# PAT Digital Infra Fund SPV PLC

**₦10 Billion 10-Year 13.25% Senior Fixed Rate Guarantee Infrastructure Bond Due 2032**
**under the ₦50 Billion Bond Issuance Programme**

## 2022 Final Bond Rating Report

Agusto&Co.

*Research, Credit Ratings, Credit Risk Management*

# PAT Digital Infra Fund SPV PLC

## ₦10 Billion 10-Year 13.25% Senior Fixed Rate Guaranteed Infrastructure Bond Due 2032 under the ₦50 Billion Bond Issuance Programme

Issue Rating:

**Aaa**

*Highest quality debt issue with minimal credit risk; strongest capacity to pay returns and principal on local currency debt in a timely manner.*

**Outlook:** Stable
**Issue Date:** 16 March 2022
**Expiry Date:** 2 February 2023

**The assigned rating will be subject to annual monitoring and review.*

Sponsor's Rating: Bbb-
Expiry Date: 30 June 2022



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## RATING RATIONALE

- Agusto & Co. assigns a **"Aaa"** rating to PAT Digital Infra Fund SPV PLC's ("PAT Digital Infra Fund SPV" or "the Issuer") ₦10 Billion 10-Year 13.25% Senior Fixed Rate Guaranteed Infrastructure Bond Due 2032 ("Series 1 Bond", "the Bond" or "the Issue") on the strength of the unconditional and irrevocable guarantee provided by the Infrastructure Credit Guarantee Company Limited ("InfraCredit" or "the Guarantor") for repayment of all principal and coupon payment obligations to Bondholders as and when due. The guarantee allows InfraCredit to step in and fund the Debt Service Payment Account (DSPA) five business days before any scheduled payment date if the Issuer and Co-Obligor fail in this regard. In July 2021, Agusto & Co. affirmed the **"Aaa"** rating assigned to InfraCredit, which is indicative of the Guarantor's impeccable financial condition and overwhelming capacity to meet obligations as and when due.

- InfraCredit is the pioneer development credit guarantee institution that specializes in providing local currency guarantees to enhance the credit quality of debt instruments issued for eligible infrastructure assets in Nigeria. InfraCredit's rating is backed by the strength of its sponsors including the Nigerian Sovereign Investment Authority (NSIA) and Africa Finance Corporation[1] (AFC) and InfraCo Africa Investment Limited (InfraCo). This is in addition to the callable capital from GuarantCo Management Company Limited (GuarantCo) as well as long-term funding provided by African Development Bank (AfDB) and KfW Development Bank. The callable capital is called upon and serves as a buffer when the Guarantor's core capital is impaired by 80%. Asides from capital and long term funding, InfraCredit also enjoys technical assistance from some of these international sponsors.

- PAT Digital Infra Funding SPV PLC is a special purpose vehicle incorporated by Pan African Towers Limited[2] ("PAT", "the Sponsor" or "the Co-Obligor") with the sole purpose of raising funds from the debt capital market to pass through to the

[1] *African Finance Coporation (AFC) is rated **Aaa** (national rating) and **Aa** (FCY rating) by Agusto & Co.*
[2] *Pan African Towers Limited has a "Bbb-"rating assigned by Agusto & Co, which expires 30 June 2022.*

## TRANSACTION PARTIES

**Issuer:**
*PAT Digital Infra Fund SPV PLC*

**Co-Obligor/Sponsor:**
*Pan African Towers Limited*

**Guarantor:**
*Infrastructure Credit Guarantee Company Limited*

**Lead Issuing House:**
*FCMB Capital Markets Limited*

**Joint Issuing Houses:**
*Chapel Hill Denham Advisory Limited*
*Vetiva Capital Management Limited*
*FSL Securities Limited*

**Bond Trustees:**
*Stanbic IBTC Trustees Limited*
*Paxhill Minerva Limited*

**Guarantee Trustee:**
*Stanbic IBTC Trustees Limited*

**Solicitor to the Issuer:**
*Aluko & Oyebode*

**Solicitor to the Issue:**
*G. Elias & Co.*

**Solicitor to the Trustees:**
*Olaniwun Ajayi LP*

**Reporting Accountant:**
*Pedabo Audit Services*

**Co-Obligor's Auditor:**
*Ernst & Young*

**Registrars:**
*Coronation Registrars Limited*

**Receiving Bank:**
*Access Bank PLC*
*First City Monument Bank (FCMB) Limited*
*Union Bank Nigeria PLC*

## KEY TRANSACTION STRUCTURE

**Bond Tenor:**
*10-Year Bond with semi-annual payment of coupon and principal after a twenty-four months moratorium from the issue date*

Co-Obligor. PAT is an indigenous cell tower operator licensed by the Nigerian Communication Commission (NCC) in 2017 to provide digital infrastructure as a service to Mobile Network Operators (MNOs) and Internet Service Providers (ISPs) across the country. The Company's service offerings include traditional services such as built-to-suit and colocation telecommunication towers, Distributed Antenna Solutions (DAS) and other value added services (broadband, utility, content and support) to over 984 tenants (including leading MNOs and ISPs) across its 607 active cell sites.

- PAT Digital Infra Fund SPV PLC raised a ₦10 Billion 10-Year Senior Guaranteed Infrastructure Bond Due 2032 under the ₦50 billion Bond Issuance Programme in the first quarter of 2022. The Series 1 Bond attracts a 13.25% fixed coupon rate determined through a book-building process and payable semi-annually over ten years, while the Bond principal will enjoy a twenty-four months moratorium from the issue date and thereafter it will be amortised half-yearly over the remaining eight years.

- The net proceeds of the Series 1 Bond will be fully disbursed to the Co-Obligor in line with the Series 1 Trust Deed and Pricing Supplement. In turn, the Co-Obligor will use the net proceeds to fund the expansion of its cell sites, reduce its carbon footprint by installing renewable energy systems across its new and existing sites in place of diesel generators, as well as to support its working capital needs.

- The Series 1 Bond constitutes direct, unconditional, guaranteed and unsubordinated obligations of the Issuer and Co-Obligor, and shall always rank *pari passu* and without preference among themselves and at least equally with all other claims and obligations of the Issuer. The payment obligations of the Issuer and Co-Obligor in respect of the Bond and of the Guarantor under the Deed of Guarantee shall, save for such exceptions as may be provided by Applicable Law, at all times rank at least *pari passu* with all other unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, both present and future.

- The coupon and principal on the Bond obligations will be repaid from the operating cash flow of the Co-Obligor. Based on the sensitised operating cash flow forecasts, which is supported by its expanding stock of digital network infrastructure and rising tenancy ratio, we believe that the Co-Obligor has satisfactory capacity to meet the Series 1 Bond obligations. However, in an event that the Co-Obligor is unable to make timely payment to Bondholders at any time during the life of the Bond, InfraCredit will step in and continue to meet payment obligations (both principal and coupon) as and when due in line with Series 1 Trust Deed and Deed of Guarantee, which provides for a five days step-in rights before payment due date.

**Bond Status:**
*The Series 1 Bond constitutes a direct, unconditional, unsubordinated and guaranteed obligation of the Issuer and Co-Obligor and shall always rank pari passu and without preference among them with all present and future indebtedness of the Issuer. The payment obligation of the Issuer and Co-Obligor in respect of the Bond and of the Guarantor under the Deed of Guarantee shall always rank at least pari passu with all other present and future unsecured and unsubordinated indebtedness and monetary obligations, save for such exceptions as permitted by Applicable Laws.*

**Use of Bond Proceeds:**
*The net proceeds are being used by the Co-obligor to fund the expansion of its built-to-suit tower sites, reduce carbon footprint by swapping diesel generators with renewable power at these sites as well as meet its working capital needs.*

**Source of Repayment:**
*The Issuer shall pay, and the Co-Obligor shall procure the payment of, the coupon and principal payable on the Series 1 Bond from the Debt Service Payment Account (to be fully funded by the Co-obligor)*

**Debt Service Payment Account (DSPA):**
*A DSPA has been opened in the name and under the exclusive control of the Bond Trustees. The DSPA will be funded by the Co-Obligor before each payment date solely to service coupon and principal repayment obligations on the Series 1 Bond.*

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- Therefore, we attach a **stable** outlook to PAT Digital Infra Fund SPV PLC's up to ₦10 Billion 10-Year 13.25% Senior Fixed Rate Guaranteed Infrastructure Bond Due 2032, premised on the continued irrevocable and unconditional guarantee provided by Infracredit. Should there be a change in the rating of the Guarantor at any time over the tenor of the Bond, our rating and outlook for the Issue will be revised accordingly.

**Figure 1: Strengths, Weaknesses, Opportunities & Challenges**

**Strengths**
- Irrevocable and unconditional guarantee of InfraCredit
- Strong financial condition of the Guarantor
- Strong and reliable revenue base (mostly contractual income from MNOs and ISPs) of the Co-Obligor
- Qualified and experienced management team

**Weaknesses**
- High receivables from related parties
- High leverage

**Opportunities**
- Growing population with favourable youth demographics
- Low broadband penetration in Nigeria
- Huge telecom infrastructure deficit in Nigeria

**Challenges**
- Worsening insecurity that has continued to disrupt telecoms services (particularly in the northern part of the country)
- High energy costs that have continued to pressure margins
- Rising insecurity which can impede deployment in some regions of the country.
- Limited market, largely to a few customers i.e. the MNOs

# PROFILES OF THE ISSUER AND THE CO-OBLIGOR

## OVERVIEW OF THE ISSUER – PAT DIGITAL INFRA FUND SPV PLC

PAT Digital Infra Fund SPV PLC ("PAT Digital Infra Fund SPV" or "the Issuer") was incorporated on 14 August 2021 as a special purpose vehicle (SPV) with the sole objective of raising debt securities from the investing public to fund capital expenditure, working capital and enhance the liquidity profile of the Co-Obligor. Therefore, the Issuer is a non-operational SPV.

PAT Digital Infra Fund SPV has an authorised share capital of ₦2 million divided into 2 million units of ordinary shares at ₦1 each. These shares have been issued and fully paid. Pan African Towers Limited (the Co-Obligor) owns 1,999,999 units of the Issuer's ordinary shares, while the remaining one unit is held by Mr. Oluwole Adeleke. The Issuer shares common directors with the Co-Obligor and its parent company - Pan African Towers Limited.

## OVERVIEW OF THE CO-OBLIGOR – PAN AFRICAN TOWERS LIMITED

Pan African Towers Limited ("Pan African Towers", "PAT" or "the Co-Obligor") was incorporated as a private limited liability company in 2013 and licensed[3] by the Nigerian Communication Commission (NCC) to engage in the business of telecoms colocation and infrastructure sharing services. PAT commenced business operations in Nigeria, in 2018 and currently has over 1,000 towers across the country. About two-thirds of these towers have been actively deployed to serve key regions and markets in Nigeria.

In addition to providing traditional services such as colocation, built-to-suit tower sites, managed services and Distributed Antenna Solutions (DAS), Pan African Towers also offers value-added services (broadband, utility, content and support) to its clients, which includes mobile network operators (MNOs) and internet service providers (ISPs) in Nigeria. In 2018, PAT entered into a "Managed Services and Colocation Agreement" (MSCA) with an existing telecommunication company (TowerCo) to manage a portfolio of tower sites in Nigeria. PAT has a total of 984 tenants across its active tower networks with a colocation ratio of 1.62 times, which is above the Tower Industry's average of 1.5 times.

As at 31 December 2020, Prime Infrastructure West Africa Limited[4] (PIWA) controlled a 99.98% equity stake in Pan African Towers Limited while the remaining 0.02% stake was held by Mr. Tokunbo Bolade Ogunfodun. At an Extraordinary General Meeting in December 2020, a Special Resolution was passed for the transfer of the 100,000 shares held by Mr. Tokunbo Bolade Ogunfodun to PIWA. In addition, Pan African Towers Limited issued a Call Notice to PIWA to subscribe for the 335 million outstanding shares out of the allotted 490 million shares. However, PIWA elected not to take up the additional shares. Consequently, Chapel Hill Advisory Partners Limited (CHAPS) paid ₦2.8 billion for the unsubscribed 335 million ordinary shares forfeited by PIWA. Also, the Nigerian Infrastructure Development Fund[5] invested ₦14.4 billion senior debt and ₦4 billion subordinated debt in Pan African Towers Limited.

[3] *PAT's operating licence is tenured for ten years and can be renewed for another ten years by the NCC*
[4] *The shareholders of PIWA are Mr. Olatunde Titilayo (80%) and Mr. Olufunso Emmanuel Soyoye (20%)*
[5] *The Nigerian Infrastructure Development Fund, which is managed by Chapel Hill Denham, is regulated by the Securities and Exchange Commission.*

Pan African Towers Limited has obtained a "No Objection" from both the Nigerian Communication Commission (NCC) and the Federal Competition and Consumer Protection Commission (FCCPC) for the proposed change in its existing ownership structure to reflect the equity investment by CHAPS. Upon allocation of the new shares, CHAPS will now control 67% of PAT's ordinary shares, thus diluting PIWA's stake to about 33%. Also, Pan African Towers Limited owns 100% equity of Pan African Towers B2S Limited, although this subsidiary is yet to commence operations at the time of this report.

Pan African Towers Limited has an eight-member Board of Directors, which comprises an Executive Director and seven Non-Executive Directors. Mr. Oluwole Adeleke leads the Board as the Chairman, while Mr. Sumanta Kumar Ray is the acting Chief Executive Officer and Chief Technical Officer. PAT's Board operates through three committees namely – the Governance, Nomination and Remuneration Committee, the Finance and Investments Committee and the Audit and Risk Committee.

**Table 1 - Current Directors**

| Name | Designation |
|---|---|
| Mr. Oluwole Adeleke | Chairman |
| Mrs. Oghenekaro Akaba | Executive Director |
| Mr. Tunde Titilayo | Non-Executive Director |
| Mr. Philip Southwell | Non-Executive Director |
| Mr. Mobolaji Balogun | Non-Executive Director |
| Mr. Tumi Tiamiyu | Non-Executive Director |
| Mr. Oke Maduewesi | Independent Director |
| Mr. Hamza Atta | Independent Director |

*Source: Pan African Towers Limited's 2020 Annual Audited Financial Statement*

Pan African Towers Limited's management team consists of the Acting Chief Executive Officer and six senior management personnel covering various segments of the business. We note that the majority of these management staff joined Pan African Towers since inception in 2018 and possess relevant qualifications and experience.

**Table 2: Pan African Towers Limited's management team**

| | |
|---|---|
| Mr. Sumantar Kumar Ray | Acting Chief Executive Officer/Technical Officer |
| Mrs. Oghenekaro Akaba | Chief Commercial Officer |
| Mr. Ife-Olorun Ajayi | Acting Chief Financial Officer |
| Ms. Gbemisola Tella | Head, Human Resources |
| Mr Jolayemi Adesoji John | Head, Internal Audit & Revenue Assurance |
| Mr Temidayo Olaoluwa Adeleke | Head, Corporate Services |
| Mr Babatunde Olaniyan | Head, Regulatory & Contracts |

*Source: PAT's Management Presentation*

## Other Information

As at 31 December 2020, Pan African Towers Limited's total assets and liabilities stood at ₦33.1 billion and ₦26.3 billion respectively, while the total shareholders' fund was ₦6.8 billion (2019: ₦2.6 billion). In the financial year ended 31 December 2020 (FYE 2020), the Company generated revenue of ₦8.2 billion and recorded a post-tax profit of ₦1.3 billion (2019: ₦1.4 billion). In the same period, Pan African Towers Limited had an average of 38 persons in its employment (2019: 29 persons).

**Table 3: Background Information**

| | |
|---|---|
| Authorized Share Capital | ₦500 million |
| Paid-up Capital | ₦165 million |
| Shareholders' Funds | ₦6.83 billion |
| Registered Office | 10A, Tokunbo Omisore Street, Lekki Phase 1, Lagos |
| Principal Business | Telecoms collocation and infrastructure sharing services |
| Auditors | Ernst & Young |

*Source: Pan African Towers Limited's 2020 Annual Financial Statement*

# GUARANTOR'S PROFILE - INFRASTRUCTURE CREDIT GUARANTEE COMPANY LIMITED

Infrastructure Credit Guarantee Company Limited ("InfraCredit" or "the Guarantor") was incorporated on 20 October 2016 as a private limited liability company and commenced operations in January 2017. InfraCredit is primarily involved in the provision of credit enhancement and issuance of credit guarantees for eligible infrastructure transactions. These guarantees and credit enhancements moderate issuance costs for borrowers and catalyse funding from long-term investors, thus deepening the Nigerian debt market whilst bridging the growing infrastructure gap. The Guarantor also invests its capital in corporate debt securities, treasury securities and other highly rated securities approved by the Board.

InfraCredit targets infrastructure projects in agriculture, energy, electricity generation, transmission and distribution, gas transportation, distribution and storage, ICT/Telecommunications, power, transportation, waste management, urban infrastructure (including housing and hospitals) and inputs to infrastructure. Within its target market, InfraCredit presently guarantees brownfield clients that have sustainable cash flows and good business fundamentals, thus enabling clients to grow their businesses and/or refinance at cheaper costs whilst extending the tenor of their borrowings.

Greenfield projects are also considered subject to satisfactory review by the New Business/Board Credit Committee that ensures appropriate credit risk mitigants are incorporated into the structure to eliminate or mitigate credit default risk associated with construction/early operation phases. These projects are typically new product programs such as the Contingent Refinancing Guarantee and the Annuity (public-private partnership (PPP) Product.

InfraCredit maintains standard criteria for eligible bankable transactions that qualify for credit enhancement, thus limiting adverse selection. In addition to the stringent underwriting standards adopted by the Guarantor, close monitoring and remedial efforts (when necessary) support the performance of the guarantee portfolio.

InfraCredit is funded by the Nigerian Sovereign Investment Authority (NSIA), in collaboration with African Finance Corporation (AFC), African Development Bank (AfDB), KfW Development Bank and the Private Infrastructure Development Group (PIDG) companies – GuarantCo Management Company Limited (GuarantCo) and InfraCo Africa Investment Limited (InfraCo).

The capital strategy of the Guarantor is to use a mix of hard (funded) capital (comprising the shareholders' funds and subordinated debt) and soft capital (unfunded callable capital) to grow the guarantee business. Thus, InfraCredit operates a three-tier capital structure, which comprises core capital (shareholders' funds) provided by

NSIA, InfraCo and AFC; tier II capital sourced from KfW Development Bank and AfDB; and contingent capital from GuarantCo.

As at 31 December 2020, InfraCredit's core capital stood at ₦32 billion, a 71% growth from the prior year and comprised share capital (34.4%), NSIA's irredeemable preference shares (58.9%), redeemable preference shares from NSIA, AFC and InfraCo (1.3%), deposit for shares (0.1%) and retained earnings (5.4%). During the FYE 2020, InfraCo invested ₦10.6 billion (US$27 million) in InfraCredit's equity and was allotted 991,595,001 units of ordinary shares of ₦1 each through a Board Resolution dated 10 December 2020. InfraCredit plans to shore up its total qualifying capital in FY 2021 with up to US$35 million paid-in capital which we view positively.

**Table 4: InfraCredit's Capital Contribution by Sponsors (FYE2020) You can reformat these figures to thousands**

| Capital Provider | Ordinary Shares of ₦1 each | Redeemable Preference Shares of ₦1 each | Irredeemable Preference Shares of ₦1 each | Total (in ₦) |
|---|---|---|---|---|
| NSIA | 991,595,001 | 1,095,865,195 | 8,022,905,000 | 10,110,365,196 |
| AFC | 991,595,001 | 8,625,282,292 | N/A | 9,616,877,293 |
| InfraCo Africa | 991,595,001 | 9,119,770,195 | N/A | 10,111,365,196 |
| **Total** | **2,974,785,003** | **18,840,917,682** | **8,022,905,000** | **29,838,607,685** |
| | **Unsecured subordinated debt capital (in US$)** | | | |
| KfW | 61,313,376 | | | |
| AfDB | 10,000,000 | | | |
| **Total** | **71,313,376** | | | **28,613,973,000** |
| | **Callable Capital (in US$)** | | | |
| GuarantCo | **25,000,000** | | | |

Tier II capital grew by 23% to ₦28.6 billion as at FYE 2020 and comprised the outstanding balances of the ₦9.6 billion (US$26 million) and ₦12.8 billion (US$35 million) unsecured subordinated loans provided by KfW in 2019 and 2018 respectively for ten years. During the year under review, AfDB advanced an unsecured subordinated 10-year loan of US$10 million (₦3.86 billion) at a 4.07% interest rate per annum to InfraCredit.

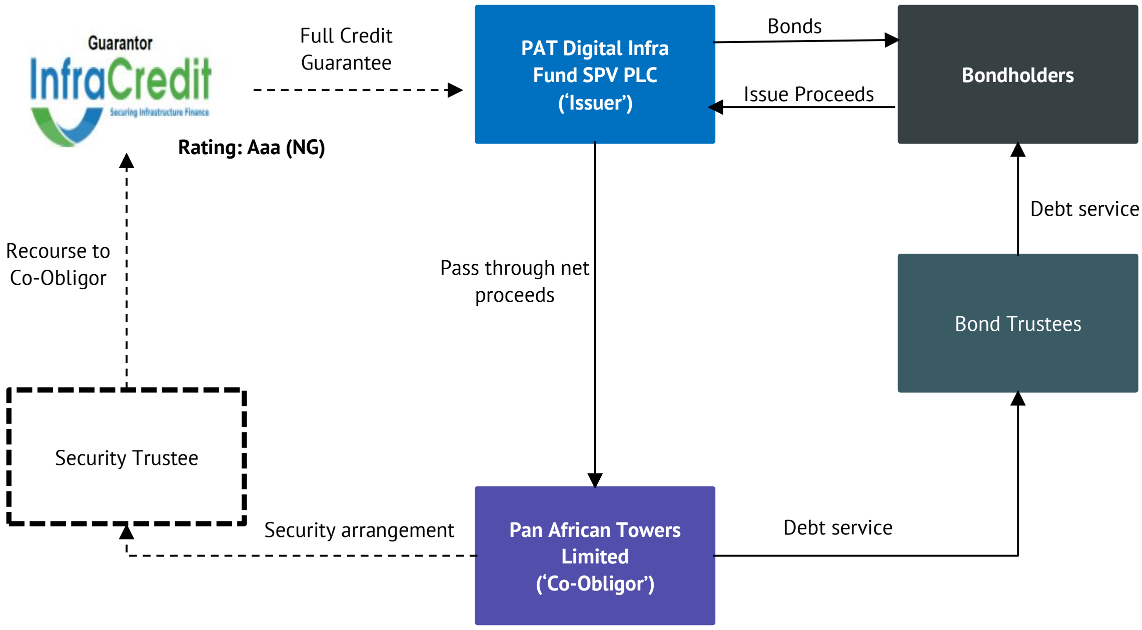
InfraCredit's Tier III capital represents the contingent capital provided by GuarantCo. This is a 15-year unconditional and irrevocable obligation which can be called by InfraCredit to replenish its core capital if at any time InfraCredit determines that as a result of actual or expected credit losses on its guaranteed portfolio, its core capital will become impaired by 80%. The callable capital is a revolving facility, subject to a cumulative outstanding limit of $50 million, of which $25 million is currently available to the Guarantor.

# TRANSACTION STRUCTURE

## OVERVIEW

PAT Digital Infra Fund SPV PLC raised a ₦10 billion 10-Year Series 1 Senior Fixed Rate Guaranteed Infrastructure Bond Due 2032 under its ₦50 billion Bond Issuance Programme to qualifying institutional investors and high net worth individuals. The Bond attracts a 13.25% fixed coupon rate determined through a book-building process and payable semi-annually over ten years, while the aggregate principal will be redeemed every six months until maturity in 2032 upon the expiration of a two-year moratorium from the issue date.

**Figure 2: Overview of Transaction Structure**




*Source: Agusto & Co (adapted from Series 1 Bond's Pricing Supplement)*

## Use of Proceeds

The proceeds of the Bond will be passed through to the Co-Obligor under the terms of the Series 1 Trust Deed and will be utilised to fund the expansion of its built-to-suit tower sites, reduce carbon footprint by swapping diesel generators with renewable power at new and existing tower sites as well as to meet its working capital needs. The schedule of Bond utilisation is presented in Table 1 below:

**Table 5: Utilisation of Bond proceeds**

| Purpose | Amount (₦'Billion) | % of Proceeds | Estimated Completion Date |
|---|---|---|---|
| Construction of new built-to-suit tower sites and planned installation of renewable energy systems at both existing and new tower sites towards reducing the Co-Obligor's carbon footprint | 7.82 | 78% | Immediately |
| Fund the Co-Obligor's working capital needs | 1.95 | 20% | Immediately |
| Issue costs and expenses | 0.23 | 2% | Immediately |
| Total | **10.00** | **100%** | |

*Source: Bond Pricing Supplement*

## Bond Repayment

The Co-Obligor has a joint and several obligations to repay the aggregate principal amount outstanding and coupon payable on the Series 1 Bond and will directly fund the Debt Service Payment Account (DSPA) with the scheduled principal and/or coupon due on the Bond from its operating cash flow ten business days before every payment date as specified in the amortisation schedule. The coupon shall be payable semi-annually in arrears on the scheduled payment dates over the 10-year tenor (see table 5). The first coupon payment will be six months from the issue date. The Series 1 Bond's principal shall be redeemed on an amortising basis until maturity in 2032 after the expiration of the moratorium period.

**Table 6: Coupon and Principal Repayment Schedule – Series 1 Bond**

| Period | Semi-annual Coupon Payment (₦'000) | Principal Repayment (₦'000) | Total Payment (₦'000) | Principal Amount Outstanding (₦'000) |
|---|---|---|---|---|
| Bond Issuance | - | - | - | 10,000,000 |
| 1 | 662,500 | - | 662,500 | 10,000,000 |
| 2 | 662,500 | - | 662,500 | 10,000,000 |
| 3 | 662,500 | - | 662,500 | 10,000,000 |
| 4 | 662,500 | - | 662,500 | 10,000,000 |
| 5 | 662,500 | 369,925 | 1,032,425 | 9,630,075 |
| 6 | 637,992 | 394,433 | 1,032,425 | 9,235,642 |
| 7 | 611,861 | 420,564 | 1,032,425 | 8,815,078 |
| 8 | 583,999 | 448,426 | 1,032,425 | 8,366,652 |
| 9 | 554,291 | 478,134 | 1,032,425 | 7,888,518 |
| 10 | 522,614 | 509,811 | 1,032,425 | 7,378,707 |
| 11 | 488,839 | 543,586 | 1,032,425 | 6,835,121 |
| 12 | 452,827 | 579,598 | 1,032,425 | 6,255,522 |
| 13 | 414,428 | 617,997 | 1,032,425 | 5,637,526 |
| 14 | 373,486 | 658,939 | 1,032,425 | 4,978,587 |
| 15 | 329,831 | 702,594 | 1,032,425 | 4,275,993 |
| 16 | 283,285 | 749,141 | 1,032,425 | 3,526,852 |
| 17 | 233,654 | 798,771 | 1,032,425 | 2,728,081 |
| 18 | 180,735 | 851,690 | 1,032,425 | 1,876,391 |
| 19 | 124,311 | 908,114 | 1,032,425 | 968,277 |
| 20 | 64,148 | 968,277 | 1,032,425 | - |

*Source: Pricing Supplement*

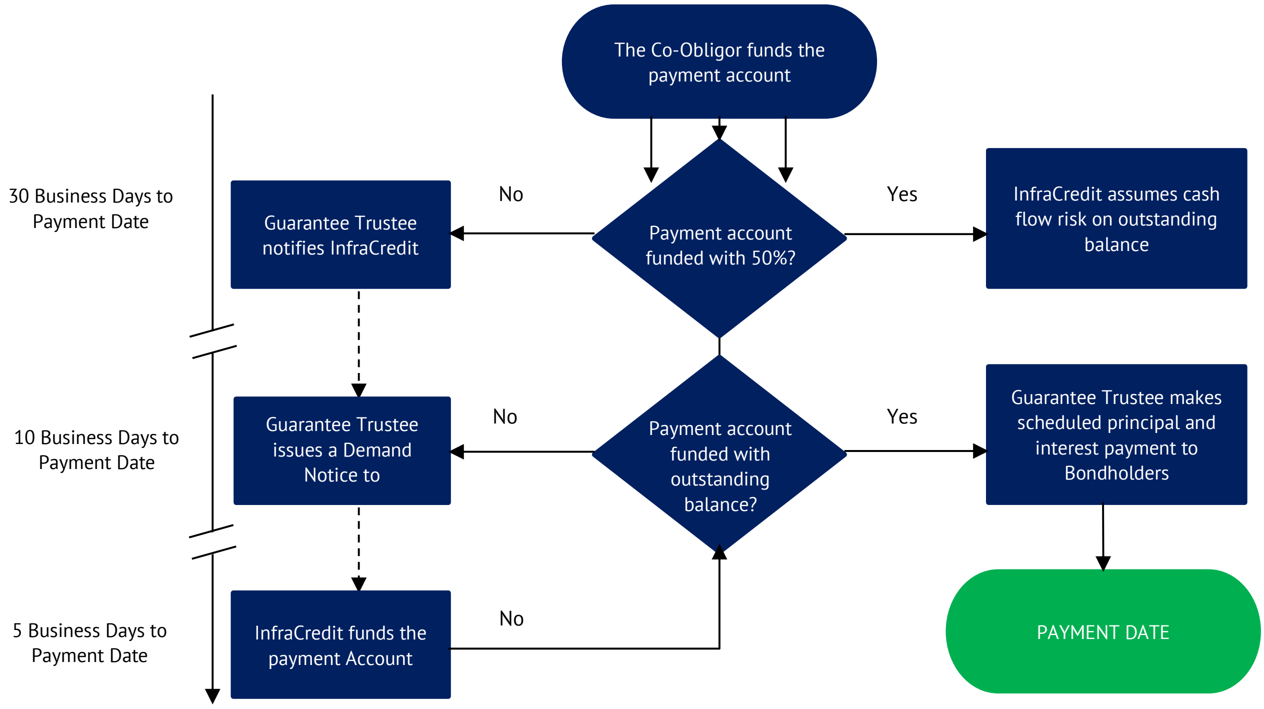
## Debt Service Payment Account

In line with the Trust Deed, the Issuer will establish a Debt Service Payment Account (DSPA) with a nominated Account Bank. The DSPA will be in the name and under the exclusive control of the Bond Trustees solely to effect payments on the Series 1 Bond to Bondholders as and when due. The Issuer and Co-Obligor will have a joint and several obligations to repay the principal amount outstanding and coupon payable on the Series 1 Bond.

The DSPA will be funded from the operating cash flows of Pan African Towers Limited with (1) 50% of the next scheduled coupon and redemption amount not later than one month before the next payment date, and (2) the remaining 50% of the next scheduled coupon and redemption amount not later than ten business days before the next payment date, in such a manner that the credit balance in the DSPA at every payment date is equal to the scheduled coupon and redemption amount payable on the Series 1 Bond.

If the DSPA is not fully funded on the tenth business day preceding any payment date, the Bond Trustees will issue a demand notice to the Guarantor. Upon receipt of the demand notice, the Guarantor must ensure that Bondholders are promptly paid the scheduled coupon and redemption amount by making good any shortfall in the DSPA as stipulated in the Deed of Guarantee.

**Figure 3: Overview of Guarantee Mechanism and Payment Waterfall**




*Source: Pricing Supplement*

The Issuer irrevocably acknowledges and accepts that the monies in the DSPA and any other account opened by the Issuer or the Bond Trustees as the case may be, either in addition or replacement of the DSPA from time to time shall be assigned by way of security to the Bond Trustees, for themselves and the Bondholders.

## Bond Guarantee

The Series 1 Bond is backed by an unconditional and irrevocable guarantee of Infrastructure Credit Guarantee Company Limited ("InfraCredit" or "the Guarantor"), with the guarantee being 100% of the principal amount and interest payable in accordance with the terms of the duly executed Deed of Guarantee. The intent and purpose of the guarantee is to ensure that Bondholders, under all circumstances and regardless of any factual and legal circumstances, motivations and considerations based on which the Issuer/Co-Obligor may fail to effect payment, shall receive the scheduled principal and coupon payable according to the terms and conditions of the Bonds on the due dates in line with the repayment schedule.

The Guarantor undertakes that upon the occurrence of a Guaranteed Event and receipt of a duly completed demand notice issued under the Deed of Guarantee, the Guarantor shall forthwith on demand pay in Naira the guaranteed amount stated in the demand notice to the Guarantee Trustee as if the Guarantor was expressed to be the primary obligor. The aggregate amount payable by the Guarantor under the guarantee shall be limited to 100% of the scheduled principal and interest payable on the guaranteed Bond issued and outstanding at any time, and the guarantee by the Guarantor shall solely be in respect of payment defaults. In line with the Deed of Guarantee, the payment by the Guarantor shall not exceed 100% of the principal and interest payable on the guaranteed Bond issued and outstanding at any time.

In the case of a claim under the guarantee in respect of the Bond, payments of all amounts due under the Deed of Guarantee shall be made to the Debt Service Payment Account for the benefit of the Bond Trustees not later than the next due payment date(s), and only in the scheduled repayment instalments specified in the repayment schedule. The payment obligations of the Issuer and Co-Obligor in respect of the Bond, as well as that of the Guarantor under the Deed of Guarantee, shall always rank at least *equally* with all other present or future unsubordinated indebtedness and monetary obligations of the Issuer/Co-Obligor and the Guarantor respectively. In the event of a default, InfraCredit shall continue to make timely payments of guaranteed amounts (principal and coupon) on the due date under Series 1 Trust Deed and the Deed of Guarantee over the tenor of the Bond. However, the guarantee cannot be accelerated[6] unless the Guarantor in its sole discretion elects to do so by notice in writing to the Guarantee Trustees.

## GUARANTEED EVENT

In line with the Deed of Guarantee, a Guaranteed Event means a failure by the Issuer to fund the Debt Service Payment Account with the specified scheduled interest and/or scheduled principal due on a scheduled payment date at least ten (10) business days before the relevant scheduled payment date.

## CANCELLATION OF THE GUARANTEE

The Issuer shall not be entitled to cancel and/or reduce the Guarantor's liability under the Guarantee unless:

- the prior written consent of the Guarantee Trustees is obtained;
- a replacement guarantor acceptable to the Rating Agency is appointed on or before such date; and
- a written confirmation is received from the Rating Agency confirming that such cancellation shall not result in a withdrawal or downgrade of the credit rating of the Series 1 Bond.

Where the Issuer fails to meet the above conditions for cancellation of the Guarantee, it shall not be entitled to cancel and/or reduce the Guarantor's liability until the full cash amount of the Guarantee payable under the Deed of Guarantee is credited into the Payment Account not later than two Business Days from the proposed cancellation date.

## DETAILS OF INDEBTEDNESS OF THE CO-OBLIGOR

As at 30 June 2021, Pan African Towers Limited's outstanding interest-bearing borrowings stood at ₦21.3 billion, with maturities ranging from between 1 – 10 years.

**Table 7: Status of Indebtedness of the Co-Obligor**

| Outstanding borrowings | H1'2021 (₦'million) | FYE 2020 (₦'million) |
|---|---|---|
| Short term bank loans | 90.2 | 1,991.4 |
| Long term borrowing - NIDF | 21,243.2* | 20,251.0 |
| **Total** | **21,333.4** | **22,242.4** |

*Source: Pan African Towers Limited's Financial Statements*

**These are long-term facilities obtained from the Nigerian Infrastructure Debt Fund (NIDF) to finance the construction of built-to-suit cell sites. The subordinated debt portion of the infrastructure loan (which stands at ₦4 billion) gives NIDF an option to subscribe for up to 24% of equity shares of Pan African Towers Limited upon payment of ₦1 per share.*

[6] *Accelerated Payment refers to any payment in full or in part by the Guarantor in respect of guaranteed amounts in advance of the relevant payment date specified in repayment schedule*

Since the proposed Series 1 Bond represents an incremental borrowing, we expect an elevation in Pan African Tower's debt profile. However, we expect improved earnings and cost efficiency arising from the ongoing rollout of new built-to-suit and colocation sites to have cushioning effects on the anticipated uptick in the Co-Obligor's interest burden and aggregate debt levels.

### Legal Opinion

The legal opinion on the potential impact of seven direct and two indirect cases, with total claims (excluding interest) of ₦93.6 million, against Pan African Towers Limited was provided by G. Elias & Co. ("the Firm") – solicitor to the transaction. The Firm affirms that the contingent liabilities, which may arise from the direct and indirect cases are not likely to have any material adverse effect on the Co-Obligor's ability to fulfill payment obligations under the Series 1 Bond.

In our view, the legal opinion from G. Elias & Co. represents a satisfactory opinion on the enforceability of the proposed up to ₦10 billion 10-year Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond Due 2032.

## Co-Obligor's Financial Forecast

Given that the Issuer is a non-operational special purpose vehicle set up as a flow-through entity, Pan African Towers Limited has unconditionally pledged its operating cash flow as a source of repayment for the Series 1 Bond. This is the primary source of repayment of the Bond and the guarantee will only be called upon in the event of cash flow constraints. To this end, the Co-Obligor has prepared a financial forecast covering its revenue, expenditure, statement of cash flows together with some underlying assumptions over ten years (2021 – 2031). Some of the critical assumptions supporting the projections are stated below;

**Table 8: Main Assumptions and Bases**

| Indicators | Pan African Towers Limited's Assumptions | Agusto & Co.'s Opinion |
|---|---|---|
| **Revenue** | ▪ The projected revenue will be generated mainly from existing and new medium to long-term infrastructure sharing contracts with mobile network operators (MNOs) and internet service providers (ISPs).<br>▪ PAT estimates at least a 20% growth rate in the number of active sites (which stood at 595 sites as at FYE 2020) as well as the number of tenants (which was 961 as at FYE 2020) over the next ten years. This translates to an average tenancy ratio[7] of 1.48x over the life of the Series 1 Bond compared to the three-year (2018 – 2020) historical average of 1.6x. Also, the Company expects an average site availability (uptime) of 99.5% over the next ten years.<br>▪ The estimated annual lease rental on the Company's sites ranges from ₦770,000 - ₦1,100,000 per site for MNOs and at least | These revenue projections are based on the speedy completion of the ongoing rollout of new built-to-suit and colocation sites, as well as the Company's ability to attract new tenants to these new sites. Agusto & Co expects some moderation in the Company's earnings in the early life of the Bond given the time required to get these new sites ready for use. This is in addition to the potential loss of revenue arising from a prolonged and widespread shutdown of telecoms services in key cities across the country to stem the tide of rising insecurity as most cities as with the current situation in Zamfara State. Overall, we expect the near to medium term demand for telecoms (data and voice) services as well as revenue of telecoms operators to remain strong especially as more |

[7] *Tenancy ratio refers to the number of operators who have installed their antennae and other active infrastructure on the towers*

| Indicators | Pan African Towers Limited's Assumptions | Agusto & Co.'s Opinion |
|---|---|---|
| | ₦340,000 per site for ISPs in the first year. PAT expects lease rental escalation rates over the remaining life of the Bond to range from 1.5% - 3% annually depending on the type of tenant as well as the site. | individuals and corporates continue to embrace digitization. |
| **Direct Costs to revenue** | ▪ The direct costs include tenement & site rental, ground lease, payments to energy service companies (energy outsourcing) as well as diesel and other site maintenance costs.<br>▪ The Company estimates an average direct cost to revenue ratio of about 40% from year 1 – 5 and about 49% subsequently. This translates to overall direct costs to revenue ratio of 44% over the tenor of the Bond. | Agusto & Co notes that the Co-Obligor's historical direct cost to revenue ratio over the last three-year (2018 – 2020) averaged 59% with a high of 72% and a low of 48% in the same period. However, management expects ongoing plans to reduce the Company's carbon footprint by substituting existing diesel generators with renewable energy solutions to have a positive impact on future diesel costs and diesel generator maintenance costs. We believe that the cost savings from the ongoing installations of the renewable energy system will become evident from the third year when the huge capital investments in this alternative energy solution may have been expensed. Although the country's inflation rate has been trending downwards in recent times, we foresee a steady increase in PAT's direct costs amid the adverse impact of persistent currency devaluations. Hence, we have adjusted the Co-Obligor's direct cost estimates to reflect these realities. |
| **Operating expenses to revenue** | The Company estimates an average operating expense to revenue ratio of 6% over the next ten years | We note that PAT's average operating expense (excluding depreciation) to revenue ratio between 2018 and 2020 stood at 16%. We have adopted this ratio in our sensitised model. |

*Source: Pan African Towers Limited*

Based on the assumptions above, the Co-Obligor estimates a cumulative revenue of ₦427.6 billion over the forecast period, primarily from lease rental from its built-to-suit and colocation sites. The coronavirus pandemic has somewhat fast-tracked Nigeria's digitization as reliable internet connectivity became a critical commodity for remote working, home-schooling and national and sub-national crisis management. Coming out of the pandemic, millions of Nigerians are now connected and more familiar with digital tools, while telcos and digital infrastructure operators have gained first-hand experience in managing network traffic during a crisis. Agusto & Co. expects the strong demand for data services to accelerate investments in digital infrastructure across the country. Consequently, Pan African Towers Limited intends to increase the number of its built-to-suit and colocation sites in line with its plans to deepen market penetration as well as broaden its clientele base. However, rising insecurity in Nigeria, which has led to the shutdown of telecom services in Zamfara State, remains a potential threat to the Co-Obligor's operations and earnings capacity.

Pan African Towers Limited estimates cumulative direct costs of ₦197.8 billion, representing about 46% of revenue over ten years. This represents some deviation from the Company's average direct costs to revenue ratio of about 59% over the last three years (2018 – 2020). Although management expects the ongoing initiative to swap diesel generators at its sites with more cost-efficient renewable energy systems to result in lower cost, we do not expect the reduction in direct costs arising from this initiative to result in cost savings of more than a thousand basis points as projected. Also, we expect any potential cost savings from the energy initiative to be eliminated by possible cost escalations arising from the swelling effects of high foreign exchange and inflation rates on other direct cost components. Furthermore, PAT estimates cumulative operating expenses[8] of ₦25.4 billion, thus resulting in cumulative earnings before interest, taxes, depreciation and amortisation (EBITDA) of ₦204.4 billion, which represents 48% of revenue over the forecast period and more than twice the average of 23% recorded over the last three years. PAT also estimates cumulative finance costs on the bond and existing loans at ₦38.1 billion, which represents a significant 9% of cumulative revenue in the same period. We expect PAT's interest burden to inch up slightly if the Bond is issued at a higher coupon rate considering the fluctuation in yields in recent times.

We note that the Co-Obligor forecasts a cumulative pre-tax profit of ₦117.5 billion (representing 27% of the revenue) throughout the Series 1 Bond. However, we project a pre-tax profit margin of 20%, which is about 300 basis points higher than the average achieved over the last three years (2018 – 2020). This estimated pre-tax profit is premised on expected improvement in the Company's performance from the investments in new digital infrastructure (built-to-suit and colocation sites) as well as anticipated expansion in its clientele base. In addition, we believe considerable growth opportunities still exist in the data segments despite gradual return to pre-COVID office density given the increased smartphone usage and expansion of e-commerce in the country.

**Table 9: Adjusted Operating Cash Flow Statement**

| Period | Year1 | Year2 | Year3 | Year4 | Year5 | Year6 | Year7 | Year8 | Year9 | Year10 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | ₦'mn | ₦'mn | ₦'mn | ₦'mn | ₦'mn | ₦'mn | ₦'mn | ₦'mn | ₦'mn | ₦'mn | ₦'mn |
| EBITDA | 4,568 | 5,710 | 6,525 | 8,157 | 9,788 | 10,767 | 11,843 | 13,028 | 14,330 | 15,763 | 100,479 |
| Coupon on the Series 1 Bond | (1,325) | (1,325) | (1,300) | (1,196) | (1,077) | (942) | (788) | (613) | (414) | (188) | (9,169) |
| Interest on existing debt | (3,578) | (3,964) | (4,203) | (4,055) | (3,804) | (3,148) | (2,473) | (2,030) | (1,805) | (1,580) | (30,640) |
| **Total interest payment** | **(4,903)** | **(5,289)** | **(5,503)** | **(5,251)** | **(4,881)** | **(4,090)** | **(3,261)** | **(2,643)** | **(2,219)** | **(1,768)** | **(39,809)** |
| Bond principal obligation | - | - | (764) | (869) | (988) | (1,123) | (1,277) | (1,452) | (1,650) | (1,876) | (10,000) |
| Repayment of existing debt | - | (2,370) | (2,370) | (2,370) | (2,370) | (2,370) | (2,370) | (2,370) | (2,370) | (2,370) | (21,330) |
| **Total principal repayment** | **-** | **(2,370)** | **(3,134)** | **(3,239)** | **(3,358)** | **(3,493)** | **(3,647)** | **(3,822)** | **(4,020)** | **(4,246)** | **(31,330)** |
| **Total interest coverage (times)** | **0.9** | **1.1** | **1.2** | **1.6** | **2.0** | **2.6** | **3.6** | **4.9** | **6.5** | **8.9** | **2.5** |
| **Total debt coverage (times)** | | | | | | | | | | | **1.4** |

Overall, we believe that the Co-Obligor possesses a satisfactory capacity to meet all Bond obligations comprising coupon payment and principal repayment as and when due over the ten-year tenor of the Bond evidenced by interest and debt coverage of 2.5 times and 1.4 times respectively. However, in the unlikely event of a strain on the Co-Obligor's forecasted cash inflow, the Guarantor has the requisite capacity to step in and cover the shortfalls arising thereof on the Bond obligations as and when due. Therefore, we consider the risk of default on the Series 1 Bond obligation as very minimal based on the strong backing of InfraCredit by way of continuing guarantee of all of the Issuer/Co-Obligor's payment obligations to the Series 1 Bondholders.

[8] *This is the same as administrative expenses*

# OUTLOOK

The outbreak of the coronavirus (COVID-19) pandemic and the resultant lockdowns in 2020 saw telecom services assume a new "super-utility role" with the telecoms sector being the invisible hand that drove the shift to remote working, video conferencing and streaming services by businesses and households. Indeed, the entire telecoms industry remained one of the few economic bright spots as Nigeria grappled with the adverse impact of the pandemic. The demand for telecoms services (data services, and to some extent, voice services) during the government-imposed lockdowns reached unprecedented levels and we expect rising demand for data services to continue to drive investments in digital infrastructure as well as revenue growth within the entire telecoms' ecosystem. However, the risk of prolonged disruptions to telecom services arising from the deteriorating security situation in the country could threaten ongoing infrastructure expansion initiatives as well as result in revenue shortfall for operators within the telecom industry.

PAT Digital Infra Fund SPV PLC issued a ₦10 billion 10-Year 13.25% Senior Fixed Rate Guaranteed Bond Due 2032 in Q1'2022. The Series 1 Bond attracts a 13.25% fixed coupon rate determined through a book-building process and payable semi-annually over ten years, while the Bond principal will enjoy a two-year moratorium from the date of issuance and thereafter be amortised half-yearly over the remaining tenor of the Bond. The net proceeds of the Series 1 Bond will be passed through to Pan African Towers Limited (the Co-Obligor/Sponsor) in line with the Trust Deed and Pricing Supplement and utilised to finance the construction of new built-to-suit and colocation sites, installation of renewable energy systems at its new and existing cell sites and to support its working capital needs.

The Series 1 Bond constitutes direct, unconditional, guaranteed and unsubordinated obligations of the Issuer and shall always rank *pari passu* without preference among themselves. The Issuer and the Co-Obligor jointly and severally, irrevocably and unconditionally pledge to meet the Bond obligations as primary obligors in line with the Bond Trust Deed. The Co-Obligor will fund the payment account with the scheduled principal and coupon due on the Bond from its operating cash flows as specified in line with the Series 1 Bond's Amortisation Schedule.

Agusto & Co. has sensitized the Co-Obligor's forecasts to reflect economic realities. Based on our adjustments, we are projecting a pre-tax profit margin of about 20% over the life of the Bond supported by planned investments in new digital infrastructure (built-to-suit and colocation sites) as well as upgrade of existing cell sites to make them more efficient and environmentally compliant through active reduction of carbon emissions from these sites. Agusto & Co. opines that the Co-Obligor's adjusted operating cash flow shows a satisfactory capacity to meet interest payment (coupon on Series 1 Bond and finance cost on existing debts) and total debt obligations of 2.5 times and 1.4 times respectively over the tenor of the Issue. In addition, we consider the continuing guarantee from InfraCredit, which ensures full and uninterrupted payment of coupon and redemption of the Series 1 Bond, as a significant enhancement to the Issuer/Co-Obligor's credit quality.

Based on strength of the credit guarantee by InfraCredit, we attach a **stable** outlook to PAT Digital Infra Fund SPV PLC.'s ₦10 Billion 10-Year 13.25% Senior Fixed Rate Guaranteed Infrastructure Bond Due 2032.

***This bond rating report should be read in conjunction with the 2021 corporate rating report of Pan African Towers Limited (the Co-Obligor/Sponsor) and* Infrastructure Credit Guarantee Company Limited (the Guarantor)**

# GUARANTOR'S FINANCIAL SUMMARY

| INFRACREDIT | | | | | | |
|---|---|---|---|---|---|---|
| BALANCE SHEET AS AT | 31 December 2020 | | 31 December 2019 | | 31 December 2018 | |
| | ₦'000 | | ₦'000 | | ₦'000 | |
| ASSETS | | | | | | |
| Cash & Equivalents | 1,853,423 | 1.7% | 1,463,189 | 1.9% | 314,338 | 0.7% |
| Government Securities | 49,586,875 | 45.9% | 29,092,303 | 37.8% | 15,538,479 | 36.8% |
| Bank Placements | 9,734,473 | 9.0% | 11,562,519 | | 15,324,151 | |
| CASH & MARKETABLE SECURITIES | **61,174,771** | **56.6%** | **42,118,011** | **54.7%** | **31,176,968** | **73.8%** |
| Net Guarantee Fees Receivable | 3,298,324 | **3.1%** | **2,772,403** | **3.6%** | **836,826** | **2.0%** |
| Other Assets | **713,180** | **0.7%** | **369,699** | **0.5%** | **135,440** | **0.3%** |
| FIXED ASSETS & INTANGIBLES | 249,989 | 0.2% | 288,778 | 0.4% | 124,512 | 0.3% |
| **TOTAL ASSETS** | **65,436,264** | **60.6%** | **45,548,891** | **59.1%** | **32,273,746** | **76.3%** |
| **TOTAL COMMITMENTS** | 42,561,819 | 39.4% | 31,500,000 | 40.9% | 10,000,000 | 23.7% |
| **TOTAL ASSETS & COMMITMENTS** | **107,998,083** | 100.0% | **77,048,891** | 100.0% | **42,273,746** | 100.0% |
| CAPITAL & LIABILITIES | | | | | | |
| TIER 1 CAPITAL (CORE CAPITAL) | **32,004,252** | **29.6%** | **18,739,085** | **24.3%** | **17,704,526** | **41.9%** |
| TIER 2 CAPITAL | 28,613,973 | | 23,170,389 | | 12,813,690 | |
| TOTAL OTHER LIABILITIES | 4,818,039 | 4.5% | 3,639,417 | 4.7% | 1,755,530 | 4.2% |
| **TOTAL CAPITAL & LIABILITIES** | 65,436,264 | 34.1% | 45,548,891 | 29.0% | 32,273,746 | 46.0% |
| TOTAL COMMITMENTS | 42,561,819 | 39.4% | 31,500,000 | 40.9% | 10,000,000 | 23.7% |
| **TOTAL CAPITAL, LIABILITIES & COMMITMENTS** | **107,998,083** | 100.0% | **77,048,891** | 100.0% | **42,273,746** | 100.0% |

**INFRACREDIT**

| **INCOME STATEMENT FOR THE YEAR ENDED** | **31 December 2020** | | **31 December 2019** | | **31 December 2018** | |
|---|---|---|---|---|---|---|
| | **₦'000** | | **₦'000** | | **₦'000** | |
| Guarantee Fees | 884,875 | 21% | 642,416 | 30% | 340,000 | 40% |
| Guarantee Fees Expense | (97,270) | -2% | (123,409) | -6% | (78,079) | -9% |
| Impairment Charge | (21,143) | -1% | 21,143 | 1% | | |
| **NET GUARANTEE FEE** | **766,462** | **18%** | **540,150** | **25%** | **261,921** | |
| Investment Income | 1,472,523 | 35% | 1,469,067 | 69% | 524,154 | 61% |
| Other Income/Expenses | 1,829,958 | 44% | 23,114 | 1% | (9,920) | -1% |
| **OPERATING INCOME** | **4,068,943** | | **2,032,331** | | **776,155** | |
| Personnel Expenses | (836,576) | (20%) | (448,207) | (21%) | (306,935) | (36%) |
| Depreciation Expenses | (107,366) | (3%) | (56,410) | (3%) | (43,677) | (5%) |
| Other Operating Expenses | (658,441) | (16%) | (474,975) | (22%) | (254,446) | (30%) |
| **TOTAL OPERATING EXPENSES** | (1,602,383) | (38%) | (979,592) | (46%) | (605,058) | (71%) |
| PROFIT (LOSS) BEFORE TAXATION | **2,466,560** | **59%** | **1,052,739** | **49%** | **171,097** | **20%** |
| Tax (Expense) Benefit | 240,591 | | **(18,180)** | | **37,668** | |
| PROFIT (LOSS) AFTER TAXATION | **2,707,151** | 59% | **1,034,559** | 49% | **208,765** | 20% |
| **NET REVENUE** | **4,068,943** | | **2,032,331** | | **776,155** | |
| NON-OPERATING INCOME (EXPENSE) - NET | | | | | | |
| **ADDITIONAL INFORMATION** | | | | | | |
| Type of institution | **DGGI** | | **DGGI** | | **DGGI** | |
| Number of offices | 1 | | 1 | | 1 | |
| Contingent Capital | 10,250,000 | | 9,125,000 | | 9,000,000 | |
| Callable Capital | - | | - | | - | |
| Realisable capital | 42,254,252 | | 27,864,085 | | 26,704,526 | |

**INFRACREDIT**

| INCOME STATEMENT FOR THE YEAR ENDED | 31 December 2020 | | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|---|---|
| | ₦'000 | | ₦'000 | | ₦'000 | |
| Guarantee Fees | 884,875 | 21% | 642,416 | 30% | 340,000 | 40% |
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| PROFIT (LOSS) AFTER TAXATION | **2,707,151** | 59% | **1,034,559** | 49% | **208,765** | 20% |
| **NET REVENUE** | **4,068,943** | | **2,032,331** | | **776,155** | |
| NON-OPERATING INCOME (EXPENSE) - NET | | | | | | |
| **ADDITIONAL INFORMATION** | | | | | | |
| Type of institution | **DGGI** | | **DGGI** | | **DGGI** | |
| Number of offices | 1 | | 1 | | 1 | |
| Contingent Capital | 10,250,000 | | 9,125,000 | | 9,000,000 | |
| Callable Capital | - | | - | | - | |
| Realisable capital | 42,254,252 | | 27,864,085 | | 26,704,526 | |

# RATING DEFINITIONS

| | |
|---|---|
| Aaa | Highest quality debt issue with minimal credit risk; strongest capacity to pay returns and principal on local currency debt in a timely manner. |
| Aa | High quality debt issue with very low credit risk; very strong capacity to pay returns and principal on local currency debt in a timely manner. |
| A | Good quality debt issue with low to moderate credit risk; strong capacity to pay returns and principal on local currency debt in a timely manner. |
| Bbb | Satisfactory quality with moderate credit risk; adequate capacity to pay returns and principal on local currency debt in a timely manner. |
| Bb | Below average quality with moderate to high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner. |
| B | Weak quality with high credit risk; speculative capacity to pay returns and principal on local currency debt in a timely manner. |
| C | Very weak capacity to pay returns and principal. Debt instrument with very high credit risk. |
| D | In default. |

**Rating Category Modifiers**

*A "+" (plus) or "-" (minus) sign may be assigned to ratings from 'Aa' to 'C' to reflect comparative position within the rating category. Therefore, a rating with + (plus) attached to it is a notch higher than a rating without the + (plus) sign and two notches higher than a rating with the - (minus) sign.*

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