the Issuer. Therefore, investors rely solely on the creditworthiness of the Sponsor, and the Security provided.

b. Change in Law

The Issuer is duly incorporated and established under the Nigerian law and remains in effect as at the date of this Shelf prospectus. No assurance can be given as to the impact of any possible judicial decision or change in Nigerian law or the official application or interpretation of Nigerian law after the date of this Shelf Prospectus.

c. The market price of the Bonds may be volatile

The market price of the Bonds could be subject to fluctuations in response to actual or anticipated variations in the Issuer's operating results, adverse business developments, changes in the regulatory environment in which the Company operates, changes in financial estimates of financial securities analysts and the actual or expected sale or purchase of a large number of bonds. All of these are risk factors relating to the instrument.

d. Credit Risk and Rating

Bonds issued under the Programme will be backed by the full faith and credit of the Issuer and the Co-obligor. A prospective investor purchasing the Bonds would rely solely on the creditworthiness of the Issuer and the Co-obligor and a fallback on the Security provided for the Bonds. In addition, an investment in the Bonds involves the risk that subsequent changes in the actual or perceived creditworthiness of the Issuer may adversely affect the market value of the Bonds as well as the capacity of the Issuer to pay.

The Bonds and the Issuer will be assigned a rating by SEC-registered rating agency and any independent rating agency that may also decide to rate the Bonds. The ratings may not reflect the potential impact of all risks related to the structure and market condition or any other factor that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agencies at any time.

Early Redemption

The Bonds may be subject to early redemption. Therefore, Bondholders may face the risk that the Bonds will be redeemed before maturity in a falling interest rate environment, forcing the Bondholders to reinvest the proceeds at a lower rate of return. However, this risk would normally be priced into the coupon rate at the time of issue.

MARKET RISKS

a. Liquidity risk for the Bonds

There may not be very active two-way quote trading in the Bonds when issued, although the listing of the bonds on the FMDQ Securities and/ or on any other approved Exchange increase the possibility of it trading activity. The liquidity of the Bonds may be somewhat limited and investors may not be able to trade the Bonds actively. Although there are a number of initiatives aimed at developing and deepening the debt capital market and creating liquidity and vibrancy in the tradable bond market, the impact of these initiatives on the trading of the Bonds cannot be assessed immediately.

b. Changes in interest rates

When securities such as bonds are offered with a fixed interest rate, such securities are subject to price fluctuations; as such securities may vary inversely with changes in prevailing interest rates. That is, where interest rates rise, prices of fixed rate securities fall and when interest rates drop, the prices increase. Accordingly, the extent of the fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in 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 Bonds.

The Bonds may, in the event of a change in market conditions which result in an adverse change in interest rates, be unattractive to investors; with the prevailing rates being more attractive than the coupon on the issued Bonds.

c. Currency (Exchange Rate) Risk

A number of the projects or trades that would be undertaken by the Issuer may involve a foreign currency component, especially in the procurement of trucks and equipment or other foreign denominated elements required for the proper running of its business. Fluctuations in the value of the Naira can make the transaction more expensive than currently projected, thus impacting adversely on the Company's profitability. Within the existing financing structure, if they are unable to fund the acquisition of the planned number of trucks as a result of currency fluctuation. Consequently, any further depreciation/fluctuation in the value of the naira may negatively impact the Issuer's revenue to be generated from the project and thus ability to meet its obligations.

Medical Pandemics

The advent of Corona virus, a respiratory track disease in 2019 represents a “new normal”. The disease was discovered in Wuhan, China and within months it had spread across the world, including Nigeria killing thousands of people in the world. The outbreak of this disease lead to lockdown of economies, thus paralyzing commerce and causing hardship to businesses and households. The magnitude of this infectious disease lead to it being described as by the World Health Organization as a pandemic and its effect on the logistics business is significant. This situation has adverse effect on business and could affect the capacity of the Issuer to meet its financial obligations as the business operation was almost brought to a standstill. Situations like this which are unpredictable may arise and would be a risk to the Company as it affects the operating cashflow of the business.

USE OF PROCEEDS

The proceeds from the issuance of Bonds in this Programme would typically be used for the expansion of the business of GPC Energy and Logistics Limited, except otherwise stated in the applicable Pricing Supplement wherein the details of the utilization for each issue would be presented. Utilization would majorly be for the procurement of trucks to increase the Company fleet and associated deployment cost as well as working capital financing.

EXTRACT OF THE SPONSOR RATING REPORT BY DATAPRO LIMITED



GPC Energy and Logistics Limited

2021 Corporate Rating

GPC ENERGY AND LOGISTICS LIMITED

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

CORPORATE RATING REPORT

References

Abiodun Adeseyeju, FCA.
Abimbola Adeseyeju
Oladele Adeoye

EVALUATION

VALID TILL: May, 2022

| | |
|-------------------|--------|
| Long-term Rating: | A |
| Short term Rating | A1 |
| Previous Rating: | N/A |
| Rating Outlook: | Stable |
| Trend: | Even |
| Currency: | Naira |

EXECUTIVE SUMMARY

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------|------------|-----------|-----------|-----------|-----------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Turnover | 7,252,114 | 6,278,574 | 5,462,687 | 5,482,687 | 4,019,601 |
| Pre Tax Profit | 938,196 | 1,737,512 | 1,208,546 | 1,384,305 | 823,603 |
| Equity | 5,641,883 | 4,536,267 | 3,078,258 | 2,569,039 | 563,169 |
| Fixed Asset | 11,795,936 | 2,470,544 | 3,070,787 | 1,851,385 | 3,556,247 |
| Total Asset | 14,403,440 | 7,213,362 | 6,880,400 | 5,373,617 | 6,029,028 |
| Long-term Debt | 6,617,461 | 1,653,765 | 2,308,631 | 1,842,290 | 3,966,695 |

RATING EXPLANATION

The Short term rating of A1 indicates **Good Credit Quality** and satisfactory capacity for timely payment of financial commitments.

The Long term rating of A indicates **Low Risk**. It shows very good financial strength, operating performance and business profile when compared to the standard established by DataPro. This company, in our opinion, has strong ability to meet their current obligations.

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

DataPro @ 2021

SUMMARY

- Rating

A

- Report Type:
Corporate
Rating

- Client:
GPC Energy
and Logistics
Limited

- Date Compiled
19-May-21

REPORTING ACCOUNTANT'S REPORT

Deloitte.

01 July 2021

The Managing Director
GPC Energy and Logistics Limited,
4B, Regina Coker Street,
Off Alhaji Kofoworola Crescent,
Ikeja,
Lagos State.

Dear Sir

Reporting Accountants' Report on the audited financial statements of GPC Energy and Logistics Limited for the five years ended 31 December 2020 in respect of the proposed Bond Issuance Programme

The financial statements for the year ended 31 December 2016 were audited by Tajudeen A. Olayinka & Co. In the years ended 31 December 2017 and 2018, the financial statements were audited by J.O. Awoyemi & Co., while Grant Thornton (Chartered Accountants) audited the financial statements for the years ended 31 December 2019 and 2020. The financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity, a Summary of Significant Accounting Policies and Other Explanatory Notes.

We have reviewed the audited financial statements for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 in respect of which, the auditors issued clean audit opinions, and have considered the applicable International Financial Reporting Standards (IFRSs), as issued by the International Accounting Standards Board (IASB).

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards, and for such internal controls as Management determines is necessary to enable the preparation of financial statements that are free from misstatements, whether due to fraud and error.


Our examination of the audited financial statements was conducted in accordance with the "International Standard on Review Engagements (ISRE) 2400 (Revised) – Engagements to Review Historical Financial Statements". This Standard requires that we plan and perform our examination to obtain moderate assurance that the audited financial statements are free from material misstatements. Such moderate assurance provides less assurance than an audit and does not require us to issue an audit opinion. Our examination was based on our review of the auditors' work papers, the evidence obtained, and the analytical procedures applied by the auditors in respect of financial data.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of GPC Energy and Logistics Limited as at 31 December 2016, 2017, 2018, 2019 and 2020, and its financial performance and cash flows for the years ended, in accordance with the International Financial Reporting Standards.

Please note that the Directors of GPC Energy and Logistics Limited are responsible for the contents of the prospectus in which this report is included.

Yours faithfully

For: Deloitte & Touche



Temitope Odukoya
Partner
FRC/2012/ICAN/0000000422

GPC Energy and Logistics Limited
Final Reporting Accountants' Report for the five
year period ended 31 December 2021

Statement of Comprehensive Income

| | | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|-------|---------------------|---------------------|---------------------|---------------------|---------------------|
| In thousands of Nigerian Naira | Notes | | | | | |
| Revenue | 6 | 7,252,114 | 6,278,574 | 5,462,687 | 5,301,333 | 4,039,294 |
| Direct cost | 8 | (5,552,084) | (3,903,559) | (3,817,627) | (3,072,000) | (2,845,630) |
| Gross profit | | 1,700,029 | 2,375,016 | 1,645,060 | 2,229,333 | 1,193,665 |
| Other income | 7 | 478,794 | 320,786 | 175,627 | 76,594 | 76,594 |
| Administrative expenses | 9 | (843,894) | (724,226) | (469,680) | (437,127) | (279,328) |
| Operating profit | | 1,334,929 | 1,971,576 | 1,351,007 | 1,848,797 | 990,931 |
| Finance cost | 10 | (396,733) | (234,065) | (137,047) | (464,490) | (296,139) |
| Profit before taxation | | 938,196 | 1,737,511 | 1,213,960 | 1,384,306 | 694,793 |
| Income tax expense | 12.1 | 167,419 | (284,917) | (699,327) | (279,808) | (43,819) |
| Profit for the year | | 1,105,615 | 1,452,594 | 514,633 | 1,104,498 | 650,974 |
| Other comprehensive income for the year | | | | | | |
| Total comprehensive income for the year net of tax | | 1,105,615 | 1,452,594 | 514,633 | 1,104,498 | 650,974 |
| Basic and diluted earnings per share (Naira) | | 11 | 968 | 343 | 736 | 325 |

The accompanying notes are an integral part of these financial statements.

GPC Energy and Logistics Limited
Final Reporting Accountants' Report for the five
year period ended 31 December 2021

Statement of Financial Position

| | | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--------------------------------------|---------|---------------------|---------------------|---------------------|---------------------|---------------------|
| In thousands of Nigerian Naira | Notes | | | | | |
| ASSETS | | | | | | |
| Non-current assets: | | | | | | |
| Property, plant and equipment | 13 | 11,795,936 | 2,470,544 | 3,070,787 | 1,851,385 | 2,757,142 |
| Capital work-in-progress | 14 | - | 2,753,457 | 2,360,071 | - | - |
| Total non-current assets | | 11,795,936 | 5,224,001 | 5,430,857 | 1,851,385 | 2,757,142 |
| Current assets: | | | | | | |
| Inventories | 15 | 61,683 | 64,401 | 91,377 | 137,255 | 20,909 |
| Trade and other receivables | 16 | 1,674,119 | 1,337,834 | 1,168,162 | 2,763,747 | 755,718 |
| Call in arrears | SOA | 23,000 | - | - | - | - |
| Short term investments | | 100,000 | 151,000 | - | - | - |
| Cash and cash equivalents | 17 | 771,702 | 436,126 | 190,003 | 621,230 | 617,653 |
| Total current assets | | 2,630,504 | 1,989,361 | 1,449,543 | 3,522,232 | 1,394,281 |
| TOTAL ASSETS | | 14,426,440 | 7,213,362 | 6,880,400 | 5,373,617 | 4,151,423 |
| EQUITY AND LIABILITIES | | | | | | |
| Equity | | | | | | |
| Share capital | 20, SOA | 100,000 | 1,500 | 1,500 | 1,500 | 2,000 |
| Retained earnings | | 5,564,882 | 4,459,267 | 3,006,672 | 2,492,039 | 1,378,855 |
| Deposit for shares | SOA | - | 75,500 | 75,500 | 75,500 | 75,000 |
| Total equity | | 5,664,882 | 4,536,267 | 3,083,672 | 2,569,039 | 1,455,855 |
| Non-current liabilities: | | | | | | |
| Deferred tax liabilities | | 36,702 | 470,684 | 470,684 | - | - |
| Term loan | 19.2 | 6,580,759 | 1,183,081 | 2,308,631 | 1,325,337 | 1,891,933 |
| Total non-current liabilities | | 6,617,461 | 1,653,765 | 2,779,315 | 1,325,337 | 1,891,933 |
| Current liabilities: | | | | | | |
| Trade and other payables | 18 | 1,327,646 | 397,449 | 546,910 | 682,479 | 612,668 |
| Bank overdraft | 19.1 | - | - | 129,540 | 516,953 | 27,351 |
| Taxation payables | 12.2 | 816,450 | 625,880 | 340,963 | 279,808 | 163,616 |
| Total current liabilities | | 2,144,096 | 1,023,329 | 1,017,413 | 1,479,240 | 803,636 |
| TOTAL LIABILITIES | | 8,761,557 | 2,677,095 | 3,796,727 | 2,804,577 | 2,695,568 |
| TOTAL LIABILITIES AND EQUITY | | 14,426,440 | 7,213,362 | 6,880,400 | 5,373,617 | 4,151,423 |

GPC Energy and Logistics Limited
Final Reporting Accountants' Report for the five
year period ended 31 December 2021

Statement of Changes in Equity

| In thousands of Nigerian Naira | Notes | Share capital | Deposit for shares | Retained earnings | Total |
|--------------------------------|-------|---------------|--------------------|-------------------|-----------|
| At 1 January 2020 | | 1,500 | 75,500 | 4,459,267 | 4,536,267 |
| Additional issue of shares | SOA | 98,500 | (75,500) | - | - |
| Profit for the year | SOA | - | - | 1,105,615 | 1,105,615 |
| At 31 December 2020 | | 100,000 | - | 5,564,882 | 5,664,882 |

| In thousands of Nigerian Naira | Share capital | Deposit for shares | Retained earnings | Total |
|--------------------------------|---------------|--------------------|-------------------|-----------|
| At 1 January 2019 | 1,500 | 75,500 | 3,006,672 | 3,083,672 |
| Profit for the year | - | - | 1,452,594 | 1,452,594 |
| At 31 December 2019 | 1,500 | 75,500 | 4,459,267 | 4,536,267 |

| In thousands of Nigerian Naira | Share capital | Deposit for shares | Retained earnings | Total |
|--------------------------------|---------------|--------------------|-------------------|-----------|
| At 1 January 2018 | 1,500 | 75,500 | 2,492,039 | 2,569,039 |
| Profit for the year | - | - | 514,633 | 514,633 |
| At 31 December 2018 | 1,500 | 75,500 | 3,006,672 | 3,083,672 |

| In thousands of Nigerian Naira | Share capital | Deposit for shares | Retained earnings | Total |
|--------------------------------|---------------|--------------------|-------------------|-----------|
| At 1 January 2017 | 2,000 | 75,000 | 1,378,855 | 1,455,855 |
| Profit for the year | - | - | 1,104,498 | 1,104,498 |
| Transfer to deposit for shares | (500) | 500 | - | - |
| Adjustments to opening balance | SOA | - | 8,686 | 8,686 |
| At 31 December 2017 | 1,500 | 75,500 | 2,492,039 | 2,569,039 |

| In thousands of Nigerian Naira | Share capital | Deposit for shares | Retained earnings | Total |
|--------------------------------|---------------|--------------------|-------------------|-----------|
| At 1 January 2016 | 2,000 | 75,000 | 727,881 | 804,881 |
| Profit for the year | - | - | 650,974 | 650,974 |
| At 31 December 2016 | 2,000 | 75,000 | 1,378,855 | 1,455,855 |

GPC Energy and Logistics Limited
Final Reporting Accountants' Report for the five
year period ended 31 December 2021

Statement of Cash Flows

| | | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|-------|---------------------|---------------------|---------------------|---------------------|---------------------|
| In thousands of Nigerian Naira | Notes | | | | | |
| Cash flows from operating activities | | | | | | |
| Profit before taxation | SOA | 938,196 | 1,737,311 | 1,213,960 | 1,384,306 | 694,793 |
| Adjustment to reconcile profit before tax to net cash flows | | | | | | |
| Reclassification of assets (buildings) | | - | - | 94,373 | - | - |
| Depreciation of property, plant and equipment | | 1,174,040 | 715,805 | 696,968 | 938,936 | - |
| Opening balance adjustment | SOA | - | - | - | 8,686 | 889,796 |
| | | 2,112,236 | 2,453,316 | 2,005,304 | 2,331,928 | 1,584,589 |
| Working capital adjustments: | | | | | | |
| (Increase)/decrease in inventory | | 2,718 | 26,976 | 45,877 | (116,346) | 30,603 |
| (Increase)/decrease in trade and other receivables | SOA | (336,283) | (169,672) | 1,395,383 | (2,008,029) | (396,622) |
| (Decrease)/increase in trade and other payables | SOA | 930,197 | (149,460) | (135,570) | 69,811 | 193,534 |
| Cash generated from/(used in) operating activities | | 2,708,866 | 2,161,160 | 1,505,893 | (2,054,564) | (170,495) |
| Tax paid | SOA | (73,993) | - | (167,487) | (163,616) | - |
| Net cash generated from operating activities | | 2,632,873 | 2,161,160 | 3,343,709 | 113,748 | 1,414,094 |
| Cash flows from investing activities | | | | | | |
| Acquisition of property, plant and equipment | | (10,499,432) | (113,562) | (2,010,746) | (33,178) | 1,151,590 |
| Capital work in progress | SOA | 2,733,437 | (393,386) | (2,360,071) | - | - |
| Short term investment | | 31,000 | (151,000) | - | - | - |
| Net cash generated from/(used in) investing activities | | (7,694,975) | (659,948) | (4,370,817) | (33,178) | (1,151,590) |
| Cash flows from financing activities | | | | | | |
| Term loan | | 5,397,678 | (1,125,549) | 983,293 | (566,596) | 343,710 |
| Bank overdraft | | - | (129,540) | (387,413) | 489,602 | (54,382) |
| Net cash generated from/(used in) financing activities | | 5,397,678 | (1,255,090) | 595,881 | (76,994) | 291,128 |
| Net increase/(decrease) in cash and cash equivalents | | 335,576 | 246,122 | (431,227) | 3,576 | 553,632 |
| Cash and cash equivalents at the beginning of the year | | 436,123 | 190,003 | 621,230 | 617,654 | 64,021 |
| Cash and cash equivalents at the end of year | | 771,702 | 436,125 | 190,003 | 621,230 | 617,653 |

GPC Energy and Logistics Limited
Final Reporting Accountants' Report for the five
year period ended 31 December 2021

Notes to the Financial Statements

1 Nature of operation

The principal activities of the Company are to carry on the business of haulage and general transportation of goods by all means of transport, by land, sea and inland waterways. To initiate, carryout, execute, implement and assist activities towards skill development in the logistic sector in Nigeria, and to meeting the entire value chains requirements of appropriately trained manpower in quantity and quality.

2 General information, statement of compliance with IFRS and going concern assumption

GPC Energy and Logistics Limited is a Company incorporated in Nigeria under the Companies and Allied Matters Act, CAP C20 LFN 2004 on 09 November 2009 with an authorised share capital of 2,000,000 ordinary shares of N1 each with its corporate office at 48 Regina Coker Street, Ikeja, Lagos, Nigeria.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), the provisions of Financial Reporting Council Act, No 6, 2011 and the requirements of the Companies and Allied Matters Act, 2020. They have been prepared under the assumption that the Company operates on a going concern basis. The Company's audited balances for the years under review are comparable with the prior year balances in all aspects.

The Financial statements were authorised for issue by the Board of Directors of GPC Energy and Logistics Limited on 13 April 2021.

3 New or Revised Standards or interpretations

3.1 New Standards, amendments and interpretations to existing standards adopted as at 1 January 2020

The Company adopted the following standards and amendments that are effective for the first time in 01 January 2020:

- Conceptual framework for Financial Reporting
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Amendments to IAS 1 Presentation of financial statements
- Amendments to IAS 8 Accounting policies, changes in accounting estimates and errors
- Amendments to IFRS 7 Financial instruments: disclosures - interest rate benchmark reform
- Amendments to IFRS 9 Financial instruments

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made. However, they do not affect these financial statements.

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new IFRS standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement.

Information on new standards, amendments and interpretations that are expected to be relevant to the Company's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact in the Company's financial statements.

Obscuring information

By including the concept of 'obscuring information' in the new definition, the IASB intends to address concerns that the definition could be perceived by stakeholders to focus only on information that cannot be omitted (material information), but not on why the inclusion of immaterial information could potentially mislead the users of the financial statements. The amendments explain that information is obscured if it is communicated in a way that would have a similar effect as omitting or misstating the information.

Notes to the Financial Statements

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company - Continued

3.2.2 The amendments in classification of liabilities as current or non-current (amendments to IAS 1) issued on 23 January 2020 (effective 01 January 2022)

On 23 January 2020, the IASB issued 'Classification of Liabilities as Current or Non-current (Amendments to IAS 1)' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The amendments in classification of liabilities as current or non-current (amendments to IAS 1) affect only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability, income or expense, or the information that entities disclose about those items. They are:

- clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability; and
- make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

3.2.3 IFRS 17, 'Insurance Contracts', Issued: May 2018 (Effective 1 January 2021)

IFRS 17, 'Insurance Contracts', in May 2018, the IASB issued IFRS 17 "Insurance Contracts," which replaces an interim standard IFRS 4 "Insurance Contract" and related interpretations. The standard sets out the requirements that a company should apply in reporting information about insurance contracts. The standard provides update of information about the obligations, risk and performance of insurance contracts, increases transparency in financial information reported by insurance companies, which will give investors and analysts more confidence in understanding the insurance industry, and introduce a consistent accounting for all insurance contracts based on a current measurement model. IFRS 17 requires that a company updates the measurement of insurance obligations at each reporting date, using current estimates of the amount, timing and uncertainty of cash flows and of discount rate.

4 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all the years presented to all the financial statements and in preparing the IFRS financial statements.

4.1 Revenue

4.1.1 Revenue from haulage

Revenue arises mainly from haulages services rendered to customers

To determine whether to recognise revenue, the Company follows a 3-step process:

- i. Identifying the contract with the customer
- ii. Identifying the performance obligations
- iii. Determining the transaction price
- iv. Allocating the transaction price to the performance obligation
- v. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to the customers.

GPC Energy and Logistics Limited
Final Reporting Accountants' Report for the five
year period ended 31 December 2021

Notes to the Financial Statements

4 Significant Accounting Policies - Continued

4.1.1 Revenue from haulage - Continued

The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, the Company recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

4.1.2 Interest and dividends

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

4.2 Administrative expenses

Administrative expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.3 Employee benefits

4.3.1 Pension fund obligations

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity - Pension Fund Administrators (PFA) and has no legal or constructive obligations to pay further contributions. Obligations for contribution plans are recognised as personnel expenses in profit or loss in the periods during which related expenses are rendered. Contributions to a defined contribution plan that are due for more than 12 months after the end of the reporting period in which the employee renders the service are discounted to their present value.

For defined contribution plans, the Company pays contributions to an administered pension plan on a rule basis. However, additional voluntary contributions are allowed. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as personnel expense when they are due.

4.3.2 Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after service is rendered) such as paid vacation, leave pay, sick leave are recognised in the period in which the service is rendered and is not discounted. The expected cost of short-term accumulating compensated absences is recognised as an expense as the employees render service that increases their entitlement. Provision for leave pay is recognised as a liability in the financial statements.

4.4 Tax expense

The tax expense represents the sum of the current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income.

The company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.4.1 Current tax

The current tax is based on tax payable for the year. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements

4 Significant Accounting Policies - Continued

4.4.2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting year, to recover or settle the carrying amounts of its assets and liabilities.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which it can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.4.3 Tax exposure

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that caused the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise of notes and coins on hand, demand deposits and other short term highly liquid financial assets with original maturities of three months or less that are convertible to a known amount of cash which are subject to insignificant risk of changes in value, all of which are available for use by the company unless otherwise stated. In the statement of financial position, company overdrafts are included in current liabilities.

4.6 Property, Plant and Equipment

4.6.1 Land

Land held for use for engineering work shops or administration is stated at revalued amount. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

4.6.2 Buildings, IT equipment and other equipment

4.6.2.1 Recognition and measurement

Buildings, IT equipment and other equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Capital work in progress relates to internally constructed building parts and plant and machinery and are categorized as such on completion.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets include the following:

- The cost of material and direct labour;
- Any other costs directly attributable to bringing the asset to a working condition for their intended use;
- When the Company has an obligation to remove the asset or restore the site, an estimate of the cost of dismantling and removing the items and restoring the site in which they are located; and
- Capitalised borrowing cost.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

4.6.2.2 Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits of the expenditure will flow to the Company. On-going repairs and maintenance are expensed as incurred.

4.6.2.3 Depreciation

Items of property, plant and equipment are depreciated from the date they are available for use or, in respect of self-constructed assets, from the date that the assets, from that date that the assets are completed and ready for use. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line basis over their estimated useful lives. Depreciation is recognised in profit or loss.

Notes to the Financial Statements

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4 Significant Accounting Policies - Continued

4.6.2. Depreciation

The estimated useful life for the current and comparative years of significant items of property, plant and equipment are as follows:

| Items | Useful lives |
|--------------------------|--------------|
| - Buildings | 30 years |
| - Motor vehicles | 4 years |
| - Trucks | 10 years |
| - Office equipment | 6-7 years |
| - Fumitures and fittings | 3 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted (if appropriate).

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

4.7 Intangible assets

Expenditure on research activities is recognised as an expense in the year in which it is incurred. An internally generated intangible asset arising from the Company's computer software program development is recognised only if all of the following conditions are met:

- An asset is created that can be identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost if the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation period, amortisation method and residual value is reviewed at each financial year end. The residual value of intangible assets is assumed to be zero.

4.7.1 Purchase of computer software

Intangible assets are measured initially at cost and are amortized on a straight-line basis over their useful lives.

After initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses. The average amortisation period is one to three years.

The asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements

4 Summary of significant accounting policies - Continued

4.8 Impairment testing of property, plant and equipment and other intangible assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). As a result, some impairment losses for cash-generating units reduce first the carrying assets are tested individually for impairment and some are tested at cash-generating unit level. Intangible assets are allocated to those cash-generating units that are expected to benefit from synergies of the related entity's and represent the lowest level within the entity at which management monitors intangible assets. Cash-generating units to which intangible has been allocated (determined by the entity's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less cost to sell and value-in-use. To determine the value-in-use, Management estimates expected future cash flow from each cash-generating unit and determine a suitable interest rate in order to calculate the present value of those cash flows.

The data used for impairment testing procedures are directly linked to the entity's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors. Amount of any intangible assets in the cash-generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge is reversed if the cash-generating unit's recoverable amount exceeds its carrying amount.

4.9 Share capital

4.9.1 Ordinary shares

Ordinary shares are classified as equity and (share capital) are recorded at the proceeds received net of incremental external costs directly attributable to the issue.

Retained earnings includes all current and prior period retained profits/loss.

4.10 Financial instruments

4.10.1 Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.10.2 Classification and initial measurement of financial assets

Except of those trade receivables that do not contain a significant financing component and are measured at the measured at the transaction price in accordance with IFRS 13, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Financial assets, other than those designed and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Notes to the Financial Statements

4 Summary of significant accounting policies - Continued

4.10.3 Subsequent measurement of financial assets

4.10.3.1 Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows.
- the contractual terms of the financial assets give rise to cash flows that are solely payments of its contractual cash flows principal and interest on the principal amount outstanding.

4.10.3.2 Financial assets at amortised cost using the effective interest method

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

4.10.3.3 Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised as fair value through profit or loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payment of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains and losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

4.10.3.4 Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the asset meets the following conditions:

- they are held under a business model whose objective it is 'hold to collect' the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payment of principal and interest in the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Financial assets classified as available for sale (AFS) under IAS 39 (comparative periods) AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets (FVTPL or held to maturity and loans and receivables).

Within equity, except for interest and dividend income, impairment losses and foreign exchange differences on monetary assets, which are categorised in profit or loss. When the assets are disposed of or was determined to be impaired, the cumulative gain or loss recognised in other comprehensive income was reclassified from equity reserve to profit or loss. Interest calculated using the effective interest method and dividends were recognised in profit or loss within finance income.

4.10.4 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer that are not measured at fair value through profit or loss).

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

Stage 1: Financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk

Stage 2: Financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit quality is not low

Stage 3: would cover financial assets that have objective evidence of impairment at the reporting date.

Notes to the Financial Statements

4 Summary of significant accounting policies - Continued

12-month expected credit losses are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.
Measurement of expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

4.10.5 Previous financial asset impairment under IAS 39

In the prior year, the impairment of trade receivables was based on the incurred loss model. Individually significant receivables were considered for impairment when they were past due or when other objective evidence was received that a specific counter party will default. Receivables that were not considered to be individually impaired were reviewed for impairment in groups, which are determined by reference to industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate was then based on recent historical counterparty default rate for each identified group.

4.10.6 Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

4.10.7 Classification and measurement of financial liabilities

As the accounting of financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments) reported in profit or loss are included within financial cost or finance income.

Subsequently, financial liabilities are measured at amortised cost using the effective interest rate method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.11 Provisions

Provisions of liabilities of uncertain timing or amount, and are recognised when the Company has a present obligation as a result of past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the director's estimate of the expenditure required to settle that obligation at the end of each reporting period, and are discounted (at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability) to present value where the effect is material.

Provisions are not recognised for future operating losses.

Where there is a number of similar obligations, the likelihood that an inflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect of any item included in the same class of obligations may be small.

Notes to the Financial Statements

4 Summary of significant accounting policies - Continued

4.12 Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. The functional currency is the currency of the primary economic environment in which the entity operates.

Foreign exchange gain or losses resulting from the settlement of such transactions and from translation at year-end closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items of historical cost in a foreign currency are not retranslated.

4.13 Inventory

Inventory is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes all expenditure incurred in the normal course of business in bringing the goods to their present location and condition, including production overheads based on normal level of activity. Net realisable value takes into account all further costs directly related to marketing, selling and distribution.

5 Risk management

5.1 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

The capital structure of the Company consists of cash and cash equivalents disclosed in note 30, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous period.

5.2 Financial Risk Management

The Company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- strong corporate governance including management information and internal control processes;
- ensuring significant and relevant skills and services are available consistently to the Company;
- influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall Company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

The Company has exposure to significant risks which are categorised as follows:

- (i) Regulatory (capital adequacy, legal, accounting and taxation);
- (ii) Business environment (reputation and strategic);
- (iii) Operational (people, information technology and internal control processes);
- (iv) Market (equity prices, interest rate and currency); and
- (v) Liquidity

5.2.1 Regulatory risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the Company. In order to manage this risk, the Company is an active participant in the Transportation and Logistics Industry and engages in discussion with policy makers and regulators.

Notes to the Financial Statements

5 Risk management - Continued

5.2.2 Legal risk

Legal risk is the risk that the Company will be exposed to contractual obligations which have not been provided for. The Company has a policy of ensuring that all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is a consensus as to any possible exposure. At 31 December 2020, the Directors are not aware of any significant obligation not provided for.

5.2.3 Taxation risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislations or due to impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

5.2.3.1 Transactional risk

The risk which concerns specific transactions entered into by the Company, including restructuring projects and reorganisations.

5.2.3.2 Operational risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the Company.

5.2.3.3 Compliance risk

The risk associated with meeting the Company's statutory obligations.

5.2.3.4 Financial accounting risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the Company's taxation risk, the company tax policy is as follows:

The Company will fulfil its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the Company may have in relation to Company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the Company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The Company continually reviews its existing operations and planned operations in this context; and
- The Company ensures that, where clients participate in company products, these clients are either aware of the probable tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the Company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the Company is exposed, in the context of the various types of activities the Company conducts.

5.2.3 Accounting risk

Accounting risk is the risk that the Company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of Management to:

- Maintain proper books and records, accounting system and to have proper accounting policies;
- Established proper internal accounting controls;
- Prepare periodic financial statements that reflect an accurate financial position; and be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the Company.

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the Company.

Notes to the Financial Statements

5 Risk management - Continued

5.2.5 Business environment - Continued

5.2.5.1 Reputational risk

Reputational risk is the risk of loss caused by a decline in the reputation of the Company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

5.2.5.2 Strategic risk

Strategic risk is the risk of an unexpected negative change in the Company value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of Management to effectively analyse and react to external factors, which could impact the future direction of the relevant business units.

Company risk identifies and assesses those risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, Company risk creates an overview of local and global risks, which includes reputational risks, analyses of the Company risk profile and regularly informs Directors and Management.

5.2.5.3 Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by Management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

5.2.6 Market risk

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

The Company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

5.2.6.1 Interest rate and market price risk

These risks have very different impacts on the various categories of business used in the Company's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact in certain types of liabilities.

The Company has exposure to both variable and fixed interest rates on its borrowings. The area where the Company is exposed to interest risk is where the variable rate benchmark may change.

The Company structures its debt with low spreads over the variable benchmark and protects itself with matching fixed interest rates on its borrowings. Management periodically review economic conditions relating to such variable benchmarks and is allowed to consider alternate debt structures where the need may arise.

5.2.6.2 Foreign exchange risk

In respect of other monetary assets and liabilities held in currencies other than Naira, the Company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

5.2.7 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables.

Key areas where the Company is exposed to credit risk are:

- Certain classes of financial assets such as bonds, term deposits and cash and cash equivalent; and
- Certain accounts within trade and other receivables.

The board of directors consider that the Company is not exposed to significant concentration risk in relation to trade receivables. However, credit risk may arise in the event of non-performance of a counterparty. Credit limits are established for each customer and are reviewed periodically.

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Notes to the Financial Statements

5 Risk management - Continued

5.2.7 Credit risk - Continued

The carrying amount of financial assets represents the maximum credit exposure to credit risk at the reporting date was as follows:

| | Note | 2020 N'000 | 2019 N'000 |
|---------------------------|------|----------------|----------------|
| Trade receivables (Net) | 16 | 1,674,119 | 1,337,834 |
| Cash and cash equivalents | 17 | <u>771,251</u> | <u>435,126</u> |
| | | 2,445,370 | 1,772,960 |

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables.

The main component of these allowances are a specific loss component that relate to individually significant exposures. The collective loss allowance is determined based on historical data of payment statistics for similar assets.

Cash and cash equivalents

The Company held cash and cash equivalents of N771 million (excluding cash at hand) as at 31 December 2020 (2019: N435,123,712 million, which represents its maximum credit exposure on these assets. The Company mitigates its credit risk exposure in respect of bank balance by selecting a reputable bank with a history of strong financial performance.

5.3 Financial assets

Various debt instruments are entered into by the Company in order to invest surplus shareholder funds. The Company is exposed to the issuer's credit standing on these instruments.

The following policy and procedure is in place to mitigate the Company's exposure to this credit risk:

- Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by the Company's Audit Committee and the Company's board.

5.4 Other receivables

Investment sale debtors are protected by the security of the underlying investment not being transferred to the purchaser prior to payment.

5.5 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation.

5.6 Fair values

Classification of financial instruments and fair values

The classification and fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial positions are as follows:

| | 2020 | | 2019 | |
|--|--------------------------|-------------------------|--------------------------|-------------------------|
| | Carrying amount N'000 | Amortised cost N'000 | Carrying amount N'000 | Amortised cost N'000 |
| Assets | | | | |
| Receivables and cash | 1,674,119 | 1,674,119 | 1,337,834 | 1,337,834 |
| Trade receivables | 771,251 | 771,251 | 435,958 | 435,958 |
| Cash and cash equivalents | <u>2,445,370</u> | <u>2,445,370</u> | <u>1,773,792</u> | <u>1,773,792</u> |
| Liabilities carried at amortised cost | | | | |
| Other financial liabilities | | | | |
| Trade and other payables | <u>1,327,646</u> | <u>1,327,646</u> | <u>397,449</u> | <u>397,449</u> |
| | 1,327,646 | 1,327,646 | 397,449 | 397,449 |

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5 Risk management - Continued

The basis for determining fair values is disclosed in Note 3. All the Company's financial assets and liabilities are short term. Accordingly, Management believes that the carrying amounts are reasonable approximations of their fair values due to the insignificant impact of discounting. Thus no further fair value information is disclosed.

5.7 Sensitivities

Management applies a number of sensitivity tests to the earnings of the Company to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires Management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the Company is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which Management believe the factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates. In relation to these sensitivities:

- The earnings are sensitive to both the changes in shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.
- The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors will tend to dampen the effects presented. These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in Management's opinion that, these assumptions will change over the following year.

It should be noted that each impact in profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice, this is unlikely to occur, as changes in some of the variable may be correlated.

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| 6 | Revenue | 31-Dec-20 N'000 | 31-Dec-19 N'000 | 31-Dec-18 N'000 | 31-Dec-17 N'000 | 31-Dec-16 N'000 |
|---|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Haulage income | 7,252,114 | 6,278,574 | 5,462,687 | 5,301,335 | 4,039,294 |
| | | 7,252,114 | 6,278,574 | 5,462,687 | 5,301,335 | 4,039,294 |

The Company derives revenue primarily from the business of freight, logistic services (which comprise of supply chain management, and allied services). Revenue is recognised from contracts with customers for freight and logistics activities. Based on the customer contracts, logistic income is recognised at the point in time when the services are rendered by the delivery of goods to the agreed destination, the amount of revenue can be reliably measured and in all probability, the economic benefit from the transaction will flow to the entity.

| 7 | Other income | 31-Dec-20 N'000 | 31-Dec-19 N'000 | 31-Dec-18 N'000 | 31-Dec-17 N'000 | 31-Dec-16 N'000 |
|---|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Investment income charge | 409,542 | 27,322 | 175,627 | 76,594 | 76,594 |
| | Proceeds from sale of scrap | 12,108 | 9,541 | - | - | - |
| | Write-off of retained earnings postings | - | 195,338 | - | - | - |
| | Insurance claim | 57,144 | 88,585 | - | - | - |
| | | 478,794 | 320,786 | 175,627 | 76,594 | 76,594 |

Other income relates to income earned from other activities other than the Company's principal activities such as Investment income charges. They comprise of reversal of investment charges refund to GPC (N144,260,139), additional loan disbursement (N28,939,696), opening balance proceed from services to third party (N194,358,599.50).

| 8 | Direct cost | 31-Dec-20 N'000 | 31-Dec-19 N'000 | 31-Dec-18 N'000 | 31-Dec-17 ¹ N'000 | 31-Dec-16 ¹ N'000 |
|---|-------------------------------------|--------------------|--------------------|--------------------|---------------------------------|---------------------------------|
| | Business development | 165,902 | 55,932 | 32,763 | - | - |
| | Depreciation | 1,161,059 | 703,403 | 687,265 | 935,110 | 886,538 |
| | Diesel/lubricant | 1,722,434 | 1,470,124 | 1,505,631 | 1,028,995 | 960,510 |
| | Entertainment | 911 | 2,974 | 22 | - | - |
| | Final entitlement | 422 | - | 108 | - | - |
| | Fines and penalty | 7,552 | 25,446 | 102,905 | - | - |
| | Haulage fee | 598 | 1,033 | 1,953 | - | - |
| | Hotel and accommodation | 5,399 | 2,361 | - | - | - |
| | Insurance | 409,855 | 108,159 | 140,338 | - | - |
| | Internet and Dstv | 3,614 | 1,118 | 225 | - | - |
| | Legal expenses | 2,743 | 3,688 | 2,555 | - | - |
| | Licenses and permit | 36,566 | 23,335 | 4,065 | 7,899 | 135,755 |
| | Loading and offloading | 9,821 | 7,869 | - | - | - |
| | Monitoring allowance | 21,614 | 3,969 | 95 | - | - |
| | Newspaper and journals | - | 298 | - | - | - |
| | Office expenses | 1,272 | 691 | 22 | - | - |
| | Performance incentive | 100,878 | 95,599 | 73,631 | - | - |
| | Recruitment cost | - | - | 142 | - | - |
| | Rent and rates | 1,918 | 610 | 700 | - | - |
| | Repair and maintenance | 313,395 | 167,828 | 147,002 | - | - |
| | Staff cost | 228,255 | 155,998 | 145,462 | - | - |
| | Security expenses | 5,711 | 1,709 | 253 | - | - |
| | Spare parts | 573,186 | 458,164 | 363,529 | 772,868 | 546,368 |
| | Staff Training | 783 | 1,338 | 788 | - | - |
| | Stationery and printing | 1,830 | 209 | 88 | - | - |
| | Telephone and courier charges | 3,323 | 48,533 | 4,034 | - | - |
| | Towing and rescuing | 40 | 849 | 1,296 | - | - |
| | Tracking cost | 19,742 | 13,460 | 6,628 | 20,237 | 18,218 |
| | Drivers & assistance trip allowance | - | - | - | 306,895 | 298,241 |
| | Transport and travelling | 195,380 | 181,135 | 292,802 | - | - |
| | Tyres and tubes | 557,882 | 367,728 | 303,325 | - | - |
| | | 5,557,084 | 3,903,559 | 3,817,627 | 3,072,005 | 2,845,630 |

Note (1): Some line items in the reported Direct Cost for FY16 and FY17 vary from those of FY18, FY19 and FY20 due to the difference in the bases of cost allocation adopted during the audit exercise.

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Direct cost comprises of purchase of tyres and tubes for trucks, spare parts is for the replacement of the worn out parts of the truck for haulage and other costs directly attributable to the various cost incurred up to the point of rendering the services.

| 9 | Administrative expenses | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 ² | 31-Dec-16 ² |
|---|-----------------------------------|----------------|----------------|----------------|------------------------|------------------------|
| | | N'000 | N'000 | N'000 | N'000 | N'000 |
| | Bank charges | 7,162 | 9,420 | 7,752 | - | - |
| | Business development | 37,506 | 25,529 | 29,372 | - | - |
| | Depreciation | 12,981 | 12,402 | 9,704 | 3,826 | 3,258 |
| | Diesel, fuel and lubricant | 19,431 | 9,808 | 7,664 | 29,079 | - |
| | Audit fee | 3,800 | 3,700 | 1,200 | 1,125 | 650 |
| | Directors expenses | 132,009 | 96,651 | 61,167 | - | - |
| | Electricity bills | 3,287 | 1,813 | 1,570 | 45,949 | 5,715 |
| | Entertainment | 4,280 | 954 | 185 | - | 460 |
| | Final entitlement | 1,397 | 235 | 164 | - | - |
| | Hotel and accommodation | 2,781 | 1,974 | 1,698 | - | - |
| | Insurance expense | 5,167 | 9,136 | - | - | - |
| | Impairment loss | 17,532 | 129,466 | - | - | - |
| | Internet and DStv | 5,333 | 1,983 | 892 | 17,246 | 3,201 |
| | Legal/professional expenses | 36,761 | 7,369 | 2,925 | 2,570 | 14,124 |
| | Licenses and permit | 1,200 | 12,596 | 7,092 | 7,697 | 2,065 |
| | Medical and welfare | - | - | - | 1,782 | 1,321 |
| | National insurance fund | 3,558 | 2,009 | 1,493 | - | - |
| | Newspaper and journals | 6,528 | - | 392 | - | - |
| | Office expenses | 14,463 | 6,492 | 5,523 | 9,158 | 354 |
| | Performance incentive | 17,869 | - | 14,066 | - | - |
| | Recruitment cost | 232 | 135 | 39 | - | - |
| | Rent and rates | 1,205 | 827 | 2,680 | 9,500 | 1,500 |
| | Repair and maintenance | 8,921 | 9,058 | 6,697 | - | 8,337 |
| | Security expenses | 30,161 | 27,172 | 19,901 | 13,816 | 8,593 |
| | Staff cost | 446,739 | 320,039 | 271,054 | 256,707 | 201,778 |
| | Staff training | 3,540 | 4,189 | - | - | 476 |
| | Subscription and donations | 40 | 500 | - | - | - |
| | Stationery and printing | 9,337 | 2,795 | 1,516 | 17,443 | 3,615 |
| | Telephone and courier charges | 1,029 | 4,016 | 4,264 | - | - |
| | Transport and travelling expenses | 9,648 | 23,960 | 10,669 | 41,729 | 23,880 |
| | | 843,894 | 724,726 | 469,680 | 457,127 | 779,328 |

Note (2): Some line items in the reported Administrative Expenses for FY16 and FY17 vary from those of FY18, FY19 and FY20 due to the difference in the bases of cost allocation adopted during the audit exercise.

| 10 | Finance cost | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
|----|-------------------|----------------|----------------|----------------|----------------|----------------|
| | | N'000 | N'000 | N'000 | N'000 | N'000 |
| | Interest expenses | 396,733 | 234,065 | 137,047 | 464,490 | 296,139 |
| | | 396,733 | 234,065 | 137,047 | 464,490 | 296,139 |

The finance cost relates to the interest on term loan from Union Bank of Nigeria Plc and Fidelity Bank Plc.

| Expense by nature | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
|-----------------------------------|------------------|------------------|------------------|-----------|-----------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Cost of sales | 3,876,539 | 2,695,194 | 2,545,096 | - | - |
| Repair and maintenance | 322,316 | 176,886 | 153,699 | - | - |
| Transport and travelling expenses | 205,028 | 205,095 | 303,472 | - | - |
| Personnel expenses | 674,975 | 476,037 | 416,517 | - | - |
| Depreciation expenses | 1,174,040 | 715,805 | 696,968 | - | - |
| Audit fee | 3,800 | 3,700 | 1,200 | - | - |
| Other administrative expenses | 348,033 | 228,802 | 171,555 | - | - |
| Finance cost | 396,733 | 234,065 | 137,047 | - | - |
| | 7,001,464 | 4,735,583 | 4,425,554 | - | - |

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|---|------------------|------------------|------------------|------------------|------------------|
| 11 Personnel expenses | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Staff salaries | 635,072 | 450,472 | 414,302 | - | - |
| Others | 39,903 | 25,564 | 2,215 | - | - |
| | <u>674,975</u> | <u>476,037</u> | <u>416,517</u> | <u>-</u> | <u>-</u> |
| 11.1 The number of full-time persons employed per hierarchy as at the year ended was as follows: | | | | | |
| | Number | Number | Number | Number | Number |
| Management staff | 28 | 17 | 16 | 16 | - |
| Senior staff | 77 | 72 | 68 | 68 | - |
| Junior staff | 669 | 448 | 444 | 450 | - |
| | <u>774</u> | <u>537</u> | <u>528</u> | <u>534</u> | <u>-</u> |
| 12 Taxation | | | | | |
| Income tax recognised in income | | | | | |
| The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes and comprises: | | | | | |
| 12.1 Current tax | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Company income | 222,136 | 237,431 | 190,532 | 279,808 | 43,819 |
| Education tax | 44,427 | 47,486 | 38,110 | - | - |
| | <u>266,563</u> | <u>284,917</u> | <u>228,643</u> | <u>279,808</u> | <u>43,819</u> |
| Deferred tax liability | | | | | |
| Deferred tax expenses recognised in the current year | (433,982) | - | 470,684 | - | - |
| Total income tax expenses recognised in the current year | <u>(167,419)</u> | <u>284,917</u> | <u>699,327</u> | <u>279,808</u> | <u>43,819</u> |
| 12.2 Taxation payables | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| At 1 January | 625,880 | 279,808 | 279,808 | 163,616 | 119,798 |
| Charge for the year | <u>266,563</u> | <u>284,917</u> | <u>228,642</u> | <u>-</u> | <u>-</u> |
| | <u>892,443</u> | <u>564,725</u> | <u>508,450</u> | <u>163,616</u> | <u>119,798</u> |
| Payment during the year | (75,993) | 61,155 | (167,487) | - | - |
| WHT Receipt off set of Income tax | - | - | - | (163,616) | - |
| Profit or loss | - | - | - | 279,808 | 43,819 |
| At 31 December | <u>816,450</u> | <u>625,880</u> | <u>340,963</u> | <u>279,808</u> | <u>163,616</u> |
| The tax rate used for the 2020 tax computation is 30% payable by corporate entities in Nigeria, 2% of assessable profit for tertiary education tax. | | | | | |
| 12.3 Deferred tax | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Balance as at 1 January | 470,684 | 470,684 | - | - | - |
| Charge for the year | <u>(433,982)</u> | <u>-</u> | <u>470,684</u> | <u>-</u> | <u>-</u> |
| Balance as at 31 December | <u>36,702</u> | <u>470,684</u> | <u>470,684</u> | <u>-</u> | <u>-</u> |

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13 Property, plant and equipment

| | Buildings N'000 | Land N'000 | Motor vehicles N'000 | Trucks N'000 | Office equipment N'000 | Furniture and fittings N'000 | Total N'000 |
|---------------------------|--------------------|---------------|----------------------------|-------------------|------------------------------|------------------------------------|-------------------|
| Cost | | | | | | | |
| At 1 January, 2016 | 109,695 | 24,000 | - | 3,951,943 | 19,627 | 5,492 | 4,110,756 |
| Additions during the year | <u>63,260</u> | - | - | <u>1,084,454</u> | <u>3,376</u> | <u>300</u> | <u>1,151,390</u> |
| At 31 January, 2016 | 172,955 | 24,000 | - | 5,036,397 | 23,003 | 5,792 | 5,262,346 |
| Additions in the year | <u>31,115</u> | - | - | - | <u>1,863</u> | <u>200</u> | <u>33,178</u> |
| At 31 December, 2017 | 204,070 | 24,000 | - | 5,036,397 | 25,065 | 5,992 | 5,295,524 |
| Additions in the year | - | - | - | 2,006,242 | 3,942 | 562 | 2,010,746 |
| Reclassification | <u>(84,375)</u> | - | - | - | - | - | - |
| At 31 December, 2018 | 109,695 | 24,000 | - | 7,042,639 | 29,007 | 6,554 | 7,306,270 |
| Additions in the year | <u>103,400</u> | - | - | <u>229</u> | <u>7,397</u> | <u>4,336</u> | <u>115,362</u> |
| At 31 December, 2019 | 213,095 | 24,000 | - | 7,042,869 | 36,603 | 10,890 | 7,421,832 |
| Additions in the year | <u>445,704</u> | - | 300 | <u>10,039,529</u> | <u>12,991</u> | <u>908</u> | <u>10,499,432</u> |
| At 31 December, 2020 | <u>658,799</u> | <u>24,000</u> | <u>300</u> | <u>17,082,397</u> | <u>49,595</u> | <u>11,798</u> | <u>17,921,264</u> |
| Depreciation: | | | | | | | |
| At 1 January, 2016 | 3,557 | - | - | 1,603,776 | 5,332 | 2,741 | 1,615,407 |
| Charge in the year | <u>2,843</u> | - | - | <u>883,941</u> | <u>2,397</u> | <u>415</u> | <u>889,796</u> |
| At 31 January, 2016 | 6,401 | - | - | 2,487,717 | 7,930 | 3,156 | 2,505,204 |
| Charge in the year | <u>1,422</u> | - | - | <u>935,110</u> | <u>2,317</u> | <u>87</u> | <u>938,936</u> |
| At 31 December, 2017 | 7,823 | - | - | 3,422,827 | 10,246 | 3,243 | 3,444,139 |
| Charge in the year | <u>2,194</u> | - | - | <u>689,465</u> | <u>4,055</u> | <u>1,255</u> | <u>696,968</u> |
| At 31 December, 2018 | 10,017 | - | - | 4,112,292 | 14,302 | 4,497 | 4,141,108 |
| Charge in the year | <u>3,228</u> | - | 2,200 | <u>703,403</u> | <u>5,116</u> | <u>1,858</u> | <u>715,805</u> |
| At 31 December, 2019 | 13,245 | - | 2,200 | 4,815,695 | 19,418 | 6,355 | 4,836,912 |
| Charge for the year | <u>4,262</u> | - | 75 | <u>1,161,028</u> | <u>6,397</u> | <u>2,247</u> | <u>1,174,040</u> |
| At 31 December, 2020 | <u>17,507</u> | - | <u>2,275</u> | <u>5,976,754</u> | <u>25,815</u> | <u>8,602</u> | <u>6,030,952</u> |
| Net Book Value | | | | | | | |
| At 31 December, 2016 | <u>166,554</u> | <u>24,000</u> | - | <u>2,548,679</u> | <u>15,273</u> | <u>2,636</u> | <u>2,757,142</u> |
| At 31 December, 2017 | <u>196,247</u> | <u>24,000</u> | - | <u>1,613,569</u> | <u>14,819</u> | <u>2,749</u> | <u>1,851,385</u> |
| At 31 December, 2018 | <u>99,678</u> | <u>24,000</u> | - | <u>2,930,347</u> | <u>14,705</u> | <u>2,056</u> | <u>3,070,787</u> |
| At 31 December, 2019 | <u>199,850</u> | <u>24,000</u> | <u>(2,200)</u> | <u>2,227,174</u> | <u>17,186</u> | <u>4,535</u> | <u>2,470,544</u> |
| At 31 December, 2020 | <u>641,292</u> | <u>24,000</u> | <u>(1,975)</u> | <u>11,105,643</u> | <u>23,780</u> | <u>3,196</u> | <u>11,795,936</u> |

14 Capital work in progress

| | 31-Dec-20 N'000 | 31-Dec-19 N'000 | 31-Dec-18 N'000 | 31-Dec-17 N'000 | 31-Dec-16 N'000 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Work-in-progress and development | - | 2,648,970 | 2,265,540 | - | - |
| Ewekoro projects | - | 104,487 | 94,531 | - | - |
| | <u>-</u> | <u>2,753,457</u> | <u>2,360,071</u> | <u>-</u> | <u>-</u> |

Ewekoro project consist of cost of building under construction. Work-in-progress and development are cumulative cost of building, engineering, work shop, mechanical tools etc., which have been lifted to their various property, plant and equipment items.

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| | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
|---------------------------------------|------------------|------------------|------------------|------------------|----------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| 15 Inventory | | | | | |
| Lubricant | 61,683 | 64,187 | 86,270 | - | - |
| others | - | 214 | 1,107 | - | - |
| | <u>61,683</u> | <u>64,401</u> | <u>87,377</u> | <u>137,255</u> | <u>20,908</u> |
| 16 Trade and other receivables | | | | | |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Trade receivables | 636,130 | 457,512 | 429,488 | 2,013,257 | 702,631 |
| Provision for impairment loss | (146,998) | (129,466) | - | - | - |
| | <u>489,133</u> | <u>328,046</u> | <u>429,488</u> | <u>2,013,257</u> | <u>702,631</u> |
| Staff loan and advances | 3,227 | 3,864 | 2,232 | 3,237 | 1,706 |
| Prepayments | 78,740 | - | - | 37,160 | 37,160 |
| Other receivables | 136,939 | 95,396 | 16,428 | 183,098 | 14,221 |
| Director's advances | 145,930 | 222,518 | 32,185 | - | - |
| Withholding tax receivables | 800,130 | 687,810 | 687,810 | 326,996 | - |
| | <u>1,674,119</u> | <u>1,337,834</u> | <u>1,168,162</u> | <u>2,763,747</u> | <u>755,718</u> |

All amounts are short term. The net carrying value of trade receivables is considered to be at transaction price.

| | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Short term investment | 100,000 | 151,000 | - | - | - |
| 17 Cash and cash equivalent | | | | | |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Cash in hand | 451 | 168 | 74 | 526 | 1,140 |
| Cash at bank | 771,251 | 435,938 | 189,929 | 620,704 | 616,514 |
| | <u>771,702</u> | <u>436,106</u> | <u>190,003</u> | <u>621,230</u> | <u>617,654</u> |

Cash balances include local currency and foreign currency, with the later translated at the year end, using the ruling rate as at 31 December, 2020.

| | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
|---------------------------------------|------------------|----------------|----------------|----------------|----------------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| 18 Trade and other payables | | | | | |
| (Amounts falling due within one year) | | | | | |
| Trade payables | 474,594 | 272,909 | 424,116 | 628,440 | 243,538 |
| Staff salary payables | 82,124 | 23,665 | 30,051 | 23,002 | 348,517 |
| Pension payables | 4,439 | 7,631 | 1,509 | 29,912 | 19,964 |
| Audit fee payables | 4,033 | 3,700 | 1,200 | 1,125 | - |
| Other payables | 762,437 | 89,545 | 80,034 | - | 620 |
| | <u>1,327,626</u> | <u>397,449</u> | <u>546,910</u> | <u>682,479</u> | <u>612,668</u> |

All amounts shown under trade and other payables fall due for payment within one year. The carrying value of trade and other payables are considered to be a reasonable approximation of fair value.

| | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| 19.1 Bank overdraft | - | - | 129,540 | 516,953 | 27,351 |

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| | | | | | |
|--|------------------|------------------|------------------|------------------|------------------|
| 19.2 Term loan | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Union Bank of Nigeria Plc | 6,580,759 | 1,115,210 | 1,986,484 | 913,874 | 1,891,933 |
| Fidelity Bank | - | 67,871 | 322,147 | - | - |
| Directors current account | - | - | - | 411,463 | - |
| | 6,580,759 | 1,183,081 | 2,308,631 | 1,325,337 | 1,891,933 |
| 20 Share capital | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
| | N'000 | N'000 | N'000 | N'000 | N'000 |
| Authorized share capital: 2,000,000 ordinary shares of N1.00 each | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 |
| Issued share capital of N1.00 each | 1,500 | 1,500 | 1,500 | 1,500 | 2,000 |
| Paid up share capital of N1.00 each | 1,500 | 1,500 | 1,500 | 1,500 | 2,000 |

The share capital of GPC Energy and Logistics Limited consists of 1,500,000 paid up ordinary shares with a nominal value of N1.00 each.

21 Related parties transactions

Related parties are entities considered to have the ability to control or exercise influence over the Company, its operational decisions and business transactions. The definition includes key management personnel of the Company, parents and subsidiaries of GPC Energy and Logistics Limited, Directors that are involved in the day to day running of the business.

The key management personnel, and persons connected with them, are also considered to be related parties. The definition of key management includes those close members of family of key personnel and any entity over which key management exercise control. The key management personnel have been identified as the executive and non-executive directors of the Company. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with the Company.

| | | | | | | |
|-------------|----------------------------|---------------------|------------------|------------------|------------------|------------------|
| 21.1 | Related party | Relationship | | | | |
| | Okonjo Chukwudi Elvis | Director | | | | |
| 21.2 | Director's advances | 31-Dec-20 | 31-Dec-19 | 31-Dec-18 | 31-Dec-17 | 31-Dec-16 |
| | | N'000 | N'000 | N'000 | N'000 | N'000 |
| | Balance as at year end | 145,930 | 22,518 | 32,185 | - | - |

22 Financial commitments

The directors are of the opinion that all known liabilities and financial commitments which are relevant in assessing the Company's state of affairs have been taken into account in the preparation of these financial statements.

23 Events after reporting date

In December 2019, a new virus, COVID-19 was detected in the Wuhan province of China. The virus was soon common in other countries and on 11 March 2020, the World Health Organisation declared that the outbreak should be declared as a pandemic. The result of this pandemic has been a substantial reduction in economic activities throughout the world, as governments have introduced measures (such as the closure of national borders, the closure of non-essential businesses, the cancellation of public events and the importation of restrictions on individuals) in an attempt to reduce transmission of the virus.

In late March 2020, the Federal Government of Nigeria ordered the total lockdown of Lagos, Ogun and Federal Capital Territory, Abuja, during which non-essential businesses and organisations were not allowed to operate and individuals (other than essential workers or those those undertaking essential businesses) were required to stay at home. On 4 May 2020, the Federal Government gradually started easing those restrictions.

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During the period of lockdown, the administrative head office at Ikeja was partially locked down from 23 March to 4 May and most of the staff were working from home. The workshop/ operational office at Ewekoro and satellite branches at Agbara, Onitsha, and Abuja were operating skeletonally throughout the lockdown, because we were exempted from lockdown as an essential service provider. COVID-19 had some impact on our operations. Although all our clients are providers of essential services but demand for their products has declined, hence inability to generate sufficient order for us to deliver, untimely completion of the assembly and deployment of 150 new trucks acquired for client's operations.

Consequently, revenue projections for the 1st half of the year fell short and adversely affected orderly loan repayments. Since the ease of the lockdown period, the Company has been able to operate, but given staged reduction in the restrictions it will take time for the retailers who sell company product to be fully operational and back to pre-lockdown levels. The Directors have concluded that the pandemic has not had a material impact on the financial statements, including trade debtor's impairment losses and inventory provisioning.

To date, the Company has undertaken the following steps to reduce the impact of COVID-19 on its operations:

A new ERP is presently being implemented in the business to strengthen MIS, data protection and security.

The Company has force majeure clauses in subsisting contract agreements, hence there were no contractual liabilities on its side.

The Management assessed the revenue loss arising from customers that were majorly impacted by COVID-19 and determined that new businesses must be sourced to enlarge the Company's portfolio.

Although the Company has been impacted by COVID-19, the Directors have concluded that the Company will be able to continue operating for at least 12 months from the date of signing these financial statements. That conclusion has been reached because the Company has substantial cash reserves.

24 Authorisation of financial statements

The financial statements for the year ended 31 December 2020 (including comparatives) were approved by the board of directors on 13 April 2021.

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Statement of Adjustments (SOA)

In thousands of Nigerian Naira

| | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Adjustments: | | | | | |
| 1 Statement of Changes in Equity and Statement of Cash Flows | | | | | |
| Reported Profit before tax | | | | 1,342,993 | |
| Opening balance adjustment | | | | (8,686) | |
| Adjusted balance | | | | 1,334,307 | |

In 2017, the reported profit before tax in the Statement of Cash Flows and Statement of Changes in Equity resulted in a difference of NGN8,686. This difference was due to 2017 opening balances.

Reclassifications:

| | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2 Statement of Cash Flows | | | | | |
| Reported per audited financial statements: | | | | | |
| Cash flows from operating activities | | | | | |
| Working capital adjustments: | | | | | |
| (Increase)/decrease in inventory | | | 45,877 | | |
| (Increase)/decrease in trade and other receivables | | | 1,423,361 | | |
| (Decrease)/increase in trade and other payables | | | (17,835) | | |
| Tax paid | | | (279,806) | | |
| | | | 1,429,403 | | |
| Cash flows from investing activities | | | | | |
| Capital work in progress | | | (2,360,282) | | |
| Sum total | | | (1,421,665) | | |
| Restated as: | | | | | |
| Cash flows from operating activities | | | | | |
| Working capital adjustments: | | | | | |
| (Increase)/decrease in inventory | | | 45,877 | | |
| (Increase)/decrease in trade and other receivables | | | 1,495,565 | | |
| (Decrease)/increase in trade and other payables | | | (135,570) | | |
| Tax paid | | | (147,467) | | |
| | | | 1,358,405 | | |
| Cash flows from investing activities | | | | | |
| Capital work in progress | | | (2,360,071) | | |
| Sum total | | | (1,421,665) | | |

We noted differences in the breakdown of items in the working capital adjustments and capital work in progress section of the Statement of Cash Flows for FY17. However, these had no effects on the overall balances reported in the Statement of Cash Flows for that period. We have presented the proper breakdown of these items in the 'Restated' section above.

Adjustments:

| | 31 December 2020 | 31 December 2019 | 31 December 2018 | 31 December 2017 | 31 December 2016 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| 3 Statement of Financial Position | | | | | |
| Reported (A) | | | | | |
| Current assets: Call in arrears | | | | | |
| Equity: Deposit for shares | 75,500 | | | | |
| Equity: Share capital | 1,500 | | | | |
| Adjustment (B) | | | | | |
| Current assets: Call in arrears - Debit | 23,000 | | | | |
| Equity: Deposit for shares - Debit | (75,500) | | | | |
| Equity: Share capital - Credit | 98,500 | | | | |
| Adjusted balance (C = A + B) | | | | | |
| Current assets: Call in arrears | 23,000 | | | | |
| Equity: Deposit for shares | - | | | | |
| Equity: Share capital | 100,000 | | | | |

This relates to the additional shares issued in relation to deposit for shares held over the review period. The registration for the increase of shares was done with the Corporate Affairs Commission (CAC) in August 2020. However, the share allotment was done in January 2021.

BOARD RESOLUTION AUTHORISING THE PROGRAMME



**THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT, 2020
PUBLIC COMPANY LIMITED BY SHARES
RESOLUTION OF THE BOARD OF DIRECTORS
OF
GPC ENERGY AND LOGISTICS LIMITED
(RC NO. 853887)**

At the meeting of the Board of Directors of **GPC ENERGY AND LOGISTICS LIMITED** (the "Company" or "GPC" or "Co-Obligor") held on the 10th day of May, 2021, the following resolutions were proposed and duly passed by the Directors of the Company (the "Directors"):

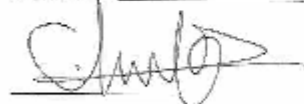
RESOLUTIONS

Having considered the above, the Directors acting in good faith and in the best interest of the Company resolved that:

- 1.1 The Company be and is hereby authorised to establish a debt issuance programme of ₦50,000,000,000 (Fifty Billion Naira);
- 1.2 The first series of the Programme will comprise of up to ₦20,000,000,000,000 (Twenty Billion Naira) bond issuance to Qualified Investors, (the "Series 1 Bonds") by way of book building;
- 1.3 The Company be and is hereby authorised to raise the Series 1 Bonds on such terms and conditions as the Management may deem fit in the interest of the Company, and in the event of over subscription, to issue additional bonds - up to the limit of the Programme and subject to approval by the regulatory authorities;
- 1.4 The proceeds of the bond will be used to finance the business expansion drive of the Sponsor;
- 1.5 Either two Directors or a Director and the Company Secretary be and are hereby authorised to finalize, execute, sign and deliver on behalf of the Company, all agreements, notices or other documents (together with such amendments) that are required, necessary and advisable in order to facilitate the consummation and enforceability of the above resolutions and the transactions contemplated thereby; and
- 1.6 Management is hereby authorized to appoint financial, legal and other professional advisers necessary to give effect to the above resolution and to undertake such other acts in relation to the programme and bond issuance as may be necessary or incidental to, or required for effecting the objectives set out above.

This resolution may be executed in one or more counterparts, each of which, when read together, shall comprise one and the same instrument.

Dated the 10TH day of MAY 2021



**FI VIS OKONJI
DIRECTOR**



**DR MIKE ASEKOME
DIRECTOR**

GPC ENERGY AND LOGISTICS LTD.

GPC House, 4B, Regina Coker Street, Off Alh. Kofoworola Crescent, Ikeja, Lagos, Nigeria
☎ + 234 903 632 4098, + 234 802 415 0950
✉ info@gpcgrouppltd.com, inquiries@gpcgrouppltd.com
🌐 www.gpcgrouppltd.com



BOARD RESOLUTION AUTHORISING THE ISSUE



THE FEDERAL REPUBLIC OF NIGERIA
COMPANIES AND ALLIED MATTERS ACT, 2020
PUBLIC COMPANY LIMITED BY SHARES
RESOLUTION OF THE BOARD OF DIRECTORS
OF
GPC-SPV COMPANY PLC
(RC NO. 1775359)

At the meeting of the Board of Directors of **GPC-SPV COMPANY PLC** (the "Issuer" or **GPC-SPV**) held on the 17th day of May, 2021, the following resolutions were proposed and duly passed by the Directors of the Company (the "Directors"):

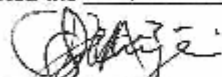
RESOLUTIONS

Having considered the above, the Directors acting in good faith and in the best interest of the Company resolved that:

- 1.1 The Company be and is hereby authorised to establish a debt issuance programme of ₦50,000,000,000 (Fifty Billion Naira);
- 1.2 The first series of the Programme will comprise of up to ₦20,000,000,000,000 (Twenty Billion Naira) bond issuance to Qualified Investors, (the "Series 1 Bonds") by way of book building;
- 1.3 The Company be and is hereby authorised to raise the Series 1 Bonds on such terms and conditions as the Management may deem fit in the interest of the Company, and in the event of over subscription, to issue additional bonds - up to the limit of the Programme and subject to approval by the regulatory authorities;
- 1.4 The proceeds of the bond will be used to finance the business of the Sponsor;
- 1.5 Either two Directors or a Director and the Company Secretary be and are hereby authorised to finalize, execute, sign and deliver on behalf of the Company, all agreements, notices or other documents (together with such amendments) that are required, necessary and advisable in order to facilitate the consummation and enforceability of the above resolutions and the transactions contemplated thereby; and
- 1.6 Management is hereby authorized to appoint financial, legal and other professional advisers necessary to give effect to the above resolution and to undertake such other acts in relation to the programme and bond issuance as may be necessary or incidental to, or required for effecting the objectives set out above.

This resolution may be executed in one or more counterparts, each of which, when read together, shall comprise one and the same instrument.

Dated the 17th day of MAY 2021


OPEMIUN IBITOYE
DIRECTOR


UZOMA FRANCIS CHRISTOPHER
DIRECTOR

GPC House, 4B, Regina Coker Street, Off Alh. Kofoworola Crescent, Ikeja, Lagos, Nigeria
 + 234 903 632 4098 + 234 812 445 0950
 info@gpcgroupplc.com, inquiries@gpcgroupplc.com
 www.gpcgroupplc.com

CONFIRMATION OF GOING CONCERN STATUS BY THE DIRECTORS OF THE ISSUER



June 5, 2021

The Director General

Securities and Exchange Commission
SEC Tower, 272 Samuel Adesoji Ademulegun Street
Central Business District
Abuja

Dear Sir,

CONFIRMATION OF GOING CONCERN STATUS

GPC-SPV COMPANY PLC – DEBT PROGRAMME OF N50,000,000,000.00

We, the undersigned, hereby affirm that GPC-SPV Company PLC (the "Company" or the "Issuer" or "GPC-SPV"), a company duly incorporated and existing under the laws of the Federal Republic of Nigeria, is a going concern and that the Company has no pending insolvency proceedings instituted against it. We also confirm that the Company will continue in operations for the foreseeable future and that there are no threats to the operations of the Company.

Signed for and on behalf of

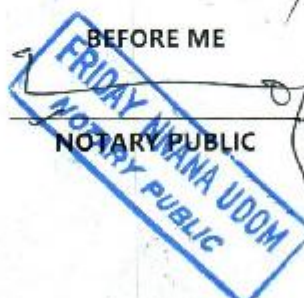
GPC-SPV Company PLC

By the duly authorized representative

Mayowa Olaleye
Company Secretary

Dr Mike Asekome
Director

DATED This 7th Day of July 2021



GPC House, 4B, Regina Coker Street, Off Alh. Kofoworola Crescent, Ikeja, Lagos, Nigeria

+ 234 903 632 4098 + 234 802 445 0950

info@gpcgrouppltd.com, inquiries@gpcgrouppltd.com

www.gpcgrouppltd.com

CONFIRMATION OF GOING CONCERN STATUS BY THE DIRECTORS OF THE SPONSOR



June 5, 2021

The Director General

Securities and Exchange Commission
SEC Tower, 272 Samuel Adesoji Ademulegun Street
Central Business District
Abuja

Dear Sir,

CONFIRMATION OF GOING CONCERN STATUS

GPC ENERGY AND LOGISTICS LIMITED – DEBT PROGRAMME OF ₦50,000,000,000.00

We, the undersigned, hereby affirm that GPC Energy and Logistics Limited (the "Co-Obligor" or the "GPC"), a company duly incorporated and existing under the laws of the Federal Republic of Nigeria, is a going concern and that the Company has no pending insolvency proceedings instituted against it. We also confirm that the Company will continue in operations for the foreseeable future and that there are no threats to the operations of the Company.

Signed for and on behalf of

GPC Energy and Logistics Limited

By the duly authorized representative

Mayowa Olaleye
Company Secretary

Dr Mike Asekome
Chairman

DATED This 7th Day of July 2021



GPC ENERGY AND LOGISTICS LTD.

GPC House, 48, Regina Coker Street, Off Aih. Kofoworola Crescent, Ikeja, Lagos, Nigeria
+ 234 903 632 4098, + 234 802 445 0950.
info@gpcgrouppltd.com, inquiries@gpcgrouppltd.com
www.gpcgrouppltd.com



CONFIRMATION OF GOING CONCERN STATUS BY THE AUDITORS OF THE ISSUER



Grant Thornton



10 June 2021

The Directors
GPC Energy and Logistics Ltd
GPC House
4b Regina Coker Street
Ikeja, Lagos.

To
The Directors
Planet Capital Limited
3rd Floor, St. Peter's House
3, Ajele Street
Off Broad Street, Lagos.




Chartered Accountants
Grant Thornton Nigeria
2A Pipeline Close
Off Coker Avenue, Ikeja
Off Adeniji Odeku Street
Victoria Island, Lagos
P.O. Box 5596 Surulere
Lagos, Nigeria

T: 23481 67149350
T: 2349071256632
T: 2348057840477
E: info@grantthornton.ng
www.grantthornton.com.ng

CONFIRMATION OF GOING CONCERN STATUS – GPC ENERGY AND LOGISTICS LTD ("THE COMPANY") UP TO N20BILLION SERIES 1 BOND ISSUE UNDER THE COMPANY'S REGISTERED N50BILLION BOND ISSUANCE PROGRAMME ("THE TRANSACTION")

We have audited the financial statements of GPC Energy and Logistics Ltd for the 12 months ended 31 December 2020 and issued our report dated 13th April 2021. The financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the relevant provisions of the Companies and Allied Matters Act, 2020.

We conducted our audit in accordance with the International Standards on Auditing (ISA). One of our responsibilities under these standards is to obtain sufficient, appropriate audit evidence regarding and conclude, on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, and to conclude based on the audit evidence obtained. Our Audit Report on the financial statements for the 12 months ended 31 December 2020 do not contain a modification paragraph concerning going concern as a material uncertainty.

Partner
Ayodeji A. Ajayi
C.A. (Nigeria)
Member of the
Firm of Grant Thornton
Member of the
Firm of Grant Thornton
Member of the
Firm of Grant Thornton
Member of the
Firm of Grant Thornton

Audit Firm - Advisory
Grant Thornton Nigeria is a member firm of Grant Thornton International, Ltd.



We note that as described in ISA 200, "Overall Objectives of the Independent Auditor and the Conduct of an Audit in accordance with the International Standards on Auditing" the potential effects of inherent limitations on the auditor's ability to detect material misstatements are greater for future events or conditions that may cause an entity to cease to continue as a going concern. We cannot predict such events and conditions. Accordingly, the absence of any reference to a material uncertainty about the Company's ability as a going concern in our auditors' report cannot be viewed as a guarantee as to the Company's ability to continue as a going concern.

This letter is issued solely concerning the above-mentioned proposed transaction for regulatory filing purposes.

Yours faithfully

Uchenna Okigbo, FCA
FRC/2016/ICAN/00000015653
For: Grant Thornton
(Chartered Accountants)
Lagos, Nigeria

STAMP/SEAL



STATUTORY AND GENERAL INFORMATION

Extract of the Issuer's Board Resolution Authorizing the Programme

At the meetings held on 17th May, 2021, the Board of Directors of GPC-SPV Company PLC passed a resolution approving the establishment of a ₦50 billion Bond Issuance Programme.

Ownership Structure of the Issuer

As at 30 June 2021 the shareholding structure of the issuer is as follows:

| S/N | Shareholders | No. Of Shares Held | shareholding (%) |
|-----|--------------------------------|--------------------|------------------|
| 1 | GPC Energy & Logistics Limited | 9,999,000 | 99.99 |
| 2 | Elvis Okonji | 1,000 | 0.01 |

Incorporation and Share Capital History of the Issuer

GPC-SPV Company PLC was incorporated in Nigeria in March 2021. The Issuer has no subsidiaries and has been established as a special purpose vehicle for the purpose of passing through funds to and receiving funds from GPC Energy & Logistics Limited.

Currently, GPC-SPV Company PLC has an authorized and issued share capital of ₦10,000,000 divided into 10,000,000 ordinary shares of ₦1.00 each.

Extract of the Sponsor's Board Resolution Authorization of the Programme

At the meetings held on 10th May, 2021, the Board of Directors of GPC Energy & Logistics Limited passed a resolution approving the establishment of a ₦50 billion Bond Issuance Programme.

Ownership Structure of the Sponsor

As at 30 June 2021, the shareholding structure of the GPC Energy & Logistics Limited was as follows:

| Shareholders | Number of Shares Held | Shareholding (%) |
|-------------------------------|-----------------------|------------------|
| Elvis Chukwudi Okonji | 45,000,000 | 45% |
| Christopher Uzoma Francis | 20,000,000 | 20% |
| Dr. Mike Asekome | 10,000,000 | 10% |
| Arogundade Surajudeen Adetola | 10,000,000 | 10% |
| Augustine Onweazu Esekea | 5,000,000 | 5% |
| Opemikun Ibitoye | 5,000,000 | 5% |
| Olusola Tijani | 5,000,000 | 5% |
| Total | 100,000,000 | 100% |

Incorporation and Share Capital History of the Sponsor

GPC Energy & Logistics Limited was incorporated in November 2009 in Nigeria and is intended to carry on the business of haulage.

Currently, GPC Energy & Logistics Limited has an authorised share capital of N100,000,000 comprising of 100,000,000 ordinary shares of ₦1 each, and its issued and fully paid up is N100,000,000 comprising of 100,000,000 ordinary shares of N1 each.

Directors Beneficial Interests of the Sponsor

The Interest of Directors in the issued share capital of the Company as recorded in the register of Directors' shareholding and/or as notified by the Directors for the purpose of Sections 275 and 276 of the Companies and Allied Matters Act

| Name | Holdings | Percentage Holdings (%) |
|---------------------------|------------|-------------------------|
| Elvis Chukwudi Okonji | 45,000,000 | 45% |
| Christopher Uzoma Francis | 20,000,000 | 20% |
| Dr. Mike Asekome | 10,000,000 | 10% |
| Patrick Uwaje | NIL | 0% |
| Opemikun Ibitoye | 5,000,000 | 5% |
| Olusola Tijani | 5,000,000 | 5% |

Statement of Indebtedness

Details of all indebtedness of the Company at the time of issuance of any bonds under the Programme will be disclosed in the Supplementary Prospectus relating to the series of bonds to be issued.

SUMMARY OF THE CAPITAL STRUCTURE OF THE SPONSOR

As at 31 December 2020, the capital structure of the sponsor was as follows:

| S/N | Items | ₦ |
|------|--|----------------|
| i. | Total Assets | 14,403,439,888 |
| ii. | Debts issued and other borrowed funds (short term) | 1,327,645,760 |
| iii. | Debts issued and other borrowed funds (Long term) | 6,580,759,219 |
| iv. | Total shareholder's equity | 5,641,882,602 |

Subsidiaries And Associated Companies

As at the date of this Shelf Prospectus, the Sponsor had no interest in any subsidiary.

Summary of Claims and Litigation of the Sponsor

The Solicitor to the Transaction in expressing their opinion on the Company confirms thus: We were provided with a schedule which contained a summary of the litigation cases involving the Sponsor, GPC Energy and Logistics Limited (Litigation Schedule). Upon review of the Litigation Schedule provided, we note that the Sponsor in the ordinary course of business is involved in a total of four (4) cases in the Nigerian Courts.

The Sponsor is a defendant in all the cases and the total monetary value of the claims against the Sponsor is the sum of N43,722,000 (Forty-Three Million, Seven Hundred and Twenty-Two Thousand Naira).

From the review of the information contained in the Litigation Schedule provided by the Sponsor, we are of the opinion that the liability of the Sponsor and any judgment given in the claims from the litigation will not materially affect the Programme.

Furthermore, as Solicitors to the Issue, we are of the opinion that the claims against the Sponsor will not have a significant effect on its financial health nor adversely affect the Programme.

Material Contracts

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

Cost and Expenses

The cost, charges and expenses of and incidental to the Issue, including fees payable to SEC, FMDQ, The NSE, Clearing Agent, professional parties' fees, brokerage commission, printing and distribution expenses will be determined at each issuance. These costs are payable by the Issuer and deductible from the proceeds of the Issue. This shall be specified in the relevant Supplementary Prospectus to be issued under this Programme.

Relationship between the Issuer and its Advisers

No relationship other than the professional ones established pursuant to this Programme exists between the Issuer and any of its advisers than in the ordinary course of its business.

Mergers or Takeovers

As at the date of this Shelf Prospectus, the Directors were not aware of a merger or takeover offer by third parties in respect of the Company's shares during the preceding financial year or current financial year.

Consents

| | |
|--------------------------|--|
| Directors of the Issuer | Christopher Uzoma Francis Elvis Chukwudi Okonji DR. Mike Asekome (Ph.D) Patrick Uwajei (Ph.D) Opemikun Ibitoye |
| Company Secretary | Mayowa Olaleye |
| Directors of the Sponsor | Dr. Mike Asekome (Ph.D.) Elvis Chukwudi Okonji Opemikun Ibitoye Damisa Abubakar Salu Olusola Tijani Ime Ibatt HRM Oba Jimoh Raski Ishola Christopher Uzoma Francis Vivian Okwudike |
| Company Secretary | Mayowa Olaleye |
| Lead Issuing House | Planet Capital Limited |
| Joint Issuing Houses | Ecobank Development Company Limited Lighthouse Capital Limited PAC Capital Limited |
| Reporting Accountants | Deloitte & Touché |
| Stockbroker to the Issue | Planet Capital Limited |
| Solicitor to the Issue | Sefton Fross |
| Solicitor to the Issuer | Detail Commercial Solicitors |
| Trustee | PAC Trustees Limited |
| Registrars | PAC Registrars Limited |
| Rating Agency | DataPro Limited |
| Auditor | Grant Thornton Nigeria |
| Receiving Banks | Ecobank Nigeria Limited Providus Bank Limited Union Bank Plc |

Documents Available for Inspection

Copies of the following documents can be inspected at the offices of the Issuer at 4B, Regina Coker Street, Off Obanta Avenue, Ikeja, Lagos, and the Issuing Houses, between 9:00am and 5:00pm on Business Days, during the validity period of the Programme and the Issue:

- i. The Certificate of Incorporation of the Issuer and the Sponsor;
- ii. The Memorandum and Articles of Association of the Issuer and the Sponsor;
- iii. The Board Resolution of the Sponsor dated 10th May, 2021 authorizing the Programme;
- iv. The Board Resolution of the Issuer dated 17th May, 2021 authorizing the Series 1 Bond;
- v. The Shelf Prospectus issued in respect of the Issue;
- vi. The audited financial statements of the Sponsor for each of the years ended 31 December 2016, 2017, 2018, 2019 and 2020;
- vii. The Sponsor's Management Accounts for six (6) month ended 30 June 2021;
- viii. The Reporting Accountant Report on the five years audited financial statements of the Sponsor for the years ended 31 December 2016 to 31 December 2020 by Deloitte.

FORM OF PRICING SUPPLEMENT



RC:1775369

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

—OFFER FOR SUBSCRIPTION OF UP TO [●] [●]-YEAR [●] x% [●] DUE [●]
—UNDER THE ₦50,000,000,000 DEBT ISSUANCE PROGRAMME

ISSUE PRICE: [●]

PAYABLE IN FULL ON APPLICATION

Book opens: [●] [●]

Book closes: [●] [●]

Investment in this Bonds is strictly for Qualified Institutional Investors as defined under Rule 321 of the Rules and Regulations of the Securities & Exchange Commission 2013 (as amended)

This pricing supplement or supplemental prospectus ("Pricing Supplement") together with documents specified herein have been delivered to the Securities and Exchange Commission (the "Commission" or "SEC") for registration. This Pricing Supplement is prepared pursuant to Rules 279(3) and 323(5) of the Rules and Regulations of the Securities & Exchange Commission 2013 (as amended) and the listing requirements of The Nigerian Exchange (the "NGX") and the FMDQ Securities Exchange Limited ("FMDQ") in connection with the ₦50,000,000,000 debt issuance programme (the "Programme") established by GPC-SPV Company Plc (the "Issuer"). This Pricing Supplement is supplemental to, and should be read in conjunction with, the shelf prospectus dated [●], 2021 (the "Prospectus") and any other supplements to the Prospectus which may be issued by the Issuer. Terms defined in the Prospectus have the same meaning when used in this Pricing Supplement.

To the extent that there is any conflict or inconsistency between the contents of this Pricing Supplement and the Prospectus, the provisions of this Pricing Supplement shall prevail. This Pricing Supplement may be used to offer and sell the Bonds (as defined below) only if accompanied by the Prospectus. Copies of the executed Prospectus can be obtained from the Issuer and Issuing Houses (as defined below).

The registration of the Prospectus and this Pricing Supplement shall not be taken to indicate that the Commission endorses or recommends the Bonds or assumes responsibility for the correctness of any statements made or opinions or reports expressed in the Prospectus or this Pricing Supplement. No Bonds will be allotted or issued on the basis of the Prospectus, read together with this Pricing Supplement, later than three years after the date of the issue of the Prospectus except as may otherwise be extended by the Commission.

This Pricing Supplement contains particulars in compliance with the requirements of the Commission for the purpose of giving information with regard to the Securities being issued hereunder (the "Series 1 Bonds" or the "Bonds"). It is a civil wrong and criminal offence under the Investments and Securities Act No. 29 of 2007 (the "Act" or "ISA") to issue a prospectus which contains false or misleading information. Application will be made to FMDQ and/or The NGX for admission of the Bonds to their platform(s). The Bonds now being issued will upon admission to the platform(s) qualify as a security in which Trustees may invest under the Trustee Investments Act (Chapter T22) Laws of the Federation of Nigeria, 2004. The Bonds also qualify as a security which Pension Fund Administrators may invest pension funds and assets, under Section 86 of the Pension Reform Act 2014.

Investors are advised to note that liability for false or misleading statements or acts made in connection with the prospectus is provided in sections 85 and 86 of the ISA

The Issuer accepts full responsibility for the accuracy of the information contained in this Pricing Supplement. The Issuer and each of its directors declare that having taken reasonable care to ensure that such is the case, the information contained in this Pricing Supplement is, to the best of its knowledge (having made all reasonable enquiry), in accordance with the facts and does not omit anything likely to affect the import of such information and that save as disclosed herein, no other significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus has arisen or has been noted, as the case may be, since the publication of the Prospectus. Furthermore, information contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

Investment in this Bonds is strictly for Qualified Institutional Investors as defined under Rule 321 of the Rules and Regulations of the Securities & Exchange Commission 2013 (as amended)

THIS PRICING SUPPLEMENT IS DATED [●] [●]

Final Terms of Series [-] Bonds

- | | |
|-------------------------------|------|
| 1. Issuer: | [*] |
| 2. Sponsor: | [*] |
| 3. Description of the Bond: | [*] |
| 4. Programme Size: | [*] |
| 5. Series Number: | [*] |
| 6. Specified Currency: | [*] |
| 7. Aggregate Nominal: | [*] |
| 8. Issue Price: | [*] |
| 9. Gross Proceeds: | [*] |
| 10. Net Proceeds: | [*] |
| 11. Denominations: | [*] |
| 12. Issue Date: | [*] |
| 13. Coupon Commencement Date: | [*]. |
| 14. Tenor: | [*] |
| 15. Maturity Date: | [*] |
| 16. Principal Moratorium: | [*] |
| 17. Coupon Basis: | [*] |
| 18. Coupon: | [*] |
| 19. Redemption/Payment Basis: | [*] |
| 20. Use of Proceeds: | [*] |
| 21. Status of the Bond: | [*] |
| 22. Guarantor: | [*] |
| 23. Source of repayment: | [*] |
| 24. Transaction Enhancement: | [*] |
| 25. Listing(s): | [*] |
| 26. Offer Period: | [*] |

Provisions relating to coupon (if any) payable

- | | |
|---|----------------|
| 27. Fixed Rate Bond Provisions | |
| (i) Coupon Payment Date(s) | [*] |
| (ii) Coupon Amount(s): | [*] |
| (iii) Day Count Fraction: | [*] |
| (iv) Business Day Convention: | [*] |
| (v) Business Day: | [*] |
| (vi) Other terms relating to method of calculating Coupon for Fixed Rate Bonds: | Not Applicable |

28. Provisions relating to redemption

- | | |
|----------------------------------|-----|
| (i) Optional Early Redemption: | [*] |
| (ii) Scheduled Amortization: | [*] |
| (iii) Redemption Amount(s): | [*] |
| (iv) Scheduled Redemption Dates: | [*] |

General provisions applicable to the Bonds

- | | |
|--|----------------------|
| 29. Form of Bonds: | Dematerialized notes |
| (i) Form of Dematerialized Bonds: | Registered |
| (ii) Registrar: | [*] |
| 30. Trustees: | [*] |
| 31. Record Date: | [*] |
| 32. Bond Settlement: | [*] |
| 33. Other terms or special conditions: | Not applicable |

Distribution, clearing and settlement provisions

- | | | |
|-----|-------------------------|----------------|
| 34. | Method of Distribution: | [*] |
| 35. | Selling Restrictions: | [*] |
| 36. | Underwriting: | Not Applicable |
| 37. | Clearing System: | [*] |
| 38. | Rating: | |
| | (i) Sponsor: | [*] |
| | (ii) Issue: | [*] |

General

- | | | |
|-----|-----------------------------|-----|
| 39. | Taxation: | [*] |
| 40. | Risk Factors: | [*] |
| 41. | Governing Law: | [*] |
| 42. | Board approval for issuance | [*] |
| 43. | Details of Indebtedness: | [*] |
| 44. | Claims and Litigation: | [*] |

MATERIAL ADVERSE CHANGE STATEMENT

Except as disclosed in this document and in the Shelf Prospectus dated [●], there has been no significant change in the financial or trading 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 accepts responsibility for the information contained in this Shelf Prospectus which, when read together with the Pricing Supplement of the relevant Bond Series, contains all information that is material in the context of the issue of the Bonds.

Signed on behalf of the Issuer

[*]
Director

[*]
Director